



Early Childhood  
National Centers

NATIONAL CENTER ON

Early Childhood Quality Assurance

# Provider Cost of Quality Calculator User Guide

February 2024



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# Introduction to the Provider Cost of Quality Calculator

## Using This User Guide

This Provider Cost of Quality Calculator (PCQC) guide is for child care center directors or staff, family child care (FCC) home providers, and the policy community.

**A note to policy community users:** This guide is written with centers and FCC providers in mind. In most cases, we're writing to child care providers, but this guide is for you, too. As a policymaker, you're modeling the costs of operating a child care center or FCC home to help make important decisions about child care subsidy rates, tiered reimbursement rates, wage supplements, and other financial supports.

The user guide includes the following sections:

- **Introduction to the Provider Cost of Quality Calculator** includes general information to help you get started using PCQC.
- **Guidance for Centers** walks you through creating a center scenario.
- **Guidance for Family Child Care Homes** lists the steps to create an FCC home scenario.
- **Reports** describes the process of saving scenarios to your device.
- **Expense and Revenue Statements** describes each row of the expense and revenue statements for child care centers and FCC homes.
- **Appendix** lists the sources for non-personnel values and state and territory adjustments.

## How Can the Provider Cost of Quality Calculator Help Me?

PCQC helps you estimate annual costs and revenue of operating a child care program. This information can help **child care programs** better understand the factors that influence costs and help the **policy community** design financial supports.

With a PCQC account, you can create multiple scenarios representing different provider types and save and print reports of your work. Guest users can create a single scenario without having to log in.

National and state-specific data are built into the tool, but you can update the data to customize the tool for your area.

The National Center on Early Childhood Quality Assurance updates PCQC's default values on a regular basis. You can find descriptions of the most recent updates in the [PCQC Updates](#) document.

## How Does PCQC Work?

PCQC is built upon a series of calculations that result in a revenue and expense (R&E) statement for an FCC home or center. The accuracy of the R&E statement relies on the accuracy of the information you enter.

Reasonably accurate data produce a reasonably accurate R&E statement, while rough estimates produce a roughly accurate R&E statement.

## What Information Do I Need?

Here's a checklist showing information that's helpful to have on hand. You can use the *Data Collection Template* (available from the Resources tab on the main menu) or enter your data directly into PCQC.

### Necessary Information

**Table 1. Necessary Information**

Information	Center	Home
<b>Classroom or Child Group Information</b>		
Age groups that inform ratios and subsidy payment rates	•	•
Maximum number of children allowed in FCC homes (small and large), how many infants and toddlers are permitted, when an assistant is required, and (ideally) provider's preferred number of children (if lower than legal maximum)		•
Child-to-staff ratios and group size limits by age of child	•	
Type of classrooms (full time, school day plus summer, after school plus summer, or school day for school year)	•	
<b>Personnel Costs</b>		
Required positions (for example, licensing regulations may require a full-time director)	•	
Average hours worked per week		•
<b>Revenue</b>		
Child care subsidy payment rates for each age group and quality level	•	•
Estimated tuition for each age group and quality level	•	•
Percentage of children receiving subsidies	•	•
Whether the program participates in Child and Adult Care Food Program	•	•

### Optional Information

PCQC includes default suggested values for most of these items, but you can include your own.

**Table 2. Optional Information**

Information	Center	Home
<b>Classroom or Child Group Information</b>		
Enrollment efficiency	•	•
<b>Personnel Costs</b>		
Salary for director, teachers, teacher assistants, and other staff	•	
Wages for substitutes (centers) and assistants (FCC homes)	•	•
Cost of unemployment, workers compensation, and disability insurance	•	•

Voluntary benefits (health insurance and other benefits) for center staff or home assistant	•	•
Annual paid time off	•	
Annual teaching staff training hours	•	
Additional staff time needed to cover the time that teachers and teaching assistants are out of the classroom (either because their shifts ended or because they're working on activities such as curriculum planning)	•	
Training fees and background checks	•	•
<b>Non-personnel Costs</b>		
Depreciation of equipment		•
Interest paid on business debt		•
Legal and professional fees		•
Repairs and maintenance for child care		•
Training and professional development		•
Food and food preparation	•	•
Kitchen supplies	•	
Classroom supplies	•	•
Education supplies	•	•
Office supplies and equipment	•	•
Medical supplies	•	
Insurance (for example, liability or accident)	•	•
Advertising	•	•
Child assessment tool	•	•
Developmental screening tool	•	•
Curriculum	•	
Average square footage per classroom	•	
Total square footage of home		•
Square footage of space used only for child care		•
Square footage of space used partially for child care		•
Rent, lease, or mortgage (per square foot)	•	•
Utilities (per square foot for centers)	•	•
Building insurance (per square foot for centers) and homeowner's or renter's insurance (for homes)	•	•
Maintenance, repair, and cleaning (per square foot for centers)	•	•
Vehicle expenses		•
Telephone and Internet	•	•
Whether the center provides transportation and, if so, the estimated cost	•	
Audits and legal fees	•	
Licensing fees and permits	•	•
Professional services and fees	•	
Accreditation fees	•	•
Professional membership and subscriptions	•	•

Revenue		
Percentage of revenue that's not collected ("uncollected revenue")	•	•
Percentage of children receiving free, reduced, and paid meals through Child and Adult Care Food Program	•	•
Whether the program charges the difference between subsidy and tuition	•	•
Revenue from bonuses and grants	•	•

## Getting Started

When you get to the PCQC log-in page, you can select if you would like to **continue as a guest** or **create an account**. Registering for an account allows you to save multiple scenarios. We recommend you use this option if you want to model and return to several different scenarios. We use the term "scenario" to refer to an expense and revenue model for a program.

### New User Registration

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I understand that I will not enter any personally identifiable information (PII) into the PCQC. I agree, by using this tool, that I give my permission to the government and its contractors to review files saved in this system for analysis, comparison, and technical assistance. I also understand that they will not release any saved data without permission from the user.

CONTINUE AS GUEST
CREATE AN ACCOUNT

## General Guidance

**Creating and saving scenarios:** Guests can create scenarios, but to be able to save your scenario, you need to create an account. *Your scenarios will be saved only when you click "save draft" or "save," so remember to save frequently.*

- **Saving a new scenario:** As you fill in the values for your new scenario, you can save it by clicking "save draft" at the bottom of any page.

SAVE DRAFT
BACK
NEXT

Once you enter values on the Quality Level tab, you can click "submit" to save your scenario.

- **Saving a scenario you've submitted:** If you make changes to your scenario after you submit it, you can click "save" to save changes.

BACK
NEXT
SAVE

- Accessing your scenarios:** You'll notice your Dashboard page shows a table where you can access all your saved scenarios. Access your list of scenarios at any time by returning to your Dashboard.

**Scenarios**

If you have an account and have used the tool before, you can find and open your existing scenarios here. Please limit your scenario names to 50 characters. Click on the "Create Scenario" buttons above to begin entering data for a new scenario.

If you have questions or would like more information about the PCQC, please read the [User Guide](#), which you can always find in the top right corner of the screen.

Displaying 1 - 2 of 2

Scenario Name	Scenario Type	Created	Print Preview	Excel Download	Edit	Clone	Delete	Status
Example 2	Home Scenario	Thu, 09/08/2022 - 11:53	Print Document	Download				Draft
Example 1	Center Scenario	Thu, 09/08/2022 - 11:53	Print Document	Download				Draft

**Cloning scenarios:** To create a master scenario, give the scenario a distinguishable name that indicates it should not be edited. You can clone your master scenario from your Dashboard by clicking the icon in the Clone column.

Scenario Name	Scenario Type	Created	Print Preview	Excel Download	Edit	Clone	Delete	Status
Master	Center Scenario	Thu, 09/08/2022 - 11:55	Print Document	Download				Draft
Example 2	Home Scenario	Thu, 09/08/2022 - 11:53	Print Document	Download				Draft
Example 1	Center Scenario	Thu, 09/08/2022 - 11:53	Print Document	Download				Draft

Give this copy a new name (under the Introduction tab) and save it as a draft. This will create a duplicate copy in your list of scenarios that you can use to make modifications.

**Revenue and expense (R&E) statement:** PCQC includes an R&E statement on the right-hand side of every page. The R&E statement changes to reflect the most current information you've entered. We have included an R&E statement diagram at the end of this guide.

**View quality level:** Once you've entered information for each of the quality levels of your scenario, you'll have the option to select the quality level you want to see in the R&E statement.

Select the quality level you would like the Expense and Revenue Statement to display. If you have not entered this information yet, it will show as blank.

View Quality Level

Baseline

Baseline

**Quality Level 1**

Quality Level 2

Quality Level 3

Quality Level 4

Quality Level 5

**Extra tips:** You'll see a question mark icon in a few places. These contain additional notes that aren't required but may provide additional context.



PER-C... **Food and Food Preparation**  
If you only serve snacks and children bring lunch, reduce food and food prep to \$100-150 per child.

Food and Food Preparation ? Kitchen Supplies

\$ 1374 \$ 53

**Default values:** National and state-specific data from sources such as the U.S. Bureau of Labor Statistics are built into the tool as default values, but you can adjust values as needed for your local area. Other default values are based on provider data collected from several states by cost modeling experts. Defaults are updated every 1–2 years.

**Accordion headings:** You'll see different headings that expand to allow you to enter your information. Click the "+" symbol to expand a specific section to enter your information. You can expand only one accordion heading at a time. Each heading explains the information you need to enter.

BASELINE	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
<b>PERSONNEL COSTS</b>					+
<b>CHILD AND SITE COSTS</b>					+
<b>REVENUE</b>					+

**User notes:** Each page includes a space to make notes about your scenario. You might write a reminder to yourself about the values you entered. The notes are saved on the page and included in the scenario report.

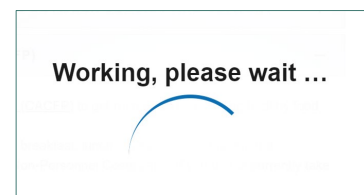
**USER NOTES**

Use this space to make notes about your scenario.

**Questions or comments:** You can submit questions or comments by clicking on the "Email Us" link at the bottom of the screen. Your question will be submitted to National Center on Early Childhood Quality Assurance staff, who will respond via email.

For questions or feedback, please Email Us

**"Working, please wait" message:** PCQC updates the E&R statement every time you enter a value so that you can use the tool without creating an account. This means you'll see the "Working, please wait" message when you enter values in the boxes.



## Examples of Modeling

Think about how you want to use PCQC. You can create several scenarios for FCC homes and centers. Table 3 may help you plan.

**Table 3. Sample Options for Cost Modeling**

Topic of Interest	Options for Modeling
Trying out PCQC	Fill in cost and revenue information for an FCC home or a center at two or three levels of quality using default values. Then try changing different factors on different quality levels to see how it affects net revenue.
Comparing levels of quality	You may be interested in understanding what it costs for providers to pay their staff higher wages and maintain better ratios. Or you may be interested in looking at the cost of each level of your quality rating and improvement system (QRIS). Fill in cost and revenue information for an FCC home or center at different quality levels. From the drop down above the R&E table, select the different quality levels to compare.
Comparing ages served	Fill in cost and revenue information for a center. Change the number of classrooms for each age group.
Comparing size	Fill in cost and revenue information for an FCC home or center. Change the number of classrooms or number of children for each age group.
Comparing geographic areas	Log in and create a scenario. Include the geographic category in the scenario title. Fill in cost and revenue information for that geographic category (for example, subsidy and tuition rates, salaries, rent, and enrollment may differ). Clone this scenario with a new title and include another geographic category in this scenario name. Modify the cost and revenue inputs that differ for this geographic category.
Comparing different payment rates	Clearly title your scenario. Fill in cost and revenue information for FCC homes or centers and for one or more quality levels. Clone this scenario with a new title. Modify the subsidy rates. Alternatively, you can create just one scenario and try different subsidy rates within that scenario, keeping track of how the rates correspond with the net revenue.

## Dashboard

After you enter as a guest or log in, you'll find yourself on the Dashboard page. From here, you can create a new scenario. You can choose whether you want to model information for an FCC home or center. If you're logged in under your account, you can see your saved scenarios on the Dashboard.

### Child Care Centers

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Center owners and operators can compare income and expenses. They can evaluate rate changes, sliding fee scales, benefits, and salary scenarios to help make decisions.

Create Center Scenario

### Family Child Care Providers

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Providers can better understand costs per child, organize expenses based on quality levels, and calculate net income to make decisions about their rates and program costs.

Create Home Scenario

## Introduction

This is where you name your scenario. Give your scenario a distinguishable name. This name will be at the top of every PCQC page and included on your scenario reports. Sample names include “Master Scenario Center,” “Rural Home Scenario,” and “Kids Palace Scenario 1.”

Scenario Name\*

## Guidance for Centers

This section includes guidance specific to center scenarios. You can jump to [guidance on creating FCC home scenarios](#).

### Classroom Information

As you enter information on this page, you'll see it reflected in the summary table at the bottom of the page.

Classroom Age Group	Number of Classrooms	Classroom Type	Child-to-Staff Ratio	Maximum Group Size
infants	2	full-time	4	8
toddlers	3	full-time	5	10
preschool	3	school day - school year	5	10
schoolage	2	after-school + summer	6	18

**State or territory:** Begin using PCQC by entering your state or territory. When you do this, PCQC automatically populates average personnel and non-personnel default values for your state (for example, salaries, minimum wage for substitutes, and lease). You can change these default values later if you'd like.

**STATE OR TERRITORY**
—

Select your state or territory from the dropdown menu. \*

- Select -
⌵

**Classroom age groups:** Enter the age groups that align with your state's or territory's subsidy rates and ratio requirements. For instance, the Child Care and Development Fund (CCDF) Lead Agency may have subsidy rates

Enter labels for each classroom age group to match your state, territory, or Tribal definitions. For example, you might call Age Group A "Infants" or "0-12 months," and call Age Group B "Toddlers."

Classroom Age Group

✖

✖

✖

✖

ADD

3

more items

and ratio requirements for infants, toddlers, preschoolers, and school-age children. The classroom age group labels you enter here will come up later when you enter number of classrooms, ratios, group size, subsidy rates, and tuition. You can choose how many age groups you want to add by adjusting the number in the "more items" box.

**Number of classrooms:** The number of children in your center and the number of teaching staff are calculated based on the number of classrooms, child-to-staff ratios, and maximum group size.

Enter the number of classrooms you have for each age group. The number of children in your care is calculated based on this number, the child-to-staff ratios, and the maximum group sizes you enter.

Classroom Age Group	Number of Classrooms
infants	2
toddlers	2
threes	2
fours	2

**Types of classrooms:** This function allows you to designate classrooms as full time or part time. PCQC applies a percentage to each type of classroom.

- **Full time:** Children in full-time classrooms are 100% full time.
- **School day plus summer:** Children in this type of classroom attend 75% of full time.
- **After school plus summer:** Children in after school plus summer classrooms attend 60% of full time.
- **School day for school year:** Children in this classroom type attend 50% of full time.

You can select any combination of classrooms (including all part time).

For expenses and revenues that vary for part-time teaching staff or children (e.g., salaries, tuition), PCQC applies the designated percentage to teaching staff and children in part-time classrooms.

Classroom Age Group	Type of Classroom
infants	<input checked="" type="radio"/> full time <input type="radio"/> school day plus summer <input type="radio"/> after school plus summer <input type="radio"/> school day for school year
toddlers	<input checked="" type="radio"/> full time <input type="radio"/> school day plus summer <input type="radio"/> after school plus summer <input type="radio"/> school day for school year
preschool	<input type="radio"/> full time <input type="radio"/> school day plus summer <input type="radio"/> after school plus summer <input checked="" type="radio"/> school day for school year
schoolage	<input type="radio"/> full time <input type="radio"/> school day plus summer <input checked="" type="radio"/> after school plus summer <input type="radio"/> school day for school year

**Child-to-staff ratio:** Enter the number of children per adults as a whole number.

Enter the number of children per adult for each classroom as a whole number. For example, if there are 4 infants per every 1 adult in the infant classroom, enter "4".

Classroom Age Group	Child:Staff Ratio
infants	4
toddlers	6
threes	10
fours	10

**Maximum group size:** Enter the maximum group size for each classroom. For example, if the ratio is 1 to 4, the maximum group size might be 8.

Enter the maximum group size for each classroom. If group size limits are not specified in your state, enter twice the ratio.

The PCQC uses the size of the group to calculate the total number of children and teaching staff. It includes one teacher for each age group and at least one assistant teacher, depending on the group size. For example, if the child-to-staff ratio for infants is 4 to 1 and the group size is 8, 1 teacher and 1 assistant teacher are included. If the group size is 12, 1 teacher and 2 assistant teachers are included.

Classroom Age Group	Maximum Group Size
infants	8
toddlers	12
threes	20
fours	20

**Enrollment efficiency:** Enrollment efficiency is the provider’s actual enrollment compared with the maximum staffed capacity for enrollment. For example, if a provider has enough teachers and classrooms to take 70 children, but has 56 children enrolled full time, the enrollment efficiency is 80%.

## Personnel Costs

On this page, you’ll enter information on the staff who are employed, their salaries, benefits, and other staff-related costs.

## Staffing

PCQC offers three optional salaries for teachers and teaching assistants and two optional salaries for all other program staff. You can use one of these options or enter a different salary. The following table shows the sources for these salaries from the U.S. Bureau of Labor Statistics.

**Table 4. Sources for Salary Options**

Staff	Salary Option 1.	Salary Option 2.	Salary Option 3.
<b>Classroom Teacher</b>	Your state’s average annual wage for <i>Preschool Teachers, Except Special Education (25-2011)</i>	Midpoint between options 1 and 3	Your state’s average annual wage for <i>Kindergarten Teachers (25-2012)</i>
<b>Assistant Teacher</b>	Your state’s average annual wage for <i>Childcare Workers (39-9011)</i>	Applies the same percentage increase from option 1 to option 2 as is applied for classroom teachers	Applies the same percentage increase from option 1 to option 3 as is applied to classroom teachers.
<b>Director</b>	Your state’s average annual wage for <i>Education Administrators, Preschool and</i>		Not applicable (option 3 not included for directors)

	<i>Childcare Center/Program (11-9031)</i>	
<b>Educational Coordinator</b>	Your state's average annual wage for <i>Education Administrators, Preschool and Childcare Center/Program (11-9031)</i>	Not applicable (option 3 not included for educational coordinators)
<b>Administrative Assistant</b>	Your state's minimum wage	Not applicable (option 3 not included for administrative assistants)

The number of teachers and assistant teachers are automatically calculated based on the ratios and group size you enter, so you don't have to add them. However, you will enter their salaries.

### Substitutes

PCQC uses your state minimum wage (or the federal minimum wage if your state doesn't have a minimum wage) for substitutes. If you'd like to use a local minimum wage or another living wage, enter the wage here. If your program uses a staffing firm to supply substitutes, you'll need to include the total cost for the substitute (including the firm's fees) when entering the hourly wage for the substitutes.

The number of substitutes included in the calculations is determined by the hours of paid time off and time off for training. (You'll enter these under voluntary benefits and per-teaching-staff costs.)

**SUBSTITUTES** —

The PCQC calculates wages for substitutes using the federal minimum wage and includes 60 hours of substitute time annually for each full-time teacher and assistant teacher in a center. This defaults to 40 hours of leave and 20 hours of training, but you can adjust these default values. Mandatory benefits for substitutes include workers' compensation.

The PCQC uses your state minimum wage as a default value. If your state does not have a separate minimum wage, the default value is the federal minimum wage of \$7.25 per hour. If you would like to use a different amount or a living wage, enter that amount instead.

Substitute Hourly Wage

\$

/hr

### Benefits

To calculate the Mandatory Benefits, enter the employer contribution rates and upper wage limits for any mandatory payroll taxes in your state: unemployment insurance, workers' compensation, and disability insurance (if your state requires it). Upper wage limit (or maximum basis for annual wage limit) means if an employee makes less than the maximum basis, their wages are taxed at the percentage entered. If they make more than the maximum basis, the maximum basis is the amount that's taxed. These rates are often explained on a state website for new employers or are available from your state department of labor. The default values were estimated based on professional judgement, but since they vary by state we encourage you to enter your own.

- Workers' compensation:** Most states require businesses to purchase workers' compensation insurance. [The Ultimate Guide to Workers Compensation Insurance Requirements by State](#) (2022) provides guidance, and this [U.S. Department of Labor website](#) includes links to state workers' compensation officials.
- Unemployment:** The wage base for state unemployment tax varies greatly by state. [The Tax Policy Center's website](#) lists each state's unemployment minimum and maximum rate and wage base.
- Disability:** Most states do not mandate disability insurance. [California](#), [Hawaii](#), [New Jersey](#), [New York](#), and [Puerto Rico](#) are the exceptions.

If you provide any additional Voluntary Benefits, such as annual paid time off or employer contributions to health insurance, enter that information. PCQC defaults to 40 hours of paid time off.

The web page, [Average Single Premium per Enrolled Employee for Employer Based Health Insurance](#), includes average annual employee and employer contributions to health insurance.

**MANDATORY BENEFITS** —

The PCQC automatically calculates federal mandatory benefits (Social Security at 6.2%, and Medicare at 1.45%). Enter your employer contribution rates and upper wage limits for mandatory state payroll taxes including unemployment insurance, workers' compensation, and disability insurance.

Workers' Compensation <input style="width: 90%; border: 1px solid #ccc;" type="text" value="1.2"/> %	Unemployment <input style="width: 90%; border: 1px solid #ccc;" type="text" value="2"/> %
Unemployment (maximum basis for annual wages) <input style="width: 90%; border: 1px solid #ccc;" type="text" value="\$ 19924"/> /yr	Disability <input style="width: 90%; border: 1px solid #ccc;" type="text" value="1"/> %
Disability (maximum basis for annual wages) <input style="width: 90%; border: 1px solid #ccc;" type="text" value="\$ 100000"/> /yr	

**VOLUNTARY BENEFITS** —

Enter additional benefits not required by the state or federal government.

Annual Contribution to Health Insurance (per staff) <input style="width: 90%; border: 1px solid #ccc;" type="text" value="\$"/> /staff/yr	Annual Paid Time Off (hours per staff) <input style="width: 90%; border: 1px solid #ccc;" type="text" value="40"/> hr
--	--

**Additional Benefits**

Benefit	Cost	
	\$ /staff/yr	🗑️
<input type="button" value="ADD"/>		<input style="width: 80%; border: 1px solid #ccc;" type="text" value="1"/>
<a href="#">more items</a>		

## Per-Teaching-Staff Costs

**Annual teaching staff training:** Enter the approximate number of hours per staff member spent outside the classroom in trainings. Substitutes will automatically be included to cover this time. The PCQC defaults to 20 hours per staff member per year.



Annual Teaching Staff Training (hrs per teaching staff) <input type="text" value="20"/> hrs	Training Fees and Background Checks <input type="text" value="\$"/> /staff/yr
--	--

**Training fees and background checks:** This is the average amount spent per staff member per year on training fees and background checks. There is no default value because this varies depending on the average number of staff receiving background checks per year and whether there are fees for trainings.

Annual Teaching Staff Training (hrs per teaching staff) <input type="text" value="20"/> hrs	Training Fees and Background Checks <input type="text" value="\$"/> /staff/yr
--	--

**Percent additional teaching staff time:** Centers need more staff time to cover for breaks during the day and to make up the difference between the length of a typical 8-hour workday and the long hours a center is open. Basic coverage of this time is about 20% of additional staff time. PCQC calculates the number of additional assistant teachers needed to cover the extra time by multiplying all teaching staff by the percentage of additional staff time.

Percent Additional Teaching Staff Time <input type="text" value="20"/> %
---

## Non-Personnel Costs

Non-personnel items are grouped into three categories: (1) those that vary by the **number of children**, (2) those related to the **number of classrooms**, and (3) those for the **site**. If you need to add a cost, keep these definitions and calculations in mind. These non-personnel items are calculated in the R&E statement in the line items of *sum of per-staff costs*, *sum of per-child costs*, *sum of per-classroom costs*, and *sum of per-site costs*. The [appendix](#) includes information about non-personnel cost data sources and state- and territory-specific adjustments.

## Per-Child Costs

Each value from this section is multiplied by the Staffed Capacity of the program and totaled. (Staffed Capacity represents the number of children the center is staffed to care for, based on the ratios and group size.)

## Per-Classroom Costs

Each value in this section is multiplied by the square feet per classroom and then multiplied by the number of classrooms.

**PER-CLASSROOM COSTS** —

Per-classroom items are expressed in dollars per square foot and are based on the size of an average classroom.

To figure out typical classroom size, estimate 80 square feet per child. This includes the classroom, storage, hallways, bathrooms, office, and other non-classroom spaces. Or if you have the total square footage of your site, estimate by dividing the total square footage of the site by your number of classrooms.

The default square footage value uses 80-square feet per child and assumes that a classroom has on average 16 children.

<p>Square Feet (average per classroom)</p> <input style="width: 80%;" type="text" value="1280"/> sq. ft.	<p>Rent, Lease, or Mortgage (including property tax if relevant)</p> <input style="width: 80%;" type="text" value="\$ 14"/> /sq. ft.
<p>Utilities (per square foot)</p> <input style="width: 80%;" type="text" value="\$ 4"/> /sq. ft.	<p>Building Insurance (per square foot)</p> <input style="width: 80%;" type="text" value="\$ 2"/> /sq. ft.
<p>Maintenance, Repair, and Cleaning (per square foot)</p> <input style="width: 80%;" type="text" value="\$ 4"/> /sq. ft.	

**Additional Per Classroom Cost**

Label	Cost (per square foot)	
<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text" value="\$"/>	
<input type="button" value="ADD"/>		<input style="width: 80%;" type="text" value="1"/> <small>more items</small>

**PER-CHILD COSTS** —

<p>Food and Food Preparation <span style="font-size: small;">?</span></p> <input style="width: 80%;" type="text" value="\$ 1388"/>	<p>Kitchen Supplies</p> <input style="width: 80%;" type="text" value="\$ 53"/>
<p>Classroom Supplies</p> <input style="width: 80%;" type="text" value="\$ 139"/>	<p>Education Supplies</p> <input style="width: 80%;" type="text" value="\$ 111"/>
<p>Office Supplies and Equipment</p> <input style="width: 80%;" type="text" value="\$ 111"/>	<p>Medical Supplies</p> <input style="width: 80%;" type="text" value="\$ 56"/>
<p>Insurance</p> <input style="width: 80%;" type="text" value="\$ 119"/>	<p>Advertising</p> <input style="width: 80%;" type="text" value="\$ 22"/>
<p>Child Assessment Tool</p> <input style="width: 80%;" type="text" value="\$ 25"/>	<p>Developmental Screening Tool</p> <input style="width: 80%;" type="text" value="\$ 12"/>
<p>Curriculum</p> <input style="width: 80%;" type="text" value="\$ 35"/>	

**Additional Per Child Cost**

Label	Cost	
<input style="width: 80%;" type="text"/>	<input style="width: 80%;" type="text" value="\$"/>	
<input type="button" value="ADD"/>		<input style="width: 80%;" type="text" value="1"/> <small>more items</small>

## Per-Site Costs

These are straightforward annual costs that are not multiplied. **Transportation** doesn't have a default value because not all programs include transportation. If you choose to include it, consider the cost of maintenance, fuel, and insurance. You can estimate the number of miles you drive annually and then multiply this by the [Internal Revenue Service standard mileage rate](#).

**PER-SITE COSTS** —

Per-site costs are fixed and do not vary by classroom or children.

Transportation	Telephone and Internet
<input type="text" value="\$ 0"/>	<input type="text" value="\$ 4848"/>
Audits and Legal Fees	Licensing Fees and Permits
<input type="text" value="\$ 3232"/>	<input type="text" value="\$ 539"/>
Professional Services and Fees	Accreditation Fees
<input type="text" value="\$ 1164 /yr"/>	<input type="text" value="\$ 625 /yr"/>
Professional Membership and Subscriptions	
<input type="text" value="\$ 70 /yr"/>	

Label

Additional Per Site Cost

[more items](#)

## Revenue

### Subsidy and Tuition Rates

**Weekly subsidy rate:** Enter the full-time weekly subsidy rates for each age group. PCQC does *not* automatically reduce subsidy rates to account for part-time care. Subsidy rates include the parent copayment. You may want to use a table to gather your subsidy rates.

If your state's subsidy rates vary by area, either average the rates or create multiple scenarios reflecting the different areas. If your state's rates are monthly rather than weekly, convert the monthly rate to a weekly rate by multiplying it by 12 and dividing by 52.

### SUBSIDY AND TUITION

Enter the full-time weekly subsidy and private tuition rates for each age group.

Classroom Age Group	Weekly Subsidy Rate	Weekly Tuition
Infants	<input type="text" value="\$"/>	<input type="text" value="\$"/>

**Weekly tuition rate:** Enter the full-time weekly private tuition rates for each age group. PCQC does *not* automatically reduce tuition rates to account for part-time care. You can use data on private tuition rates from your state’s market rate survey. The [National Database of Childcare Prices](#) is issued by the Women’s Bureau in the U.S. Department of Labor and includes state-by-state data on child care prices from 2008–2018. If you have information about monthly rates rather than weekly, convert the monthly rate by multiplying it by 12 and then dividing by 52.

### SUBSIDY AND TUITION

Enter the full-time weekly subsidy and private tuition rates for each age group.

Classroom Age Group	Weekly Subsidy Rate	Weekly Tuition
Infants	<input type="text" value="\$"/>	<input type="text" value="\$"/>

## Percent of Children Receiving Subsidies

This is used to calculate the revenue from subsidy and tuition. PCQC applies the percentage you enter to each classroom. If you enter 25%, it applies the subsidy rate to 25% of children in the infant classroom, 25% of children in the toddler classroom, and so on.

### WHAT PERCENT OF CHILDREN ARE RECEIVING SUBSIDIES?

Enter the percentage of children in your center who are receiving a subsidy. This will be used to calculate revenue from subsidy payments. The remaining percentage will be used to calculate revenue from private tuition.

% of Children Receiving Subsidies

## Charging the Difference between Subsidy and Tuition

Some states allow child care providers to charge families receiving subsidies the difference between the subsidy rate and the private tuition rate. Selecting “yes” means PCQC will use the private tuition rates for all children. Selecting “no” means PCQC will apply the subsidy rates to the percentage of children receiving subsidies and private tuition rates to the other children.

**DOES THIS PROGRAM CHARGE THE DIFFERENCE BETWEEN SUBSIDY AND TUITION?** —

Choosing "yes" means that the private tuition rates will be used for all children. Choosing "no" means that the subsidy rates will be applied to the percentage of children receiving subsidies and private tuition rates will be applied to the other children.

Yes

No

### Child and Adult Care Food Program

Select whether the program participates in the U.S. Department of Agriculture's [Child and Adult Care Food Program](#) (CACFP). If you select Yes, PCQC will include reimbursement for two meals and one snack served. This should supplement the cost of food and food preparation that you entered on the Non-Personnel Costs page.

The CACFP **rates for centers** depend on the family income of the children in three ranges:

- **Free meals:** (reimbursed at the highest rate): Income below 130% of the federal poverty level (FPL)
- **Reduced-price meals:** Income between 130% and 185% of FPL
- **Paid meals:** (reimbursed at a lower rate than the first two categories): Income above 185% of FPL

PCQC automatically reduces the CACFP reimbursement rate to account for part-time care.

[Learn more about CACFP.](#)

### Other Revenue

A provider may have revenue from sources beyond tuition, child care subsidies, and CACFP. You can record revenue from bonuses and grants here or add and define another source of your own.

**CHILD AND ADULT CARE FOOD PROGRAM (CACFP)** —

Does your center take part in the [Child and Adult Care Food Program \(CACFP\)](#) to get reimbursed for serving healthy food to children?

If you select yes, the PCQC will factor in reimbursement for breakfast, lunch, and one snack that should supplement the cost of food and food prep entered on the Non-Personnel Costs page. If you do not currently take part in the CACFP, you may be eligible.

Yes

No

**OTHER REVENUE** —

A provider may have revenue from sources beyond tuition, child care subsidies, and CACFP. If you have any revenue from bonuses, contributions, grants, tax credits, or other sources, you can add them here.

Revenue from bonuses and grants

\$

/yr

**Additional Revenue**

Source	Revenue	
	<span style="margin-right: 5px;">\$</span> <input style="flex-grow: 1;" type="text"/> <span style="margin-left: 5px;">/yr</span>	<span style="font-size: 1.2em;">✕</span>

ADD
1  
more items

## Uncollected Revenue

Uncollected Revenue reflects the payments a center cannot collect. It could be copayments or tuition that parents are unable to pay or unpaid subsidy revenue when a child is absent. PCQC uses 3% as a default. PCQC calculates uncollected revenue by first multiplying the subsidy and tuition total by enrollment efficiency and then multiplying the resulting value by the uncollected revenue percentage.

**UNCOLLECTED REVENUE** —

The industry standard is to keep uncollected revenue less than 3% of revenue. Programs with clear tuition payment policies and effective collection practices have a lower percentage of uncollected revenue. Those that are trying to collect copayments from families receiving subsidies may have a higher percentage of uncollected revenue.

Uncollected Revenue Rate (as a percent of revenue)


%

## Quality Levels for Centers

BASELINE	LEVEL 1	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
<b>CLASSROOM INFORMATION</b>					
					+
<b>PERSONNEL COSTS</b>					
					+
<b>NONPERSONNEL COSTS</b>					
					+
<b>REVENUE</b>					
					+

PCQC includes a baseline level (in some states this may be basic licensing) and five quality levels. It auto-populates the baseline level fields with costs and revenue that may change as quality increases. For example, it auto-fills the ratios and group size you entered on the Classroom Information page.


On this page, you'll enter the information for quality levels 1 through 5. Using the subtabs, you can move between different levels to enter information for each quality level. It's unnecessary to enter information for every quality level. You can choose to copy baseline values to each quality level.

BASELINE	<b>LEVEL 1</b>	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
 COPY BASELINE VALUES TO QUALITY LEVEL 1					

## Classroom Information

If you'd like to model additional classrooms at a particular quality level, make sure the classroom names are added on the Classroom Information page. For quality levels where you don't anticipate having a classroom, enter "0" for its child-to-staff ratio and group size.

**Ratios and group size:** CCDF Lead Agencies may include ratio requirements in the QRIS, or centers may choose to lower their ratios and group size.

Classroom Age Group	Child:Staff Ratio	Maximum Group Size 
Infants	<input type="text" value="4"/>	<input type="text" value="8"/>

## Personnel Costs

**Annual contribution to health insurance and paid time off:** Centers at higher quality levels may choose to provide health insurance or more paid time off, or the CCDF Lead Agency may require, encourage, or incentivize these benefits.

If you want to include benefits, enter an amount per employee to cover the employer's annual contribution to health insurance and other benefits. Consider starting benefits at \$1,000 to \$2,000 per employee.

Annual Contribution to Health Insurance (per staff)	Annual Paid Time Off (hours per staff)
<input type="text" value="\$"/> /staff/yr	<input type="text" value="40"/> hr

**Annual paid time off:** Staff may receive more paid time off as a benefit at higher quality levels. Substitutes are included to cover the hours staff are off.

Annual Contribution to Health Insurance (per staff) <input type="text" value="\$"/> /staff/yr	Annual Paid Time Off (hours per staff) <input type="text" value="40"/> hr
--	--

**Salaries:** Centers may decide to increase staff salaries to attract and retain staff, or the CCDF Lead Agency may incentivize increased compensation. PCQC includes three optional salaries for teaching staff. [Table 4](#) shows the sources and calculations for these salaries.

If there's a position that you will not have at one or more quality levels, enter zero for the salary. For example, you may not have an education coordinator at quality level 1, so the salary would be zero.

**Additional staff:** Centers may bring on additional staff at higher quality levels, such as a curriculum coordinator or a health consultant. When additional staff are added, PCQC automatically applies benefits to these positions.

**Annual teaching staff training hours:** Teaching staff at higher quality levels may spend more hours out of the classroom attending training. Substitutes are included to cover the hours staff attend training.

**Training fees and background checks:** While the cost of background checks likely won't change significantly at higher quality levels, training fees may increase.

**Percent additional teaching staff time:** At higher quality levels, teaching staff may spend more time on activities such as child assessments, curriculum planning, and parent conferences. Centers will need other teaching staff to cover the hours needed to complete these tasks. Consider increasing Percent Additional Teaching Staff Time at higher quality levels.

At level 1, you may want to enter about 20% additional staff time. As quality levels increase, you may increase additional staff time by 2–4% at each level.

## Non-Personnel Costs

The following table may help you consider the non-personnel costs at higher quality levels.

**Table 5. Considerations for Non-Personnel Costs at Higher Quality Levels**

Non-Personnel Cost	Per Child or per Site	Considerations
<b>Child Assessment Tool</b>	Per child	The cost typically ranges from \$20 to \$50 per child per year. The child assessment tool is often included with the curriculum, or there may be an additional cost for the computer software you use for the child assessment.
<b>Developmental Screening Tool</b>	Per child	The cost for the developmental screening tool will depend on how often you use it and whether you use software to implement the tool. The \$12 default value assumes you use it once per child per year. At higher quality levels, you may use it more than once.



<b>Curriculum</b>	Per child	The cost of curriculum varies considerably based on extra materials purchased and whether there's software included. Typically, you buy curriculum for each classroom, but you may not need to buy it every year.
<b>Professional Services and Fees</b>	Per site	This could include the cost for trainers who deliver professional development for your program and others who provide coaching or mentoring to your staff.
<b>Accreditation Fees</b>	Per site	This includes fees for national accreditations such as National Association for the Education of Young Children.
<b>Professional Memberships and Subscriptions</b>	Per site	This includes membership fees for state and national organizations such as NAEYC, dues for advocacy organizations, and other subscriptions to professional journals (for example, <i>Teaching Young Children</i> ).

## Revenue

**Subsidy and tuition:** Enter the full-time weekly subsidy and tuition rates for each age group. Subsidy rates include the parent copayment. If subsidy and tuition rates vary by quality level, enter the rate for each level. If not, copy the level 1 rates to all other levels.

You may want to use a table to gather your state's subsidy rates. You'll need one table for each QRIS level if subsidy rates change by level. These data can help you understand whether the current rate structure contributes to a healthy net revenue (especially at higher quality levels). If you don't have tiered rates, you can experiment with different approaches.

### What Is Healthy Net Revenue?

Net revenue is the revenue that's left after expenses are subtracted from total revenue. PCQC shows net revenue as a dollar amount (total revenue - total expenses) and as a percent of the total revenue (net revenue ÷ total revenue). Cost modeling experts consider 5% a healthy net revenue.<sup>1 2</sup>

<sup>1</sup> Capito, J., Rodriguez-Duggan, J., & Workman, S. (2021). Understanding the cost of quality child care in New Mexico: A cost estimation model to inform subsidy rate setting. *Prenatal to Five Fiscal Strategies*.

<sup>2</sup> Capito, J., Fallin Kenyon, K., & Workman, S. (2022). Understanding the true cost of child care in California: Building a cost model to inform policy change. *Prenatal to Five Fiscal Strategies*.

# Guidance for Family Child Care Homes

## General Guidance for Family Child Care Homes

As you assess the revenue and expenses for FCC homes, we recommend you consider the following:

- FCC homes are small for-profit businesses. The provider's income is the net revenue after expenses. The business pays for a portion of the home expenses.
- The FCC provider's net income after taxes varies, given different types of households with different tax statuses.
- FCC providers must pay for their own benefits, such as health insurance or a retirement plan, which reduces their net annual income. PCQC does not include these benefits in the calculations because these costs vary depending on the plans selected.
- FCC providers often work more than 40 hours per week. For this reason, it's helpful to convert the net revenue to an hourly wage to get a better estimate of their wage.
- You can compare the FCC provider's net income to the salary of a center director. FCC providers and center directors have similar responsibilities, and their pay should align.

## Child Group Information for Family Child Care Homes

As you enter information on this page, you'll see it reflected in the summary table at the bottom of the Child Group Information page.

Classroom Age Group	Type of Care	Number of Children
infant	full-time	1
toddler	full-time	1
preschooler	full-time	3

**State or territory:** Begin using PCQC by entering your state or territory. When you do this, PCQC automatically populates average personnel and non-personnel default values for your state (for example, non-personnel costs, minimum wage for an assistant, and rent or mortgage). You can change these default values later if you like.

STATE OR TERRITORY
—

Select your state or territory from the dropdown menu. \*


- Select -
⌵

**Child group name:** Enter the age groups that align with your state or territory's subsidy rates. For instance, the CCDF Lead Agency may have subsidy rates for infants, toddlers, preschool, and school-age. The child group names you enter here will come up later when you enter number of children, subsidy rates, and tuition.

**CHILD GROUP NAME** —

Enter labels for each age group to match your state, territory, or Tribal definitions. For example, you might call Age Group A "Infants" or "0-12 months," and call Age Group B "Toddlers."

Child Group Name \*



**ADD**  more items

**Number of children:** Simply enter the number of children in your home in each age group.

**NUMBER OF CHILDREN** —

Enter the number of children in each age group. Make sure you consider the number of children allowed in a family child care home and any age limitations.

Child Group Name \*

Number of Children

**Enrollment efficiency:** Enrollment efficiency is your actual enrollment compared with the maximum staffed capacity for enrollment. For example, if you can enroll 6 children, but have 4 enrolled, the enrollment efficiency is 67% ( $4 \div 6 = .67$ ) \* 100 = 67%).

**ENROLLMENT EFFICIENCY**

Enrollment efficiency describes the provider's actual enrollment compared to the maximum staffed capacity for enrollment. For example, if a home care provider can enroll children, but has 4 enrolled, the enrollment efficiency is 67% ( $4/6 = 0.67 \times 100 = 67\%$ ). It is recommended that providers keep their enrollment at or above 85%.

%

## Personnel Costs for Family Child Care Homes

**Hours worked per week:** Enter your hours worked per week, including your time with the children and the time you put toward your program when the children aren't there (for example, meal planning or curriculum planning).

### HOURS WORKED PER WEEK —

Home providers often work more than 40 hours per week. This includes time with children (usually 50-55 hours) plus time spent on business activities like buying food, bookkeeping, or quality-related activities. Enter your weekly hours here.

Hours Worked per Week

  
hrs.

**Assistant wages:** If you have an assistant, enter their hourly wage and the number of hours per year that an assistant works with you. If there is no assistant, enter 0. PCQC includes your state’s minimum wage as the default hourly wage rate, but you can edit it.

### ASSISTANT WAGES —

The PCQC calculates wages for assistants by multiplying your state or territory’s minimum wage by the number of hours worked per year.

If you would like to use a different amount such as a living wage, enter that amount here.

Assistant Hourly Wage Rate	Assistant Hours Per Year
<input type="text" value="\$"/> /hr	<input type="text" value=""/> hr/yr

**Assistant benefits:** If you have an assistant, enter the state’s rates for unemployment and workers’ compensation insurance. You may use workers’ compensation insurance at 1.2% and unemployment insurance at 2% or check your state’s rates. PCQC uses an average maximum basis of \$19,924 for unemployment insurance. The backend of the tool includes this value.

Enter the annual contribution to health insurance for your assistant, should you choose to provide it, and any additional benefits.

### ASSISTANT BENEFITS

Enter your state's rates for unemployment and worker's compensation insurance if you have an assistant. Please note that annual contributions to health insurance are for any assistants in the household.

Workers' Compensation Insurance Percentage	Unemployment Insurance Percentage
<input type="text" value="1.2"/> %	<input type="text" value="2"/> %

Annual Contribution to Health Insurance

/yr

#### Additional Benefits

Benefit	Cost	
<input type="text"/>	<input type="text" value="\$"/> /yr	

more items

**Staff costs:** Here, you'll enter the average annual cost of training and background checks for you (and, if applicable, your assistant and other household members). You can also enter additional staff costs here, including an annual salary for yourself. The values you enter here are not multiplied by the number of staff. It's simply an annual amount.

### STAFF COSTS

There are other personnel costs to consider for the family child care provider and, if applicable, the assistant, like time spent training or the cost of background checks. Another example is planning for a substitute for times when you or your assistant are unavailable. You can add examples that are specific to your situation with the "add staff cost" button."

Training and Background Checks Fees

/staff/yr

Additional Staff Cost	Cost	
<input type="text"/>	<input type="text" value="\$"/> /yr	

more items

## Non-Personnel Costs for Family Child Care Homes

The format for entering FCC expenses in PCQC is the same as the format on the annual federal income tax returns FCC providers complete (*Schedule C: Profit or Loss from Business* and *Form 8829: Business Use of*

Home). FCC providers can transfer data from their federal tax returns to PCQC. The [appendix](#) includes information about non-personnel cost data sources and state- and territory-specific adjustments.

## Annual Expenses – 100% Business Use

The default values for these fields have been collected from FCC providers in several states. If you have data from your federal income tax return or expense data from FCC providers in your state, consider using those data.

### ANNUAL EXPENSES OF 100% BUSINESS USE

These annual expenses are to show the costs of using your home for your business. This section is specifically for costs that are 100% related to your business. This format follows what a home provider would enter in their annual federal income tax return (Schedule C: Profit or Loss from Business and Form 8829: Business Use of Home). If you have other costs that are 100% for your business such as the cost of a curriculum, you can add those using the "add annual expense" button. The PCQC will help you calculate shared costs that are divided between business and personal using Time-Space Percentage in the next section.

Advertising	Vehicle expenses
\$ 162	\$ 306
Depreciation of equipment	Insurance (e.g., liability, accident)
\$ 367	\$ 533
Interest paid on business debt	Legal & professional fees
\$ 144	\$ 733
Office supplies	Repairs and maintenance for child care
\$ 222	\$ 294
Supplies (e.g., arts and crafts, toys)	Food and food-related supplies
\$ 556	\$ 6941 /child
Telephone/internet (business use only)	
\$ 1077	
Training/Professional Development	Professional membership dues
\$ 278	\$ 122
License and permits	
\$ 119	

Additional Annual Expense

Label	Cost	
<input type="text"/>	\$ <input type="text"/>	<input type="button" value="ADD"/>
		<input type="text" value="1"/> <input type="button" value="more items"/>

## Child Costs

This section includes costs that apply to the children. However, they are *not* multiplied by the number of children. The values of \$200 for the child assessment tool and \$92 for the developmental screening tool are annual

program level costs. If these defaults do not reflect what you anticipate spending at different levels, you can change them.

### Time-Space Usage

The time-space percentage factors in the number of hours you work per week, the total square footage of the home, the square footage used exclusively for child care, and the square footage used partially for child care.

**Hours worked per week:** You entered this on the Personnel Costs page under Hours Worked Per Week.

**Total space in home:** Enter the total square footage of your home, including your basement and garage.

Total Space in home

 sq. ft.

**Space in home used exclusively for child care:** Enter the square footage of the areas of your home used *exclusively* for your child care business. That is, you don't use these rooms for anything else.

Space in home used  
**exclusively** for child care

 sq. ft.

**Space in home used partially for child care:** Enter the square footage of the areas of your home used partially for child care. These are areas that you use personally and for child care (for example, your living room, dining room, kitchen, and bathroom). For many child care providers, the majority (if not all) of their home is used partially for child care.

Space in home used **partially**  
for child care

 sq. ft.

### Shared Business Use of Home

These are shared business and personal expenses. Enter the total annual expenses for these categories or use the default values. The share of the costs for the FCC business is automatically calculated by applying the time-space percentage.

**SHARED BUSINESS USE OF HOME**

The PCQC uses the Time-Space Percentage from the last section to calculate how much of your shared business and personal expenses can be attributed to the family child care business. Enter the total annual expenses for these categories or use the default values.

Mortgage interest, property taxes, & depreciation or rent/lease <input style="width: 100%;" type="text" value="\$ 12223"/>	Homeowners/Renters Insurance <input style="width: 100%;" type="text" value="\$ 797 /sq. ft."/>
Utilities <input style="width: 100%;" type="text" value="\$ 2413"/>	Supplies (e.g., cleaning supplies) <input style="width: 100%;" type="text" value="\$ 294"/>
Repairs & Maintenance <input style="width: 100%;" type="text" value="\$ 593"/>	

Additional Shared Business Expenses

Expense	Cost		
<input style="width: 100%;" type="text"/>	<input style="width: 100%;" type="text" value="\$ /yr"/>		<input style="width: 100%;" type="text" value="1"/>
<input style="background-color: #007bff; color: white; padding: 5px 10px;" type="button" value="ADD"/>			<input style="width: 100%;" type="text" value="more items"/>

### How Do I Learn More About Time-Space Usage?

Tom Copeland has several articles on the time-space percentage, including [How to Calculate Your Space Percentage](#), which includes specific guidance on which rooms to count as exclusive and partial (Mr. Copeland uses the term “regular” rather than “partial”). These articles, among others, are available on the Child Care Technical Assistance Network website in a resource titled [Resources for Family Child Care Businesses: A Series of Articles from Tom Copeland](#).

## Revenue

### Subsidy and Tuition

**Weekly subsidy rate:** Enter the full-time weekly subsidy rates for each age group. Subsidy rates include the parent copayment. You may want to use a table to gather your subsidy rates.

If your state’s rates are monthly rather than weekly, convert the monthly rate to a weekly rate by multiplying it by 12 and dividing by 52. If you’re creating a scenario at the state level and the state’s subsidy rates vary by area, either average the rates or create multiple scenarios reflecting the different areas.

Child Group Name <input style="width: 100%; background-color: #f0f0f0;" type="text"/>	Weekly Subsidy Rate <input style="width: 100%;" type="text" value="\$"/>	Weekly Tuition <input style="width: 100%;" type="text" value="\$"/>
--	---	--



**Weekly tuition rate:** Enter the full-time weekly private tuition rates for each age group. If you have information about monthly rates rather than weekly, convert the monthly rate by multiplying it by 12 and then dividing by 52. If you're creating a scenario at the state level, you can use data on private tuition rates from your state's market rate survey. The [National Database of Childcare Prices](#) is issued by the Women's Bureau in the U.S. Department of Labor and includes state-by-state data on child care prices from 2008–2018.

Child Group Name *	Weekly Subsidy Rate	Weekly Tuition
<input type="text"/>	\$ <input type="text"/>	\$ <input type="text"/>

## Percent of Children Receiving Subsidies

Use this information to calculate the revenue from subsidy and tuition. PCQC applies the percentage you enter to all the children in your home. So, if you enter 25%, and you care for 6 children, it applies the subsidy rate of 25% to 6 children. In this case, it applies the subsidy rate to 1.5 children ( $.25 * 6 \text{ children} = 1.5 \text{ children}$ ).

**WHAT PERCENT OF CHILDREN ARE RECEIVING SUBSIDIES?**

Enter the percentage of children in your center who are receiving a subsidy. This will be used to calculate revenue from subsidy payments. The remaining percentage will be used to calculate revenue from private tuition.

% of Children Receiving Subsidies

## Charging the Difference between Subsidy and Tuition

Some states allow child care providers to charge families receiving subsidies the difference between the subsidy rate and the private tuition rate. Selecting "yes" means PCQC will use the private tuition rates for all children. Selecting "no" means PCQC will apply the subsidy rates to the percentage of children receiving subsidies and private tuition rates to the other children.

**DOES THIS PROGRAM CHARGE THE DIFFERENCE BETWEEN SUBSIDY AND TUITION?**

Choosing "yes" means that the private tuition rates will be used for all children. Choosing "no" means that the subsidy rates will be applied to the percentage of children receiving subsidies and private tuition rates will be applied to the other children.

Yes

No

## Child and Adult Care Food Program (CACFP)

Select whether the program participates in the U.S. Department of Agriculture’s [Child and Adult Care Food Program](#) (CACFP). If you select Yes, PCQC will include reimbursement for two meals and one snack per day (5 days per week and 52 weeks per year). This should supplement the cost of food and food preparation that you entered on the Non-Personnel Costs page, so be sure you enter a value for the cost of food and food preparation.

The CACFP rates for FCC homes are determined differently than for centers. Sponsoring organizations reimburse FCC homes for meals and snacks. Generally, a home will be paid one of these rates:

- **Tier I** (reimbursed at the highest rate): The FCC home is located in an eligible area, or the FCC provider's income is less than 185% of the federal poverty level.
- **Tier II** (reimbursed at a lower rate): The FCC home does not qualify for Tier 1. However, she may serve some children from families whose incomes are eligible for free or reduced-price meals reimbursement.

PCQC will ask you to enter the percentage of children in families with incomes below 130% of the federal poverty level and the percentage of children in families with incomes between 130% and 185% of the federal poverty level. (The third range is calculated automatically.) If the FCC provider qualifies for Tier I, enter 100% of the children below 185% of the federal poverty level. If she doesn't qualify for Tier I, enter the percentage of children at each level. You may enter an average or develop several reports that reflect different scenarios.

[Learn more about CACFP.](#)

**CHILD AND ADULT CARE FOOD PROGRAM (CACFP)** —

Do you take part in the [Child and Adult Care Food Program \(CACFP\)](#) to get reimbursed for serving healthy food to children?  
If you select yes, the PCQC will factor in reimbursement for breakfast, lunch, and one snack that should supplement the cost of food and food prep entered on the Non-Personnel Costs page. If you do not currently take part in the CACFP, you may be eligible.

Yes

No

## Other Revenue

A provider may have revenue from sources beyond tuition, child care subsidies, and CACFP. You can record revenue from bonuses and grants here or add and define another source of your own.

### OTHER REVENUE

A provider may have revenue from sources beyond tuition, child care subsidies, and CACFP. If you have any revenue from bonuses, contributions, grants, tax credits, or other sources, you can add them here.

Revenue from bonuses and grants

 /yr

#### Additional Revenue

Source	Revenue	
<input type="text"/>	<input type="text" value="\$"/> /yr	

more items

## Uncollected Revenue

**Uncollected revenue:** This reflects the payments you cannot collect. It could be copayments or tuition that parents are unable to pay, or it could be unpaid subsidy revenue when a child is absent. PCQC uses 3% as a default. It calculates uncollected revenue by first multiplying the subsidy and tuition total by enrollment efficiency and then multiplying the resulting value by the uncollected revenue percentage.

### UNCOLLECTED REVENUE

The industry standard is to keep uncollected revenue less than 3% of revenue. Programs with clear tuition payment policies and effective collection practices have a lower percentage of uncollected revenue. Those that are trying to collect large copayments from families receiving subsidies may have a higher percentage of uncollected revenue.

Uncollected Revenue Rate (as a percent of revenue)

 %

## Quality Levels for Homes

PCQC includes a baseline level (in some states this may be basic licensing) and five quality levels. It auto-populates the baseline level fields with costs and revenue that may change as quality increases. For example, it auto-fills the child and site costs you entered on the Non-Personnel Costs page.

On this page, you'll enter the information for quality levels 1 through 5. Using the subtabs, you can move between different levels to enter information for each quality level. It's unnecessary to enter information for every quality level. You can choose to copy baseline values to each quality level.

BASILINE	<b>LEVEL 1</b>	LEVEL 2	LEVEL 3	LEVEL 4	LEVEL 5
----------	----------------	---------	---------	---------	---------

## Personnel Costs

**Hours worked per week:** Enter the number of hours worked per week, including any additional time spent on quality-related activities. This may range from an additional 1–2 hours to an additional 4–6 hours or more per week. If you work on average 50 hours per week at Baseline level and work an additional 5 hours per week at Quality Level 2, enter 55 here. Examples of quality-related activities include preparing curriculum, engaging in professional development, and talking with families about children’s progress. The hours worked per week are applied to the time-space percentage calculations.

**PERSONNEL COSTS** —

Enter the number of hours you expect to work, including time spent on quality activities per week for baseline

Hours Worked per Week

hrs.

## Child and Site Costs

The costs of these items may increase as quality increases. Each of these costs is applied to your program.

**Training and professional development:** This includes the cost of attending training and professional development. It includes training fees and could include the cost of a substitute while you’re attending training.

Training/Professional Development

**Professional membership dues:** This includes membership fees for state and national organizations such as the National Association for Family Child Care or dues for advocacy organizations.

Professional membership dues

**Child assessment tool:** This cost typically ranges from \$20 to \$50 per child per year. The child assessment tool is often included with the curriculum, or there may be an additional cost for the computer software you use for the child assessment.

Child Assessment Tool

**Developmental screening tool:** The cost for the developmental screening tool will depend on how often you use it and whether you use software to implement the tool. The \$92 default value assumes you use it once per child per year. At higher quality levels, you may use it more than once.

Developmental Screening Tool

\$

## Revenue

**Subsidy and tuition:** Enter the full-time weekly subsidy and tuition rates for each age group. Subsidy rates include the parent copayment. If subsidy and tuition rates vary by quality level, enter the rate for each level. If not, copy the level 1 rates to all other levels.

You may want to use a table to gather your state’s subsidy rates. You’ll need one table for each QRIS level if subsidy rates change by level. These data can help you understand whether the current rate structure contributes to a healthy net revenue (especially at higher quality levels). If you don’t have tiered rates, you can experiment with different approaches.

REVENUE		
Enter the full-time weekly subsidy and private tuition rates for each age group at baseline		
Child Group Name	Weekly Subsidy Rate	Weekly Tuition
	\$	\$

### What Is Healthy Net Revenue?

Net revenue is the revenue that’s left after you subtract expenses from total revenue. PCQC shows net revenue as a dollar amount (total revenue - total expenses) and as a percent of the total revenue (net revenue ÷ total revenue). Cost modeling experts consider 5% a healthy net revenue.<sup>1 2</sup>

<sup>3</sup> Capito, J., Rodriguez-Duggan, J., & Workman, S. (2021). Understanding the cost of quality child care in New Mexico: A cost estimation model to inform subsidy rate setting. *Prenatal to Five Fiscal Strategies*.

<sup>4</sup> Capito, J., Fallin Kenyon, K., & Workman, S. (2022). Understanding the true cost of child care in California: Building a cost model to inform policy change. *Prenatal to Five Fiscal Strategies*.

## Reports

There are two ways in which you can generate a report of your scenario: **1) Print a document** and **2) download an Excel file**. The Print Document and Download links are located on the Dashboard in your list of scenarios.



### Print Document

When you click on Print Document, you'll see the print preview page, which includes the expenses and revenue for each quality level. The levels that are checked will be included when you print your scenario. Click in the checkmark box to check or uncheck a quality level.



Clicking on Print Selected Quality Levels will bring up a print window, where you can designate which pages you'd like to print or save as a PDF.

Clicking Edit Scenario will bring you back to your scenario, where you can make changes.

### Download an Excel File

When you click Download, PCQC will download an Excel file that includes the values from the expense and revenue table, the default values, and the values you entered. Each quality level is on a separate sheet.

## Expense and Revenue Statements

This section includes information about each row in the expense and revenue statements for centers and family child care homes.

### Expense Statement for Centers

Expenses	
Salary Costs	\$992,400
Mandatory Benefits	\$107,545
Voluntary Benefits	\$22,200
<b>Salary Subtotal</b>	<b>\$1,122,145</b>
Sum of Per-Teaching Staff Costs	\$4,800
Substitutes	\$10,714
<b>Total Personnel Expenses</b>	<b>\$1,137,658</b>
Sum of Per-Child Costs	\$257,160
Sum of Per-Classroom Costs	\$307,200
Sum of Per-Site Costs	\$10,485
<b>Total Non-Personnel Expenses</b>	<b>\$574,845</b>
<b>TOTAL EXPENSES</b>	<b>\$1,712,503</b>

**Salary costs:** This figure represents salary multiplied by staff type and number of staff. It includes salaries of all staff, except substitutes. Salary costs include the cost of additional assistant teachers who cover the time when regular teaching staff are not in the classroom. PCQC reduces salaries to account for part-time care.

**Mandatory benefits:** PCQC automatically includes Social Security and Medicare for all staff. You can enter unemployment, workers' compensation, and disability. PCQC calculates mandatory benefits as a percentage of salaries for all staff. Worker's compensation, Social Security, and Medicare are included for substitutes. PCQC reduces mandatory benefits to account for part time care.

**Voluntary benefits:** PCQC multiplies the annual amount you enter for health insurance and additional benefits by all staff, except substitutes.

**Salary subtotal:** This is the sum of salary costs, mandatory benefits, and voluntary benefits.

**Sum of per-teaching-staff costs:** PCQC multiplies total teaching staff (including additional assistant teachers) by the values entered for "training and background checks" and "additional per-staff costs."

**Substitutes:** PCQC multiplies paid time off and training hours for each teacher and assistant teacher by substitute wage to calculate wages for substitutes.

**Total personnel expenses:** This is the sum of the salary subtotal, sum of per-teaching-staff costs, and substitutes.

**Sum of per-child costs:** PCQC multiplies each per-child cost by the staffed capacity of the center. (Staffed capacity is the number of children the center is staffed to care for, given the ratios and group sizes.) PCQC reduces some per-child costs to account for part time care.

**Sum of per-classroom costs:** PCQC multiplies each per-classroom cost by the average square feet per classroom and then multiplies by the number of classrooms.

**Sum of per-site costs:** This is the sum of all per-site costs.

**Total non-personnel expenses:** This is the sum of child, classroom, and site costs.

**Total expenses:** This is the sum of personnel and non-personnel expenses.

## Revenue Statement for Centers

Revenue	
Subsidized Children	\$352,560
Tuition-Based Children	\$815,360
<b>Subsidy and Tuition Total</b>	<b>\$1,167,920</b>
CACFP Food Reimbursement	\$105,643
<b>Revenue Subtotal</b>	<b>\$1,273,563</b>
Enrollment Inefficiency	– \$191,034
Uncollected Revenue	– \$29,782
<b>Actual Revenue</b>	<b>\$1,052,747</b>
Additional Revenue	\$4,000
<b>TOTAL REVENUE</b>	<b>\$1,056,747</b>
Net Revenue	
Net Revenue	--\$655,756
Net Revenue as a Percent of Total	-62%

**Subsidized children:** PCQC multiplies the weekly per-child subsidy rate for each age group by 52 weeks for the annual subsidy rate. PCQC multiplies the annual per-child rate by the number of children in each age group who receive subsidies. PCQC then totals the annual subsidy revenue for each age group. PCQC does not reduce subsidy rates to account for part-time care.

**Tuition-based children:** PCQC multiplies the weekly per-child tuition rate for each age group by 52 weeks, resulting in an annual tuition rate. PCQC multiplies the annual per-child rate by the number of children in each age group who do not receive subsidies. PCQC then totals the annual tuition revenue for each age group. PCQC does not reduce tuition rates to account for part-time care.

**Subsidy and tuition total:** This is the sum of revenue from subsidy and tuition.

**CACFP food reimbursement:** PCQC multiplies: 1) the number of children with family incomes below 130% of the federal poverty level by the annual CACFP reimbursement rate for free meals, 2) the number of children with family incomes between 130% and 185% of the federal poverty level by the annual CACFP reimbursement rate for reduced-price meals, and 3) the number of children with family incomes above 185% of the federal poverty level by the annual CACFP reimbursement rate for paid meals. PCQC then totals the annual reimbursement rates for free, reduced-price, and paid meals. PCQC reduces CACFP reimbursement to account for part-time care.

**Revenue subtotal:** This is the subtotal of revenue from subsidy, tuition, and CACFP.

**Enrollment inefficiency:** This is a percentage of the revenue subtotal (including private tuition, child care assistance, and CACFP).

**Uncollected revenue:** PCQC totals private tuition and child care assistance payments and multiplies this number by enrollment efficiency. PCQC then multiplies the resulting number by the uncollected revenue percentage.

**Actual revenue:** PCQC totals child care subsidies, private tuition, and CACFP and then subtracts the revenue lost through enrollment inefficiency and uncollected revenue.

**Additional revenue:** This is the revenue from bonuses and grants and any additional revenue.

**Total revenue:** This reflects actual revenue plus additional revenue.

**Net revenue:** PCQC subtracts total expenses from total revenue.

**Net revenue as a percentage of total revenue:** This is net revenue divided by total revenue.



## Cost Per Child for Centers

Cost Per Child	
Cost Per Child infants	\$25,269
Cost Per Child toddlers	\$17,063
Cost Per Child preschool	\$13,809
Cost Per Child schoolage	\$10,612
Staffed Capacity	112
<b>TOTAL TEACHING STAFF</b>	<b>18.12</b>

**Cost per child for each age group:** The cost per child reflects higher costs for age groups that require lower child-to-teacher ratios.

PCQC factors part-time teaching staff and part-time children into the cost of part-time classrooms.

Some costs are distributed across the center, so PCQC allocates center-wide costs to each classroom. (The allocation for part-time classrooms is lower than that for full-time classrooms.)

**Staffed capacity:** Staffed capacity reflects the total number of children the center can care for, based on ratios and group size. (Staffed capacity does not reflect enrollment inefficiencies.)

**Total teaching staff:** Total teaching staff includes full-time equivalent teaching staff:

- Full-time teachers and assistant teachers
- Part-time teachers and assistant teachers (a teacher in a school day plus summer classroom would be counted as 0.75 full-time equivalent teaching staff)

## Expense Statement for FCC Homes

Expenses	
Assistant Salary Costs	\$15,080
Mandatory Benefits	\$1,636
Voluntary Benefits	\$500
<b>Salary Subtotal</b>	<b>\$17,216</b>
Sum of Staff Costs	\$50300
<b>Total Personnel Expenses</b>	<b>\$67,516</b>
Sum of Child Costs	\$292
Sum of Site Costs	\$27,666
<b>Total Non-Personnel Expenses</b>	<b>\$27,958</b>
<b>TOTAL EXPENSES</b>	<b>\$95,474</b>

**Assistant/substitute salary costs:** This figure represents the number of teaching assistant hours multiplied by the hourly wage.

**Mandatory benefits:** PCQC automatically includes Social Security and Medicare. You can enter unemployment, workers' compensation, and disability. Mandatory benefits are calculated as a percentage of salaries for assistants.

**Voluntary benefits:** The annual amount you enter for assistants' health insurance and additional benefits is included here.

**Salary subtotal:** This is the total of assistant salary costs, mandatory benefits, and voluntary benefits.

**Sum of staff costs:** This includes training and background checks and any additional staff cost.

**Total personnel expenses:** This is the sum of the salary subtotal and staff costs.

**Sum of child cost:** This includes the cost of the child assessment system, developmental screening tool, and any additional child cost.

**Sum of site costs:** This includes 100% business use expenses plus the time-space percentage multiplied by the shared business use subtotal.

**Total non-personnel expenses:** This reflects the sum of child costs and site costs.

**Total expenses:** This is the sum of personnel and non-personnel expenses.

## Revenue Statement for FCC Homes

Revenue	
Subsidized Children	\$54,132
Tuition-Based Children	\$59,280
<b>Subsidy and Tuition Total</b>	<b>\$113,412</b>
CACFP Food Reimbursement	\$17,690
<b>Revenue Subtotal</b>	<b>\$131,102</b>
Enrollment Inefficiency	– \$13,110
Uncollected Revenue	– \$3,062
<b>Actual Revenue</b>	<b>\$114,930</b>
Additional Revenue	\$3,500
<b>TOTAL REVENUE</b>	<b>\$118,430</b>
Net Revenue	
Net Revenue	\$22,956
Net Revenue as a Percent of Total	19%

**Subsidized children:** PCQC multiplies the weekly per-child subsidy rate for each age group by 52 weeks, resulting in an annual subsidy rate. PCQC multiplies the annual per-child rate by the number of children in each age group who receive subsidies. PCQC then totals the annual subsidy revenue for each age group.

**Tuition-based children:** PCQC multiplies the weekly per-child tuition rate for each age group by 52 weeks, resulting in an annual tuition rate. PCQC multiplies the annual per-child rate by the number of children in each age group who do not receive subsidies. PCQC then totals the annual tuition revenue for each age group.

**Subsidy and tuition total:** This is the sum of revenue from subsidy and tuition.

**CACFP food reimbursement:** PCQC multiplies: 1) the number of children with family incomes below 130% of the federal poverty level by the annual CACFP reimbursement rate for free meals, 2) the number of children with family incomes between 130% and 185% of the federal poverty level by the annual CACFP reimbursement rate for reduced-price meals, and 3) the number of children with family incomes above 185% of the federal poverty level by the annual CACFP reimbursement rate for paid meals. PCQC then totals the annual reimbursement rates for free, reduced-price, and paid meals.

**Revenue subtotal:** This is the sum of revenue from subsidy, tuition, and CACFP.

**Enrollment inefficiency:** This is a percentage of the revenue subtotal (including private tuition, child care assistance, and CACFP).

**Uncollected revenue:** PCQC totals private tuition and child care assistance payments and multiplies this number by enrollment efficiency. PCQC then multiplies the resulting number by the uncollected revenue percentage.

**Actual revenue:** PCQC totals child care subsidies, private tuition, and CACFP and then subtracts the revenue lost through enrollment inefficiency and uncollected revenue.

**Additional revenue:** This is revenue from bonuses and grants and any additional revenue.

**Total revenue:** This reflects actual revenue plus additional revenue.

**Net revenue:** PCQC subtracts total expenses from total revenue.

**Net revenue as percentage of total revenue:** This is net revenue divided by total revenue.

## Cost Per Child for Homes

### Cost Per Child

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Cost per child average

\$7,956

**Cost per child:** PCQC averages the cost per child for a family child care home. (It divides total expenses by the number of children.)

## Appendix: Non-Personnel Data Sources and State and Territory Adjustments

The National Center on Early Childhood Quality Assurance contracted with P5 Fiscal Strategies through the BUILD Initiative to recommend updated default values for non-personnel expenses in PCQC.

### Non-Personnel Data Sources

We used three primary sources to inform default values and then adjusted them, as needed, for each state and territory:

- The U.S. Department of Labor, Bureau of Labor Statistics, [CPI Inflation Calculator](#):** We calculated inflation between March 2022, when the values were last updated, and November 2023, the most recent period available, for a resulting inflation adjustment of 6.8%.
- Secondary data sources:** These included, for example, Child and Adult Care Food Program (CACFP) reimbursement rates (for food and food-related supplies) and average utility rates (for family child care home utilities).
- Data from cost of quality studies conducted in recent years:** We used these data primarily to inform decisions about increasing current values by inflation or using a secondary data source. In most cases, we did not use data from state-specific studies as the direct source.

Table 1 lists the data sources and assumptions we used to determine the updated non-personnel values for centers. Table 2 lists the same information for family child care (FCC) homes.

**Table 1. Non-Personnel Expense Category, Data Source, and Additional Details for Centers**

Expense Category	Source	Additional Details
Food and Food Preparation	CACFP rates effective July 1, 2023–June 30, 2024, per the <i>Federal Register</i> : <a href="https://www.govinfo.gov/content/pkg/FR-2023-07-07/pdf/2023-14317.pdf">https://www.govinfo.gov/content/pkg/FR-2023-07-07/pdf/2023-14317.pdf</a>  The per-child amount is calculated based on breakfast, lunch, and two snacks per day.	CACFP rates have increased in recent years. Moving to align the default value with these rates better reflects the increased cost of food, rather than using a general inflation increase.
Kitchen Supplies	Inflation adjustment	
Classroom Supplies (e.g., crayons, paper, paint)	Inflation adjustment	
Education Supplies (e.g., books, worksheets, lesson plans)	Inflation adjustment	

Expense Category	Source	Additional Details
Office Supplies and Equipment (e.g., pens, staples, folders, printer ink)	Inflation adjustment	
Medical Supplies (e.g., gloves, adhesive bandages, disinfectant spray)	Data from recent studies	This expense line has increased due to COVID-19; therefore, we used data collection to inform this value rather than inflation.
Insurance (child liability)	Inflation adjustment	
Advertising	Inflation adjustment	
Child Assessment Tool	Inflation adjustment	
Developmental Screening Tool	Ages & Stages Questionnaires, Third Edition (ASQ-3) current pricing: <a href="https://agesandstages.com/products-pricing/asq3/">https://agesandstages.com/products-pricing/asq3/</a>	
Curriculum	Inflation adjustment	
Rent, Lease, or Mortgage	Average rent of retail real estate (strip mall center value) in the United States, Q3 2023 (most recent data available), provided by JLL: <a href="https://www.us.jll.com/content/dam/jll-com/documents/pdf/research/americas/us/jll-retail-market-outlook-q3-2023.pdf">https://www.us.jll.com/content/dam/jll-com/documents/pdf/research/americas/us/jll-retail-market-outlook-q3-2023.pdf</a>	Data source available for actual retail rates.
Utilities (gas, electric, water, sewage)	Inflation adjustment	
Building Insurance	Inflation adjustment	
Maintenance, Repair, and Cleaning	Inflation adjustment	
Telephone and Internet	Inflation adjustment	
Audits and Legal Fees	Inflation adjustment	
Licensing Fees and Permits	Inflation adjustment	
Accreditation Fees (e.g., for National Association for the Education of Young Children [NAEYC], Montessori, etc.)	Average annual cost for NAEYC and National Administrator Credential accreditation: <a href="https://www.naeyc.org/accreditation/early-learning/fees#Maintaining%20Fees">https://www.naeyc.org/accreditation/early-learning/fees#Maintaining%20Fees</a> ; <a href="https://necpa.net/page/nacfaqs/">https://necpa.net/page/nacfaqs/</a>	

Expense Category	Source	Additional Details
Professional Memberships and Subscriptions	Inflation adjustment	
Professional Services and Fees (e.g., consultants for training, coaching, bookkeeping)	Inflation adjustment	

**Table 2. Non-Personnel Expense Category, Data Source, and Additional Details for FCC Homes**

Expense Category	Source	Additional Details
Advertising	Inflation adjustment	
Vehicle Expenses	Inflation adjustment	
Depreciation of Equipment	Inflation adjustment	
Insurance (child, liability)	Inflation adjustment	
Interest	Inflation adjustment	
Professional Fees	Inflation adjustment	
Office Supplies	Inflation adjustment	
Repairs and Maintenance for Child Care	Inflation adjustment	
Supplies	Inflation adjustment	
Food and Food-Related Supplies	CACFP rates effective July 1, 2023–June 30, 2024, per the <i>Federal Register</i> : <a href="https://www.govinfo.gov/content/pkg/FR-2023-07-07/pdf/2023-14317.pdf">https://www.govinfo.gov/content/pkg/FR-2023-07-07/pdf/2023-14317.pdf</a> Per-child amount is calculated based on breakfast, lunch, and two snacks per day.	CACFP rates have increased in recent years. Moving to align the default value with these rates better reflects the increased cost of food, rather than using a general inflation increase.
Telephone and Internet	Average utility costs by state, from multiple sources, aggregated at <a href="https://www.move.org/utility-bills-101/#Average_Utility_Costs_by_State">https://www.move.org/utility-bills-101/#Average_Utility_Costs_by_State</a> . Data on telephone and broadband internet are included.	State-specific data now available.
Training and Professional Development	Inflation adjustment	

Expense Category	Source	Additional Details
Professional Membership Dues	Inflation adjustment	
License and Permits	Inflation adjustment	
Child Assessment Tool	Inflation adjustment	
Developmental Screening Tool	Inflation adjustment	
Mortgage Interest, Property Taxes, and Depreciation or Rent or Lease	Average mortgage payment, by state, for a single-family home: <a href="https://www.businessinsider.com/personal-finance/average-mortgage-payment">https://www.businessinsider.com/personal-finance/average-mortgage-payment</a>	State-specific data now available.
Homeowners or Renters Insurance	Average homeowners insurance costs, by state: <a href="https://www.nerdwallet.com/article/insurance/average-homeowners-insurance-cost">https://www.nerdwallet.com/article/insurance/average-homeowners-insurance-cost</a>	State-specific data now available.
Utilities	Average utility costs by state, from multiple sources, aggregated at <a href="https://www.move.org/utility-bills-101/#Average_Utility_Costs_by_State">https://www.move.org/utility-bills-101/#Average_Utility_Costs_by_State</a> . Data on gas, electric, water, and wastewater expenses are included.	State-specific data now available better captures increased utility costs compared to an inflation adjustment.
Cleaning Supplies	Inflation adjustment	
Repairs and Maintenance	Inflation adjustment	

## State and Territory Adjustments

We adjusted several expense categories to provide a state- or territory-specific value that accounts for variation in the cost of living across the United States. Where primary data were unavailable, we adjusted national data based on [regional price parity data](#) from the U.S. Bureau of Economic Analysis (BEA). For U.S. territories, we based regional adjustments on the U.S. Office of Personnel Management [cost of living data](#) (OPM COLA). We used the appropriate price parity category based on the non-personnel expense category: goods, housing, utilities, or services.

Tables 3 and 4 include the expense categories and adjustments for centers and FCC homes, respectively.

**Table 3. State- and Territory-Specific Adjustments for Each Child Care Center Expense Category**

Expense Category	State- or Territory-Specific Adjustment
Food and Food Preparation	Based on BEA (goods), except for Alaska, Hawaii, and U.S. territories, which have state-specific CACFP rates.



<b>Expense Category</b>	<b>State- or Territory-Specific Adjustment</b>
Kitchen Supplies	Based on BEA (goods) or OPM COLA (for territories)
Classroom Supplies	None
Education Supplies	None
Office Supplies and Equipment	None
Medical Supplies	None
Insurance	Based on BEA (services) or OPM COLA (for territories)
Advertising	None
Child Assessment Tool	None
Developmental Screening Tool	None
Curriculum	None
Rent, Lease, or Mortgage	Based on BEA (housing) or OPM COLA (for territories)
Utilities	Based on BEA (utilities) or OPM COLA (for territories)
Building Insurance	Based on BEA (services) or OPM COLA (for territories)
Maintenance, Repair, and Cleaning	Based on BEA (services) or OPM COLA (for territories)
Telephone and Internet	Based on BEA (services) or OPM COLA (for territories)
Audits and Legal Fees	Based on BEA (services) or OPM COLA (for territories)
Licensing Fees and Permits	Based on BEA (services) or OPM COLA (for territories)
Accreditation Fees	None
Professional Membership and Subscriptions	None
Professional Services and Fees	None

**Table 4. State- and Territory-Specific Adjustments for Each FCC Home Expense Category**

<b>Expense Category</b>	<b>State- or Territory-Specific Adjustment</b>
Food and Food Preparation	Based on BEA (goods), except for Alaska, Hawaii, and U.S. territories, which have state-specific CACFP rates.
Kitchen Supplies	Based on BEA (goods) or OPM COLA (for territories)
Classroom Supplies	None
Education Supplies	None
Office Supplies and Equipment	None
Medical Supplies	None
Insurance	Based on BEA (services) or OPM COLA (for territories)

<b>Expense Category</b>	<b>State- or Territory-Specific Adjustment</b>
Advertising	None
Child Assessment Tool	None
Developmental Screening Tool	None
Curriculum	None
Rent, Lease, or Mortgage	Based on BEA (housing) or OPM COLA (for territories)
Utilities	Based on BEA (utilities) or OPM COLA (for territories)
Building Insurance	Based on BEA (services) or OPM COLA (for territories)
Maintenance, Repair, and Cleaning	Based on BEA (services) or OPM COLA (for territories)
Telephone and Internet	Based on BEA (services) or OPM COLA (for territories)
Audits and Legal Fees	Based on BEA (services) or OPM COLA (for territories)
Licensing Fees and Permits	Based on BEA (services) or OPM COLA (for territories)
Accreditation Fees	None
Professional Membership and Subscriptions	None
Professional Services and Fees	None

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ADMINISTRATION FOR  
**CHILDREN & FAMILIES**

