

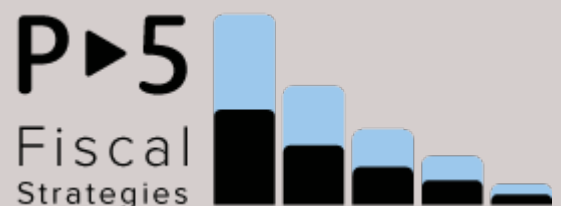


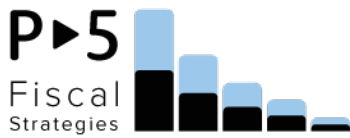
UNDERSTANDING THE COST OF QUALITY CHILD CARE IN NEVADA:

*A Cost Estimation Model
To Support Alternative Methodology
For CCDF Subsidy Rate Setting*

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ABOUT PRENATAL TO FIVE FISCAL STRATEGIES

Prenatal to Five Fiscal Strategies is a national nonprofit founded by Jeanna Capito and Simon Workman that seeks to address the broken fiscal and governance structures within the prenatal to five system with a comprehensive, cross-agency, cross-service approach. The initiative is founded on shared principles that center on the needs of children, families, providers, and the workforce. This approach fundamentally rethinks the current system to better tackle issues of equity in funding and access.

For more information about Prenatal to Five Fiscal Strategies, please visit: www.prenatal5fiscal.org.

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I. INTRODUCTION AND BACKGROUND

THE BROKEN CHILD CARE MARKET

The prevalent method of setting reimbursement rates for publicly funded child care is through a market rate approach, which relies on a study of market prices, also known as the tuition rates charged to families, for child care through a market rate survey. Data from the market rate survey are then used to set maximum reimbursement rates for subsidized child care. The problem with this approach is that the market rate reflects the prices that providers charge families, which then reflects what families can afford. The cost of child care for a family with young children can be overwhelming, particularly for a family earning a low income. Programs must set tuition at what families in their community can afford rather than what the service costs.

Defining Terms

PRICE OF CARE means the tuition prices that programs set, which are usually based on local market conditions and what families can afford, ensuring that programs are competitive within their local market and can operate at as close to full enrollment as possible.

COST OF CARE means the actual expenses providers incur to operate their program, including any in-kind contributions such as reduced rent, and allocating expenses across classrooms and enrolled children based on the cost of providing service and not on what parents can afford.

TRUE COST OF CARE refers to the cost of operating a program with the staff and materials needed to meet licensing and quality standards and provide a developmentally appropriate learning environment for all children. Cost of quality is another term often used to refer to the true cost of care. The true cost includes adequate compensation to recruit and retain a professional and stable workforce, in line with the education and experience requirements of the positions.

This approach to rate setting creates an inequitable system that perpetuates inequality between higher-income and lower-income communities, such that providers in communities where families cannot afford high tuition receive lower reimbursement rates than providers in higher-income neighborhoods. These lower reimbursement rates often result in lower educator compensation and higher staff turnover in lower-income communities. Setting rates based on the current market serves to maintain the low wages that early childhood educators receive, as wages are the most significant portion of the program expenditures, and tuition rates of families cannot keep up with full cost of the program. The impact of this market failure exacerbates low-quality settings and low wages across child care, disproportionately affecting low-income communities, minority groups, and communities of color. The market, driven by tuition or the price that families can pay, is not representative of the cost of child care.

In a functioning market where families, as consumers, can afford the true cost of care, setting rates based on the price charged to parents would allow subsidy-eligible families and those paying tuition to have equal access to child care. However, because most families cannot afford the cost of child care, programs face a disincentive to serve children for whom the gap between what families can afford and what it costs to provide care is greatest. For example, a provider might be able to achieve financial stability when serving preschool-age children or in a program that meets state licensing standards. But, if that same program serves infants and toddlers or meets higher program standards, this can leave the program operating at a deficit. If the public reimbursement rate is a source of this gap, providers are disincentivized from serving children for whom the public subsidy is the family's primary payment source.

Policymakers are increasingly recognizing the deficiencies of the market price-based approach and the importance of developing a deeper understanding of the true costs of child care programming. To that end, states are seeking to develop cost estimation models to help estimate the true cost of care and how this cost varies based on various program characteristics. They can then use this information to inform subsidy rate setting.

SUBSIDY RATE SETTING: UNDERSTANDING MARKET RATE AND ALTERNATIVE METHODOLOGY APPROACHES

The Child Care Development Fund (CCDF) is the primary federal source of public funding to support access to child care for low-income working Americans. Each state or territory is responsible for determining the maximum reimbursement rates that child care programs can receive when they serve a child who is eligible for assistance under CCDF. In general, states have broad authority to set reimbursement rates, but they are required to assess the cost of delivering child care services and then use this data to inform rates for subsidized child care. In Nevada, CCDF funding is administered through the Nevada Department of Health and Human Services, Division of Welfare and Supportive Services (DWSS) and sub-grants funding to community entities, The Children’s Cabinet and The Las Vegas Urban League.

Since the 2014 reauthorization of CCDF, states have had options for rate setting. States—in consultation with their State Advisory Council on Early Childhood Education and Care, local program administrators, resource and referral agencies, and other appropriate entities—must develop and conduct either a statistically valid and reliable **survey of the market rates** for child care services in the state that reflects variations in the cost by geographic area, type of provider, and age of the child; or **conduct an alternative methodology**, such as a cost estimation model. States are

allowed to differentiate rates based on various characteristics of care. Reimbursement rates are supposed to be sufficient to ensure equal access to the same services whether families qualify for child care subsidies (type of care, quality of care) or pay tuition.

Historically, Nevada, along with most states, has set reimbursement rates through a market rate approach. Through this approach, a study of child care market prices, or tuition, for child care is done, and this information is used to set subsidy rates. The market rate reflects the prices that providers charge families, which in turn reflects what families can afford, and this information informs the market rate for child care in each region. Setting child care subsidy rates based on this market can lead to significant differences in rates across regions of the state, age groups, and provider types, replicating the variations in the current private-pay market.

In 2023, in response to the deficiencies of the market-based approach to rate setting, Nevada boldly decided to use an alternative methodology to inform rate setting. This approach utilizes a cost study and a cost estimation model to estimate the cost of meeting state licensing and quality standards. Nevada’s model is informed by provider data gathered through the cost study and allows the state to understand the impact of several variables on cost, such as program characteristics (e.g., size and age mix), child populations served, and program quality. To use a cost estimation model rather than a market rate survey to inform rates, the state had to seek pre-approval from the U.S. Administration for Children and Families (ACF), Office of Child Care. The pre-approval application included detailing how the state would engage a broad cross-section of child care providers and other key partners in the work to ensure the cost



estimation model was informed by the reality of child care providers' operations. To conduct the alternative methodology and develop the cost estimation model, the Nevada Department of Health and Human Services Division of Welfare and Supportive Services (DWSS) contracted with Prenatal to Five Fiscal Strategies (PSFS), an organization with deep expertise in this area, having supported all of the states/jurisdictions that have implemented the alternative methodology approach prior to 2024. P5FS supported DWSS in seeking pre-approval to use alternative methodology and responding to questions from ACF. Nevada received official approval for the approach on March 8, 2024.

II. CHILD CARE LANDSCAPE IN NEVADA

The following types of providers and programs make up Nevada's child care landscape:

- Licensed child care centers
- Licensed family child care homes
- Licensed group child care homes
- License-exempt Family, Friend, and Neighbor homes
- Tribal child care programs
- School-age, afterschool, and summer programs.

In Nevada, 70% of licensed child care programs are center-based sites and 30% are home-based or family child care sites. A large amount of Family, Friend, and Neighbor homes and Out-of-School Time (OST) providers are considered license-exempt in the state. DWSS divides the state into four geographic areas – Clark County, Washoe County, Carson/Douglas counties, and Rural counties (Churchill, Elko, Esmeralda, Eureka, Humboldt, Lander, Lincoln, Lyon, Mineral, Nye, Pershing, Storey, and White Pine). Across these four regions, the numbers of programs vary widely, but they reflect the provider population of the state. The Carson/Douglas region has 5% of the provider population; the Rural region has 10%; Washoe contains 32% of the provider population and Clark, the most populous region, has 53%.

NEVADA CHILD CARE SUBSIDY PROGRAM

DWSS serves as Nevada's lead agency in administering the CCDF Child Care Subsidy program. This program helps families that meet the State Median Income (SMI), as well as those receiving or transitioning from public assistance, secure child care services. CCDF funds support efforts to enhance the quality of child care by investing in provider training and promoting safe, healthy and developmentally appropriate care for children up to 12 years of age.

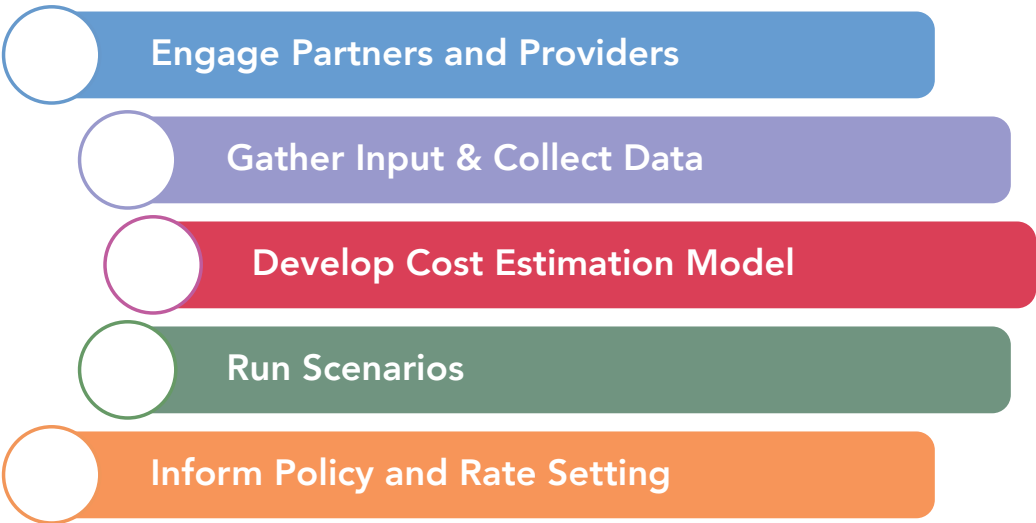




III. STUDY METHODOLOGY

The Nevada Alternative Methodology process was conducted in line with the Prenatal to Five Fiscal Strategies approach to cost modeling for alternative methodology rate setting. This approach includes five phases, as shown in Figure 1. This section of the report details the steps completed in Nevada.

Figure 1: Prenatal to Five Fiscal Strategies cost modeling approach



CONSTITUENT ENGAGEMENT AND INPUT

Integrating constituent input, primarily from child care providers, is a central component in developing a cost model. P5FS used several modes of gathering information and input from constituents, as detailed in Figure 2. Overall leadership of the alternative methodology project was held by the Nevada Department of Health and Human Services, Division of Welfare and Supportive Services (DWSS), as the CCDF Lead Agency, and The Children’s Cabinet. P5FS met with this leadership team regularly to ensure the process aligned with the state’s goals for CCDF programming. Beyond the leadership team, a Nevada Alternative Methodology Technical Workgroup (Technical Workgroup) was formed to provide input and guidance, ensuring constituent voice was included in all aspects of the work. Members of the workgroup included representatives from DWSS; The Children’s Cabinet; Nevada Department of Education, Office of Early Learning and Development; The Nevada Registry; Nevada Association for the Education of Young Children; and Las Vegas Urban League. A full list of Technical Workgroup members and affiliations is included in the Appendix.

DWSS engaged the Nevada Early Childhood Advisory Council (ECAC), throughout the alternative methodology process. ECAC serves as the State Early Childhood Advisory Council with 19

members appointed by the governor including a diverse group of business, community, education, government, nonprofit, parent, and provider representatives. Prior to the submission of the alternative methodology pre-approval request to the Office of Child Care, the Lead Agency State Director attempted to share details about the process for pursuing an alternative methodology with the ECAC (November 15, 2023, meeting), but the meeting was cancelled unexpectedly. Details were shared via email and officially presented on January 17, 2024 giving ECAC members the opportunity for comment and questions. Additional updates were provided to ECAC at the March 20, 2024 meeting. Initial results from the cost estimation model were shared at the ECAC meeting on July 17, 2024.

Table 1 catalogs the leadership, Technical Workgroup and ECAC meetings. These meetings included gathering input on all aspects of the alternative methodology and model development including:

- the cost estimation model’s purpose
- the survey approach and content
- the variables to be included in the model frame
- the model’s data gathering and analysis assumptions
- provider outreach, engagement, and data collection
- modifications to the model based on analysis of initial results
- feedback and validation of assumptions in the model.

Figure 2: Cost estimation model constituent input

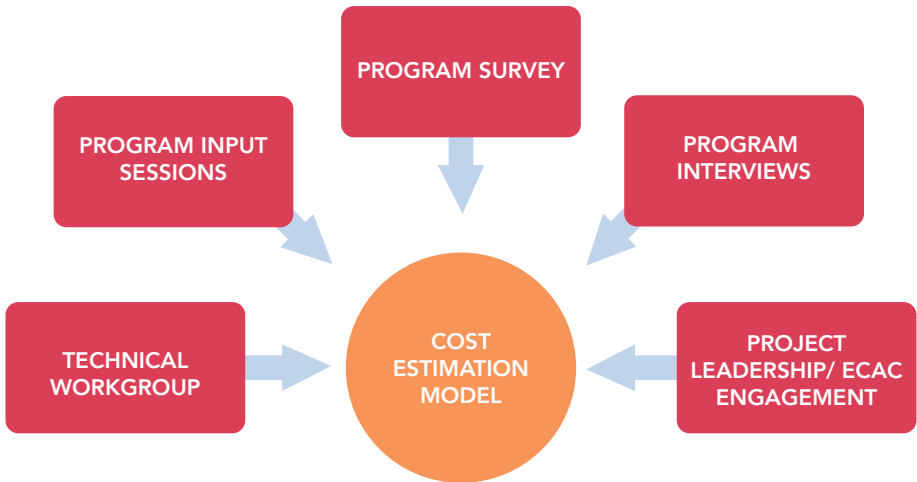


Table 1: Leadership and Technical Workgroup meetings

Alternative Methodology Planning Meetings	
Planning for alternative methodology and cost of care	April 28, 2023
Alternative methodology approval preparation for kick off	May 9, 2023
Constituent engagement planning, Alternative Methodology letter discussion	September 15, 2023
Data collection planning and constituent engagement	October 13, 2023
Constituent engagement discussion, data collection timeline	November 17, 2023
Survey overview and feedback	January 12, 2024
Outreach planning, communication support, cost model frame	February 9, 2024
Data collection overview, outreach discussion	March 8, 2024
Data collection overview, survey analysis themes	April 12, 2024
Project updates, timeline review	May 7, 2024
Review initial results	June 3, 2024
Alternative Methodology Technical Workgroup Meetings	
Project Kick-Off Meeting	July 28, 2023
Review of alternative methodology, communications and messaging, engagement	September 22, 2023
Data collection planning, engagement	October 26, 2023
Data collection update, cost model frame	January 26, 2024
Data collection update, communication support, information sessions	February 23, 2024
Data collection update, communication support, cost model functioning	March 22, 2024
Review major themes of input session data	April 26, 2024
Review initial cost model results, comparison of rates	June 13, 2024

Table 1: Leadership and Technical Workgroup meetings cont.

Nevada Early Childhood Advisory Council Meetings	
Review on alternative methodology – meeting postponed due to lack of quorum	November 15, 2023
Review of alternative methodology	January 17, 2024
Update on data collection timeline	March 20, 2024
Review initial cost model results, comparison of rates – work group	June 4, 2024
Review initial cost model results, comparison of rates – full ECAC	July 17, 2024

To ensure the cost model represents the reality of child care provider operations, P5FS led activities to engage a diverse group of child care programs and leaders. P5FS hosted child care provider input sessions, administered a provider survey, and conducted interviews with providers as needed. Additional details on this provider data collection are included below. Based on feedback provided through the planning meetings and the Technical Workgroup meetings, decisions were made by the leadership team on the languages offered for the survey and input sessions; survey and input session content; communications and outreach materials, including content, design, and recruitment efforts; and input session scheduling. The Technical Workgroup also provided feedback on cost model assumptions and supported integrating the Nevada Silver State Stars Quality Rating and Improvement System (QRIS) standards in the cost model.

CHILD CARE PROVIDER ENGAGEMENT AND DATA COLLECTION

It is imperative that any cost model is informed by those with the deepest knowledge of the operations of the programming the tool is seeking to model. P5FS designed an approach to data collection that would minimize burden on child care providers while also providing ample opportunities to hear from the diverse voices of the provider community. The data collection targeted program

directors and family child care providers/owners since they are most likely to know the financial details of their organization/business. The P5FS approach to data collection for the Nevada alternative methodology was two-pronged. Quantitative data on provider expenses, revenue, and program characteristics were gathered through a **statewide survey** and individual interviews with providers. Qualitative data on providers' current challenges with respect to costs, revenue, and sustainability of program operations were captured through **provider input sessions**. The following sections provide an overview of the survey, interview, and input session participants, materials, and procedures. The statewide survey was primarily administered online, with providers able to complete it via desktop, laptop, or mobile device. Paper versions were available upon request. Input sessions were offered online via Zoom or in-person.

The provider survey and input sessions were available in English, Spanish, and Tagalog, as project leaders and the Technical Workgroup determined they were the three primary languages that would capture the provider universe. Most respondents chose to respond in English. Of the total complete responses, only two respondents chose the Spanish survey and no respondents requested Tagalog. Similar to the survey, input sessions were offered in English and Spanish and interviews were offered in Tagalog. Only one Spanish-speaking provider and no Tagalog-speaking providers participated in their first language. While child care directors and family child care home providers/owners have

identified Spanish or Tagalog as their first language, the majority were comfortable participating in data collection in English. Additionally, members of the Technical Workgroup also indicated that most directors and owners preferred English, even if they spoke another language or conducted their program in another language.

Provider data collection took place between February 6, 2024 and March 29, 2024. Details of outreach efforts and response rates are included in this section of the report. Additionally, DWSS offered an incentive for each participating program. A merchandise gift card to Lakeshore Early Learning was provided for participating in an input session and/or for taking the survey. A program was able to receive up to \$200 in a merchandise gift card for participating in the data collection process.

Outreach Efforts

P5FS worked closely with the state leadership and the Technical Workgroup to develop an outreach strategy that was responsive to the unique context of Nevada. This strategy utilizes multiple partners to increase the likelihood that child care providers will hear about the engagement opportunities from a known and trusted source. This outreach strategy included:

- Communications and outreach toolkit
- Social media posts
- Direct email sends
- Dedicated website

A constituent engagement communications and messaging toolkit was created to support provider outreach and ensure consistent messaging. The toolkit included sample emails, newsletters, social media captions with graphics, along with designed fliers and postcards. The materials were made available on a shared drive for downloading as well as emailed to provider supporting organizations. Technical Workgroup members were also trained to use the materials.

Sample social media posts were included in the

toolkit so that key partners could easily share information about the study and ways that providers could participate.

The Children's Cabinet sent a direct email blast to each licensed and registered child care provider as well as license-exempt providers enrolled in the state. This communication was sent to 2,000 providers. Fifty percent of providers are license-exempt providers (Family, Friend and Neighbor Care); 21% of providers are licensed center-based programs; 20% are Out-of-School Time providers; and 9% of providers are licensed family child care and group homes. Information was also shared by Technical Workgroup members throughout their respective networks multiple times throughout the data collection process.

A dedicated landing page was created on the Prenatal to Five Fiscal Strategies website. This page served as a central resource for information about the alternative methodology process, including links to access the survey and register for an input session; a frequently-asked-questions document, and recordings of information sessions. This web page also included information for providers who preferred to engage in a one-on-one interview with P5FS rather than complete the survey. Several providers with multiple sites preferred this option rather than completing multiple online survey entries. The Nevada page registered 477 page views during the study period, February 6 to March 29, 2024.

P5FS leveraged provider data by county and region to track survey responses and input session participation relative to concentrations of providers in the regions. This tracking helped guide additional outreach to ensure that providers from all geographic regions in the state were included in the data collection. Throughout data collection, P5FS regularly shared updates with the leadership team and the Technical Workgroup on response rates by provider type and location to focus additional targeted outreach as needed.

These outreach efforts maximized the potential for

child care providers across Nevada to participate in the alternative methodology process, ensuring diversity among participating providers across the state. Details on survey and input session participation rates are outlined in the following sections.

Provider Survey

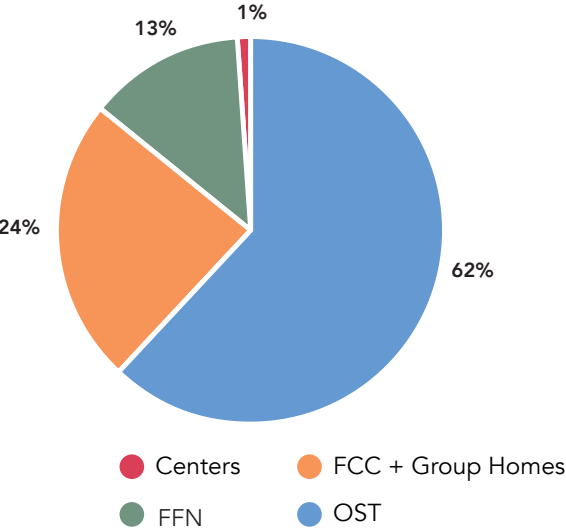
The provider survey aimed to gather detailed data from individual child care programs related to program characteristics and key cost drivers. This data was used to inform the cost estimation model and enable analysis of the variations in cost based on program type, location, and age of child served. By conducting a statewide survey, P5FS was able to engage a large number of providers in all parts of the state in a relatively short time. P5FS used past experience engaging child care providers to develop a survey that minimized the burden on providers by focusing on questions that relate to the major cost drivers child care programs face. The main content areas covered by the survey were as follows:

1. Program characteristics, including size, program type, ages of children served, and funding streams.
2. Staffing patterns, including the number of program staff and the number of teaching staff.
3. Tuition rates for full-time and part-time, by age of children served.
4. Compensation and benefits, including average salaries for employees and benefits offered.
5. Select nonpersonnel expenses, such as occupancy, including rent/lease/mortgage and utilities.
6. Costs for serving different populations of children and families, such as children with delays or disabilities, children with behavior concerns, or children and families with unstable housing.

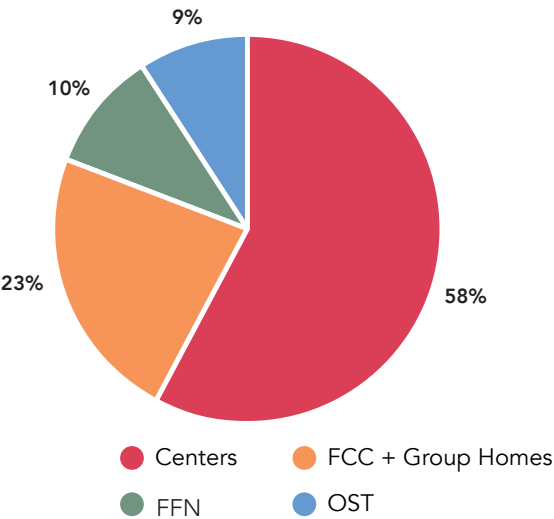
The online survey employed skip logic, which allowed participants to be presented with relevant questions based on provider type and previous answers. For example, family child care providers/owners were asked about the number of hours

Figure 3: Comparison between survey respondents and total programs in Nevada, by provider type.

Survey Respondents, by Provider Type



Total Programs, by Provider Type

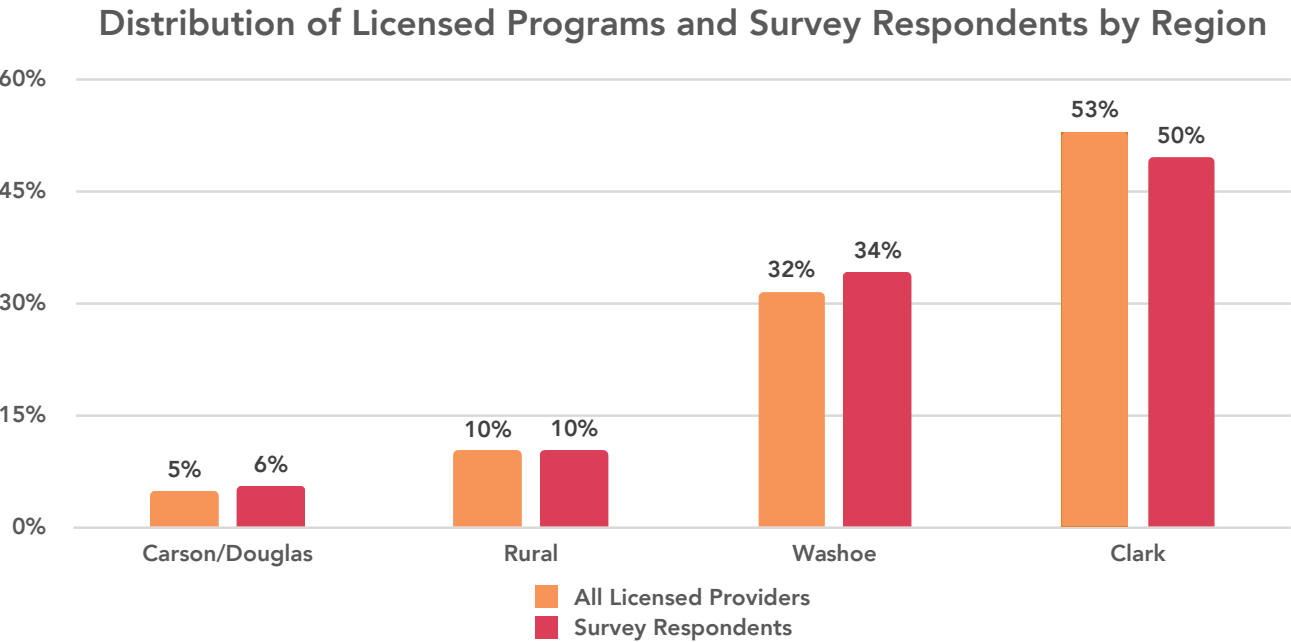


spent providing child care and conducting child care-related work in their home and were asked about occupancy costs specific to their setting. Similarly, providers were asked about tuition rates only for age groups they had indicated that they serve. This approach helped minimize the burden on providers completing the survey and increased the ease of completion.

A total of 286 providers from unique programs completed the survey. An additional 69 providers responded; however, those respondents did not complete enough information to be included in the final sample. As shown in Figure 3, the final sample (N=286) comprised licensed centers (62%), licensed family child care homes and group family child

care homes (24%), license-exempt Family, Friend and Neighbor Care (13%), and Out-of-School Time programs (1%). This distribution across provider types is similar to the distribution of all providers in the state with a slight overrepresentation of family child care homes compared to centers, as shown in Figure 3. Overall, the survey sample represents approximately 43% of licensed providers in Nevada. There are an additional 1,333 license-exempt programs in Nevada and only 3% of the population participated. In Figure 4, the spread of programs across the subsidy system regions is compared to the survey participants' location in the state; the regional distribution of programs and the participation in the survey is aligned.

Figure 4: Comparison between survey respondents and total programs in Nevada, by region



Provider Input Sessions

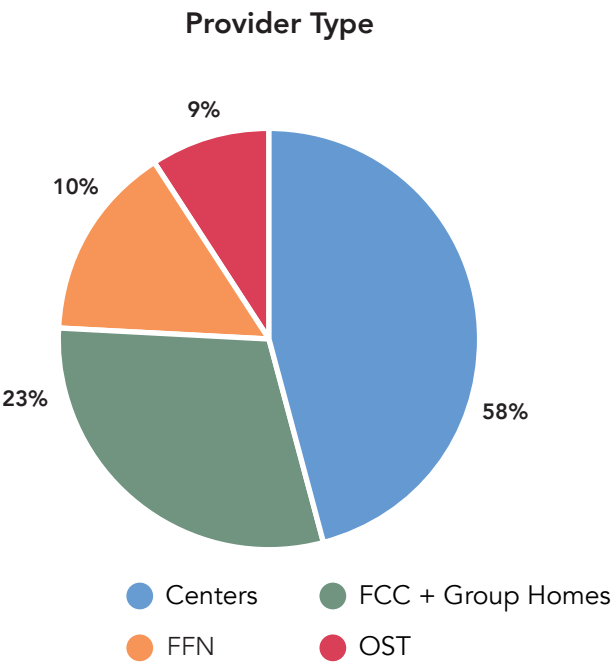
The input sessions provided an opportunity to engage in deeper dialogue with providers about their expenses, challenges with operations and revenue, and the true cost of providing care when not constrained by limited resources. The input sessions engaged providers in a discussion about barriers to delivering the quality they aspire to provide and what they need to be able to recruit and retain staff, provide quality care, and meet the needs of children and families in their community.

Eighteen provider input sessions were held, including two targeted input sessions held in partnership with The Children’s Cabinet through their Provider Action Committee. The sessions were held virtually through Zoom at various times and days of the week, including evenings and weekends, to accommodate provider schedules. Sessions were offered by program type – Family Child Care Homes

or Center-Based – and by preferred language – English or Spanish. Providers registered in advance indicating their program type and preferred language.

A total of 52 providers from unique programs participated in the input sessions between February 15th and March 21st, 2024. As shown in Figure 5, just over 46% of the participants in the input sessions were licensed child care centers; just over 30% were family child care home and group family child care home providers; 15% of providers were license-exempt Family Friend and Neighbor providers; and 9% were Out-of-School Time providers. Input session participants were located in multiple counties within Nevada and were representative of the general breakdown of programs within the state. The geographic representation was confirmed by the Technical Workgroup as an accurate depiction of the programs throughout Nevada.

Figure 5: Input session participation, by provider type



IV. COST ESTIMATION MODEL

The Nevada alternative methodology uses a cost estimation model to inform CCDF subsidy rate setting. A cost estimation model is a tool to estimate the cost of meeting program standards and uses primary and secondary data to inform assumptions in the model. The dynamic model is built to enable running different scenarios to understand the cost of care with variations for program characteristics and model variables, such as program size, age of child served, and various quality variables.

The provider data collection discussed in the prior section helped inform the cost estimation model. Results from the data collection were shared with the Nevada Alternative Methodology Technical Workgroup and reactions and input were sought on how the data can inform the cost model. While current data from providers help ensure a baseline, the model is not constrained solely by the data collection. This allows the model to reflect how programs should operate, not just how they are currently operating under their limited funding. It also allows for thinking more expansively about the resources needed to build a robust and sustainable child care system.

This next section details the data assumptions and functionality of the Nevada cost estimation

model, including cost drivers and the default values assigned to those cost drivers.

PROGRAM CHARACTERISTICS

The cost estimation model accounts for many key program characteristics. Each characteristic impacts the cost of care and is explained below.

Region: To account for geographic differences across Nevada, a regional variable is included. The state is organized into four regions in the cost model, aligned with the Nevada child care subsidy system regions as discussed in the methodology section. The regions are: Carson/Douglas, Clark, Rural, and Washoe.

Size of Center: Size is represented as the number of classrooms by age range—infants less than 9 months; toddlers 9 months but less than 2; 2 years but less than 3; 3 years but less than 4; 4 years but less than 5; 5 years or older. These age categories, staff-to-child ratios, and the number of children in each group are determined by the program type selected, either meeting licensing standards or Nevada Silver State Stars standards.

Ratio and Group Size: The model includes Licensing and Nevada Silver State Stars standards. Tables 2 and 3 detail these standards for centers and Table 4 is for family child care homes. For family child care, Table 4 also notes that licensing and Nevada Silver State Stars standards follow the

Table 2: Adult to child ratio, child care center meeting licensing standards

Age Group	Ratio
Less than 9 mos. of age	1:4
Nine months to two years	1:6
Two to three years	1:9
Three to four years	1:12
Four to five years	1:13
Five years and older	1:18

Source: <https://dwss.nv.gov/uploadedFiles/dwssnvgov/content/Care/Child%20Care%20Manual%20July%202024.pdf>

Table 3: Adult to child ratio, child care center meeting Nevada Silver State Stars standards

Age Group	Ratio	Group Size
Birth but less than 15 months	1:4	8
12 months but less than 28 months	1:5	12
21 months but less than 3 years (36 months)	1:6	12
30 months but less than 4 years (48 months)	1:9	18
4 years but less than 6 years	1:10	20
School Age	1:12	24

Source: <https://doe.nv.gov/offices/oeld/ece-professionals/qrisc>

same ratios and group sizes. Group size in Nevada’s licensing standards is driven by square footage of the licensed program; for the purposes of running scenarios in the cost model, under alternative methodology, the model assumes a group size equal to double the adult-child ratio for centers and the total licensed capacity for family child care.

STAFFING AND PERSONNEL

The personnel calculations are based on a standard staffing pattern typical of most centers and family child care homes, with the following assumptions built in.

Nonteaching staff

- ECE Program Director (1 FTE)
- ECE Staff Supervisor/Assistant Director (1 FTE per 100 children)
- Administrative Assistant (1 FTE per 100 children)

Teaching staff

The number of teachers and assistant teachers is driven by Nevada’s ratio and group size regulations. Each classroom has a lead teacher, with additional staff counted as assistant teachers to meet ratio requirements. The model includes an additional 0.2 FTE per classroom teaching staff to allow for coverage throughout the day for breaks and opening and closing. This reflects that the program is open more than 40 hours per week. To maintain consistent ratios, additional staffing capacity is needed. In family child care homes, the provider/owner is the only staff member. In group family child care homes, the model includes a full-time assistant.

Wages

The model includes multiple salary data sources to understand the impact of salary levels on the cost of care. The salary selection points in the model are as follows:

- **Current salary**, based on data collected from the 2024 Cost of Care Survey
- **Bureau of Labor Statistics** (BLS) statewide wage data (May 2023)
- **MIT Living Wage Calculator Option 1**, May 2024, calculator results for the Nevada living wage needed for a single person, no children, to establish the living wage base for a teacher assistant position
- **MIT Living Wage Calculator Option 2**, May 2024, using default workforce demographic data on family compensation to establish the Nevada living wage base for the teacher assistant position

When a salary option is selected, the cost estimation model uses salaries for each position based either on the source directly (in the case of the Current Salaries) or based on the P5FS developed salary scale (in the case of the MIT Living Wage options). For BLS, it is a combination of the source data and the developed salary scale approach. The P5FS developed salary scale uses the living wage value as the floor for the assistant teacher, with other salaries increased from this floor to account for additional job responsibilities for other positions in the program. The salary options in the model provide statewide salaries as well as regional salary values, aligned to the four subsidy regions.

Table 4: Family child care home, maximum capacity under licensing

Family Child Care Homes	Group Family Child Care
Family child care providers can care for up to 6 children. Some family child care providers also receive approval to care for 3 additional school-age children. Care must be provided in the providers’ home.	Group family child care providers can care for up to 12 children. Care must be provided in the providers’ home, often in a specific area for the children.

Source: <https://dwss.nv.gov/uploadedFiles/dwssnv.gov/content/Care/Child%20Care%20Manual%20July%202024.pdf>

While most family child care providers/owners do not pay themselves a set salary, not including a salary expense in the model would fail to fully capture the cost of providing home-based care, as a provider/owner is a requirement under licensing. Therefore, the cost estimation model includes a salary for the family child care provider/owner, intended to ensure the model accounts for them being able to generate income after all business expenses have been paid. To calculate this salary, the model uses the annual salary of the Center Director and the Assistant Director and places the Family Child Care Home provider in the median of the two salaries. This income can be used by the provider/owner to cover business taxes and personal income as compensation for the high number of hours worked per week, or a portion of it could be used to hire additional staff to operate the business.

MANDATORY AND DISCRETIONARY BENEFITS

All mandatory expenses related to staffing are built into the models. These include federal and state requirements, including unemployment insurance and workers' compensation. These include FICA-Social Security at 6.2%, Medicare at 1.45%, unemployment insurance at 1%, and workers' compensation at 2%. The model also includes discretionary benefits in the form of 10 sick and 10 paid leave days for each staff member and an amount referred to as discretionary benefits. If the discretionary benefits option is selected, the model includes \$5,428 per FTE, which is the average annual employer contribution to health insurance, based on Kaiser Family Foundation data for Nevada. This benefit is included in the model as a dollar amount, which individual programs could choose to deploy in different ways, including health insurance contributions, retirement contributions, or other discretionary benefits.

Family child care providers could also choose to purchase health insurance from the public marketplace, contribute to a health savings account, or pay the premium for a family member-provided

health plan. Their model also includes discretionary benefits in the form of 10 sick and 10 paid leave days for themselves and an amount referred to as discretionary benefits. If the discretionary benefits option is selected, the model includes \$6,848 per FTE, which is the average annual cost of health insurance, employer and employee contribution combined, based on Kaiser Family Foundation data for Nevada.

NONPERSONNEL EXPENSES

Center-based

Nonpersonnel costs are aggregated into the three categories, inclusive of all expenses:

- **Program Management and Administration:** Office supplies, telephone, internet, insurance, legal and professional fees, permits, fundraising, memberships, administration fees.
- **Occupancy:** Rent/lease or mortgage, real estate taxes, maintenance, janitorial, repairs, and other occupancy-related costs.
- **Education Program for Children and Staff,** which includes:
 - **Education/Program—Child:** Food/food related, classroom/child supplies, medical supplies, postage, advertising, field trips, family transportation, child assessment materials.
 - **Education/Program—Staff:** Professional consultants, training, professional development, conferences, staff travel.

Annual contributions to an operating reserve fund—a practice that contributes to long-term financial sustainability—can be included as a percentage of total expenses. The amount is set at 5% by default, but can be removed or changed to reflect current program functioning.

Values for each of these nonpersonnel categories are based on nonpersonnel expense data in the Provider Cost of Quality Calculator. This federal tool provides validated state-specific data on typical nonpersonnel values in child care programs.

While the alternative methodology data collection included gathering data on some nonpersonnel expenses, the data was inconsistent and pointed to variations more likely related to other program characteristics such as funding source, for profit/nonprofit status, access to in-kind support, or other individual program factors. Table 5 summarizes the statewide nonpersonnel values used in the cost estimation model for child care centers. The statewide values are adjusted for the regional cost of living variances, across the four subsidy regions; the regional variation in cost of living ranges from 95% of the statewide cost of living in Carson/Douglas and Rural, to 99% in Clark and 101% of the statewide cost of living in Washoe.

FAMILY CHILD CARE HOMES

Nonpersonnel costs in the family child care home model align with the expense categories that home-based providers report on their federal taxes (Internal Revenue Service Schedule C). These expenses are broken out into:

- **Administration/Office:** This category includes advertising, insurance, legal and professional fees, office supplies, and repairs, maintenance, cleaning of the child care space.
- **Occupancy – Shared Use of Business and Home:** Home-based businesses may count a certain percentage of their occupancy costs as business expenses, including rent/lease/mortgage costs, property taxes, homeowners insurance, utilities, and household supplies. The model follows Internal Revenue Service Form 8829 to estimate a time-space percentage for how these expenses apply to the business.

Table 5: Center-Based Model, Nonpersonnel Expense Values, annual cost per child

Expense Category	Annual Cost
Program Management/Administration	\$346/child
Occupancy	\$35,978/classroom
Education/Program	\$2,631/child

- **Program:** This category includes classroom supplies, medical supplies, food, and educational supplies. This amount varies based on the number of children.
- Annual contributions to an operating reserve fund—a practice that contributes to long-term financial sustainability—can be included as a percentage of total expenses. The amount is set at 5% by default.

Values for each of these nonpersonnel categories are based on nonpersonnel expenses that are based on the Provider Cost of Quality Calculator. Table 6 summarizes the nonpersonnel values for family child care homes. The statewide values are adjusted for the regional cost of living variances, across the four subsidy regions. The regional variation in cost of living ranges from 95% of the statewide cost of living in Carson/Douglas and Rural, to 99% in Clark and 101% of the statewide cost of living in Washoe.

MODEL VARIABLES

The model includes several variables that relate to meeting licensing or quality regulations. For each variable there are two choices: to meet licensing standards or to meet the higher Nevada Silver State Stars standards. Costs associated with meeting Nevada Silver State Stars QRIS were assessed as part of the cost model building process. The model variables are:

- Training and Professional Development
- Planning and Release Time
- Family Engagement

Table 6: FCC Model, Nonpersonnel Expense Values, annual cost per child

Expense Category	Annual Cost
Program Management/Administration	\$823/child
Occupancy*	\$786/child
Education/Program Child expenses	\$2,038/child

*Shared expense, total adjusted by time-space percentage to account only for occupancy costs related to the operation of the child care business.

TRAINING AND PROFESSIONAL DEVELOPMENT

Annual training hours are included to meet licensing requirements, as well as additional professional development training hours to meet Nevada Silver State Stars requirements. The Nevada Silver State Stars requirements add an additional 16 to 24 hours of professional development beyond licensing, which is reflected in Table 7 below. As the star level increases, so do the hours of professional development required; these hours are required at the QRIS 5 Star level. The expense related to these supports covers the cost of hiring a substitute to cover staff attending trainings.



Table 7: Professional Development Training Selections

Type of Care	Licensing	Nevada Silver State Stars
Center	Director: 24 hours annually Caregiving staff: 24 hours annually	Director: 40 hours annually Caregiving Staff: 48 hours annually
FCC	Operator: 24 hours annually	Operator: 40 hours annually
Group FCC	Operator: 24 hours annually Caregiving staff: 24 hours annually	Operator: 40 hours annually Caregiving staff: 48 hours annually

PLANNING AND RELEASE TIME

The model has the option of including weekly planning and release time for teachers and providers/owners; or teachers, providers/owners, and assistant teachers. This cost was assessed to meet the quality activities at QRIS 5 Star. The expense related to these supports is the cost of substitute teaching to cover the teaching staff and provider/owner time.



Table 8: Planning and Release Time Selections

Type of Care	Licensing	Nevada Silver State Stars
Center	None	1 hour a day for lead teacher
FCC	None	1 hour a day for operator
Group FCC	None	1 hour a day for operator

FAMILY ENGAGEMENT

The model includes yearly conferences for staff to meet with families to discuss their child's development and progress; this cost was assessed as part of meeting 5 Star quality regulations. The cost of conferences consists of paying a substitute teacher to cover while the teacher or provider/owner participates in the conference.

FAMILY FRIEND AND NEIGHBOR SETTING

Family Friend and Neighbor providers (FFN) are homes that can serve up to four nonresident children, in addition to up to two related children. These homes do not follow the same licensing requirements as licensed homes or participate in the quality system. Therefore, an alternate approach was used to estimate the cost of providing care in these settings. Given the large variability in how FFNs operate, including the number of children served, the length of time the program operates, the financial needs of the owner, and the direct expenses they incur, developing a default model has challenges. The cost estimation model is based on licensing standards and quality regulations, and not appropriate for estimating costs of registered homes. As a result, in consultation with DWSS and based on analysis of data in other states, the P5FS estimated the cost per child of providing care in a FFN based on a minimum wage for the educator. The cost estimate included a minimum wage of \$14 - \$15.50 per hour, depending on the region of the state, and the costs of mandatory taxes, along with the nonpersonnel expenses associated with the cost of a family child care. The registered home provider needs to collect \$37,440 annually to meet this minimum wage. For this calculation, a total of five children served by the FFN was used to calculate the nonpersonnel total. As such, the rate per child needed for the provider to achieve the minimum salary and cover nonpersonnel expenses ranges from \$26-\$28 per day for school-age and \$48-\$51 per day for all other ages of children. This approach enables FFN providers to make the minimum wage,

Table 9: Family Engagement Selections

Type of Care	Licensing	Nevada Silver State Stars
Center	None	2 family/teacher conferences annually
FCC	None	2 family/teacher conferences annually
Group FCC	None	2 family/teacher conferences annually

defined by the BLS child care worker salary, if they operate at full capacity and collect full revenue from all families.



V. SCENARIO RESULTS

The cost estimation model can be used to run multiple scenarios to estimate the cost per child under various circumstances, based on program type, program size, ages of children served, program location, and quality variables. In this way, the cost estimation model is a dynamic tool that can be used by DWSS to inform provider reimbursement rates under the Child Care Subsidy Program.

To provide illustrative results to inform this report, P5FS created default scenarios for child care centers, family child care homes, and group family child care homes. Each default scenario serves children and infants through school age and operates on a 10-hour day, full-year schedule. Details of these default program characteristics are provided below. The number of children served varies based on whether the program is meeting only licensing standards or is meeting Nevada Silver State Stars standards. Tables 10 and 11 detail the characteristics of the default scenarios developed for this report.

The FCC default scenarios assume enrollment of six children in a small FCC home, with no more than two infants and includes two school-age children. The default scenario for the group FCC has capacity

for 12 children, with no more than four infants and includes four school-age children.

Scenarios were run for a program meeting licensing standards and for programs meeting each level of the Nevada Silver State Stars standards in each of the four regions of the state. Compensation selections are based on BLS salary data, for each subsidy region. The BLS salary scale are higher salaries for all positions in the child care program than the salary data collected from child care providers through the 2024 cost of care survey. This choice was made by DWSS in order to acknowledge the feedback that current salaries are too low to attract and retain staff and current salaries remain below cost of living needs in the state. All scenarios include the cost of employer contribution to health insurance or other discretionary benefits, 10 days paid sick leave and 10 days paid vacation, and a 5% contribution to an operating reserve. In total, 64 scenarios were developed, as summarized in Table 12.

Table 10: Default program size, child care center meeting licensing standards

	Classrooms	Capacity
Infant (0-8 mos.)	1	16
Toddler (9-23 mos.)	1	18
Two to three years	1	18
Three to four years	1	24
Four to five years	1	26
Five years and older	1	36
TOTAL	6	138

Table 11: Default program size, child care center meeting Nevada Silver State Stars standards

	Classrooms	Capacity
Infant (0-14 mos)	1	8
Toddler (12-27 mos)	1	12
Older Toddler (21-35 mos)	1	12
Preschool (2.5-4 yrs)	1	18
Older preschool (4-6 yrs)	1	20
School age (6 yrs and over)	1	24
TOTAL	6	94

Table 12: Scenario Overview

	Program Type	Reigon	Standards		Program Type	Reigon	Standards
1	Child Care Center	Carson/ Douglas	Licensing	36	Family Care Center	Washhoe	Licensing
2			QRIS – 2 Star	37			QRIS – 2 Star
3			QRIS – 3 Star	38			QRIS – 3 Star
4			QRIS – 4 Star	39			QRIS – 4 Star
5			QRIS – 5 Star	40			QRIS – 5 Star
6	Child Care Center	Clark	Licensing	41	Group Home	Carson/ Douglas	Licensing
7			QRIS – 2 Star	42			QRIS – 2 Star
8			QRIS – 3 Star	43			QRIS – 3 Star
9			QRIS – 4 Star	44			QRIS – 4 Star
10			QRIS – 5 Star	45			QRIS – 5 Star
11	Child Care Center	Rural	Licensing	46	Group Home	Clark	Licensing
12			QRIS – 2 Star	47			QRIS – 2 Star
13			QRIS – 3 Star	48			QRIS – 3 Star
14			QRIS – 4 Star	49			QRIS – 4 Star
15			QRIS – 5 Star	50			QRIS – 5 Star
16	Child Care Center	Washoe	Licensing	51	Group Home	Rural	Licensing
17			QRIS – 2 Star	52			QRIS – 2 Star
18			QRIS – 3 Star	53			QRIS – 3 Star
19			QRIS – 4 Star	54			QRIS – 4 Star
20			QRIS – 5 Star	55			QRIS – 5 Star
21	Family Care Center	Carson/ Douglas	Licensing	56	Group Home	Washoe	Licensing
22			QRIS – 2 Star	57			QRIS – 2 Star
23			QRIS – 3 Star	58			QRIS – 3 Star
24			QRIS – 4 Star	59			QRIS – 4 Star
25			QRIS – 5 Star	60			QRIS – 5 Star
26	Family Care Center	Clark	Licensing	61	FFN	Carson/ Douglas	Licensing
27			QRIS – 2 Star	62		Clark	
28			QRIS – 3 Star	63		Rural	
29			QRIS – 4 Star	64		Washoe	
30			QRIS – 5 Star				
31	Family Care Center	Rural	Licensing				
32			QRIS – 2 Star				
33			QRIS – 3 Star				
34			QRIS – 4 Star				
35			QRIS – 5 Star				

The result in Tables 13 - 16 below are presented as daily cost per child figures and represent the estimated daily cost to operate a program for the specified age of the child. For the FCC scenarios, the cost model does not produce age-based differences for full-time, full-year care because the program operates as a single classroom, without age-based ratios or other age-related cost drivers. The default scenarios assume a distribution of ages such that the small FCC does not need a full-time assistant, and the group FCC needs only one full-time assistant. Across all scenarios, the school-age cost of care calculation is based on average attendance of 60% across the year, accounting for before/after school care during the school year and full-time care during school breaks. These results are organized into four age groups, aligned to the child care subsidy system approach. Some of the groups include more than one area of licensing or quality standards: Toddlers include the Toddler and Two- to Three-Year-Old age group, Pre-K includes Three- and Four-Year-Olds and uses the higher cost per child output as the value for the age grouping, and School-Age is all children above 5 years of age in school-age care.

The Nevada Silver State Stars program allows several choice points for a provider to move from Licensing/1 Star to 2-4 Stars. 5 Star is linked to achieving national accreditation and thus has set

cost drivers, which are outlined in Model Variables, in Model Functioning. The cost driver for 2-4 Stars is related to what percentage of classrooms meet the higher ratio and group size required of all classrooms at 5 Star; 25% of rooms at 2 Star, 50% at 3 Star; and 75% at 4 Star. The following approach to which classrooms in each scenario, by Star level, are meeting the higher quality ratio and group size was used:

- 2 Star: 3- and 4-year-olds
- 3 Star: 2-, 3- and 4-year-olds
- 4 Star: Infant, 2- , 3- and 4-year-olds

COMPARISON TO CURRENT NV SUBSIDY PAYMENT RATES

The child care cost estimation model results can be compared to current provider reimbursement rates for the Nevada Child Care Subsidy Program to understand to what extent the payment rates cover the cost of care. These comparisons can also highlight how any gaps between the cost of care and reimbursement rates vary by child age, program type, and location. Subsidy rates used in this analysis are provided in the Appendix.

Table 13: Cost of care results, daily cost per child, child care center

Licensing/ 1 Star–4 Star	Carson/Douglas	Clark	Rural	Washoe
Infants	\$72.59	\$73.97	\$68.88	\$76.80
Toddlers	\$67.86	\$69.18	\$64.44	\$71.77
Pre–K	\$58.40	\$59.60	\$55.57	\$61.70
School Age	\$17.00	\$17.37	\$16.11	\$17.94

5–Star	Carson/Douglas	Clark	Rural	Washoe
Infants	\$111.79	\$113.61	\$105.50	\$118.40
Toddlers	\$86.55	\$88.28	\$81.87	\$91.57
Pre–K	\$69.72	\$71.14	\$66.12	\$73.68
School Age	\$22.40	\$22.82	\$21.14	\$23.69

Table 14: Cost of care results, annual cost per child, family child care home

Licensing/ 1 Star–4 Star	Carson/Douglas	Clark	Rural	Washoe
Infants	\$68.60	\$68.76	\$74.07	\$73.41
Toddlers	\$68.60	\$68.76	\$74.07	\$73.41
Pre–K	\$68.60	\$68.76	\$74.07	\$73.41
School Age	\$34.30	\$34.38	\$37.04	\$36.71

5–Star	Carson/Douglas	Clark	Rural	Washoe
Infants	\$72.19	\$72.23	\$77.93	\$77.27
Toddlers	\$72.19	\$72.23	\$77.93	\$77.27
Pre–K	\$72.19	\$72.23	\$77.93	\$77.27
School Age	\$36.09	\$36.11	\$38.97	\$38.63

Table 15: Cost of care results, annual cost per child, Group home

Licensing/ 1 Star–4 Star	Carson/Douglas	Clark	Rural	Washoe
Infants	\$59.92	\$60.08	\$63.82	\$63.76
Toddlers	\$59.92	\$60.08	\$63.82	\$63.76
Pre–K	\$59.92	\$60.08	\$63.82	\$63.76
School Age	\$29.96	\$36.11	\$31.91	\$31.88

5–Star	Carson/Douglas	Clark	Rural	Washoe
Infants	\$62.89	\$62.95	\$67.01	\$66.95
Toddlers	\$62.89	\$62.95	\$67.01	\$66.95
Pre–K	\$62.89	\$62.95	\$67.01	\$66.95
School Age	\$31.45	\$31.47	\$33.51	\$33.47

Table 16: Cost of care results, annual cost per child, family friend and neighbor

	Carson/Douglas	Clark	Rural	Washoe
Infants	\$48.29	\$48.32	\$50.50	\$50.96
Toddlers	\$48.29	\$48.32	\$50.50	\$50.96
Pre–K	\$48.29	\$48.32	\$50.50	\$50.96
School Age	\$26.34	\$26.36	\$27.55	\$27.80

Figures 6 - 18 detail the results of this comparison, also known as a gap analysis. Negative values denote that the subsidy payment rate is below the estimated cost of care.

Figure 6: Daily gap between cost of care and child care subsidy rate, child care center, Carson/Douglas, by Star level

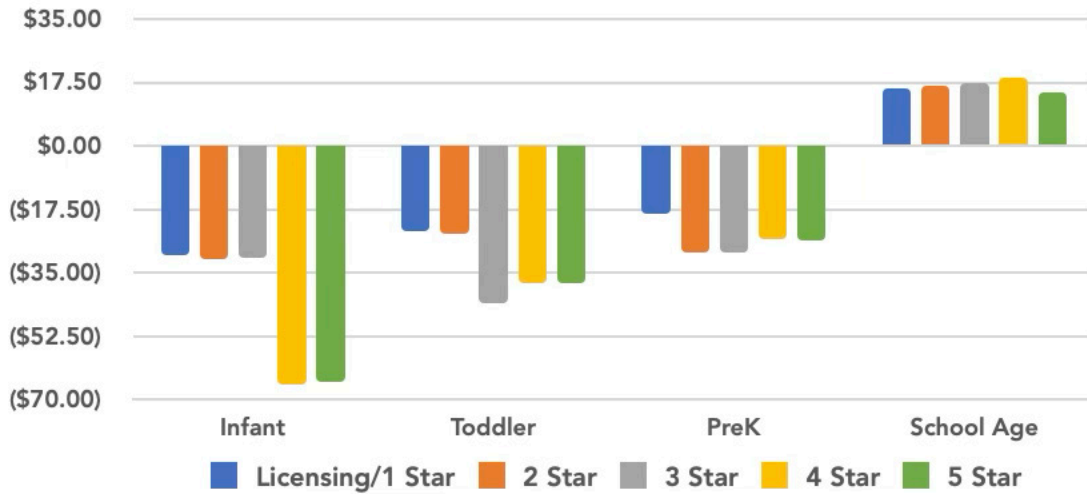


Figure 7: Daily gap between cost of care and child care subsidy rate, child care center, Clark, by Star level

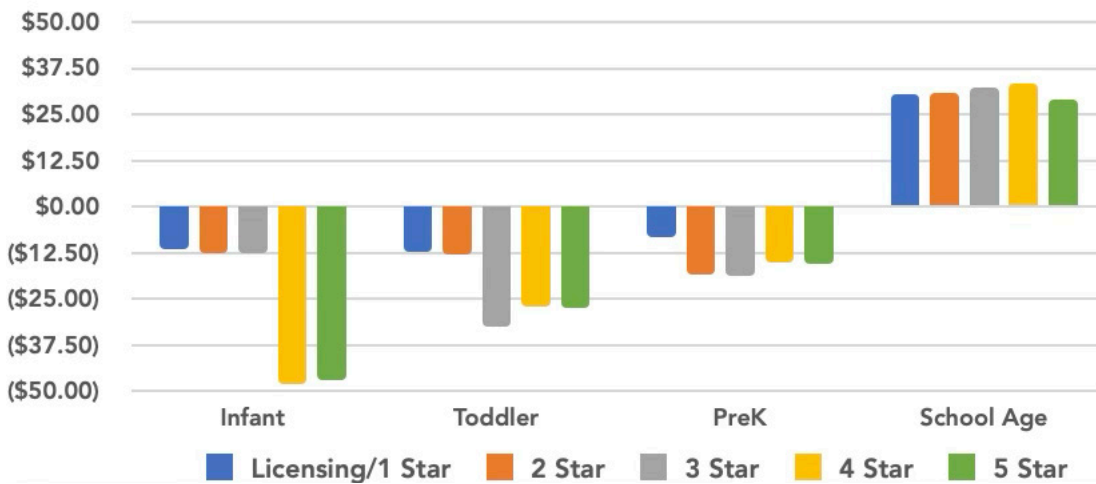


Figure 8: Daily gap between cost of care and child care subsidy rate, child care center, Rural, by Star level

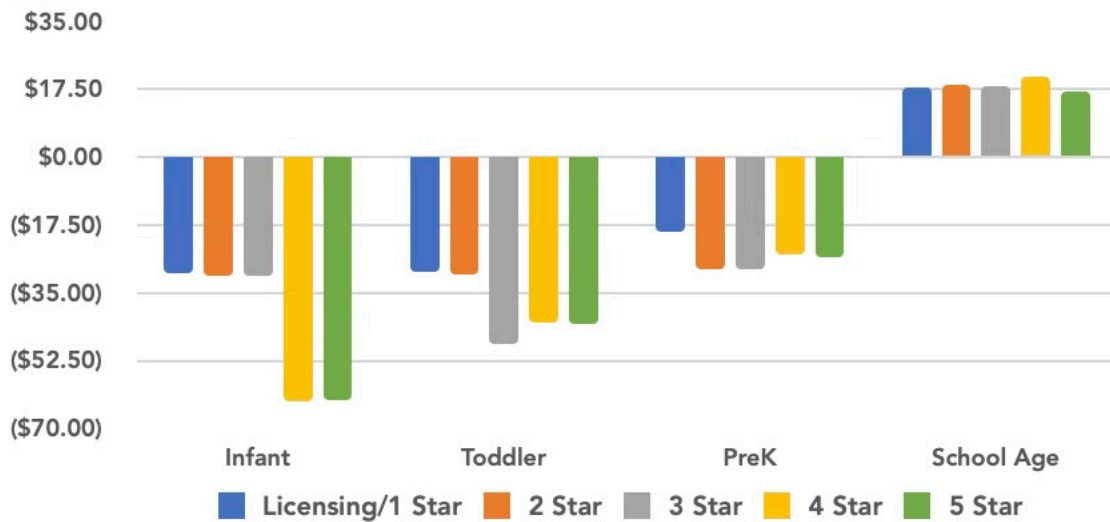


Figure 9: Daily gap between cost of care and child care subsidy rate, child care center, Washoe, by Star level



Figure 10: Daily gap between cost of care and child care subsidy rate, family child care home, Carson/Douglas, by Star level

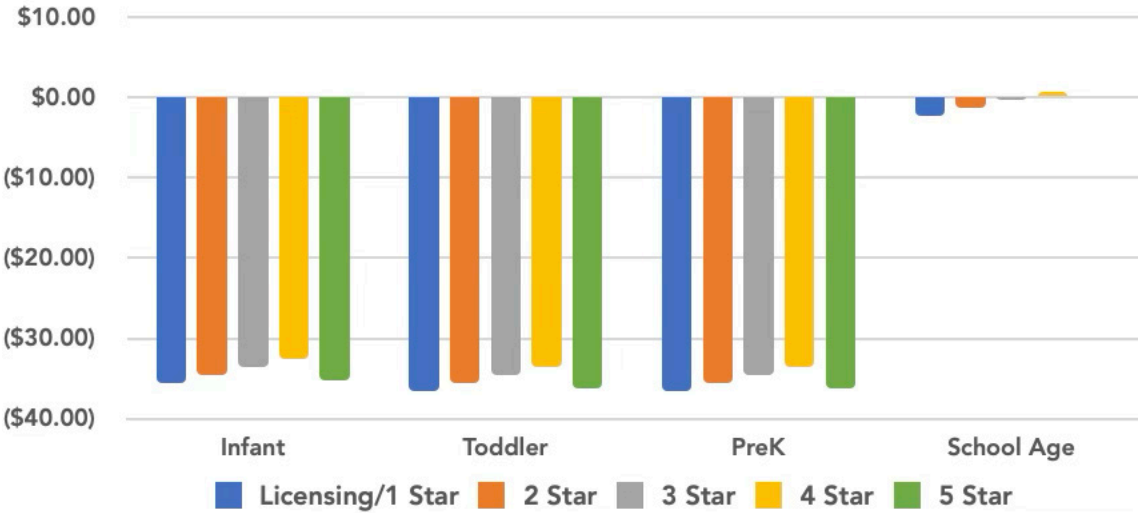


Figure 11: Daily gap between cost of care and child care subsidy rate, family child care home, Clark, by Star level

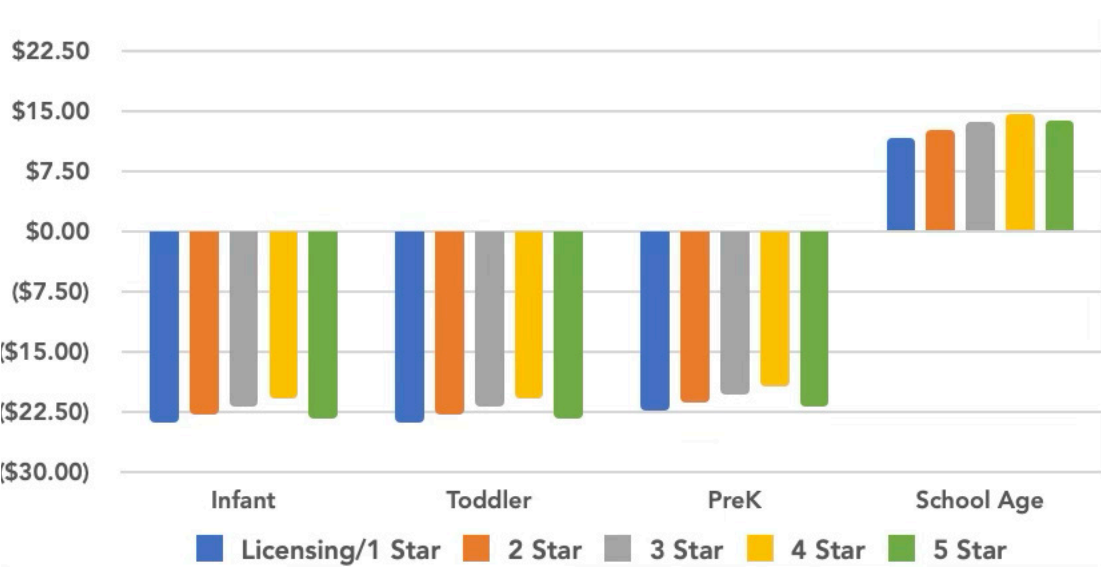


Figure 12: Daily gap between cost of care and child care subsidy rate, family child care home, Rural, by Star level

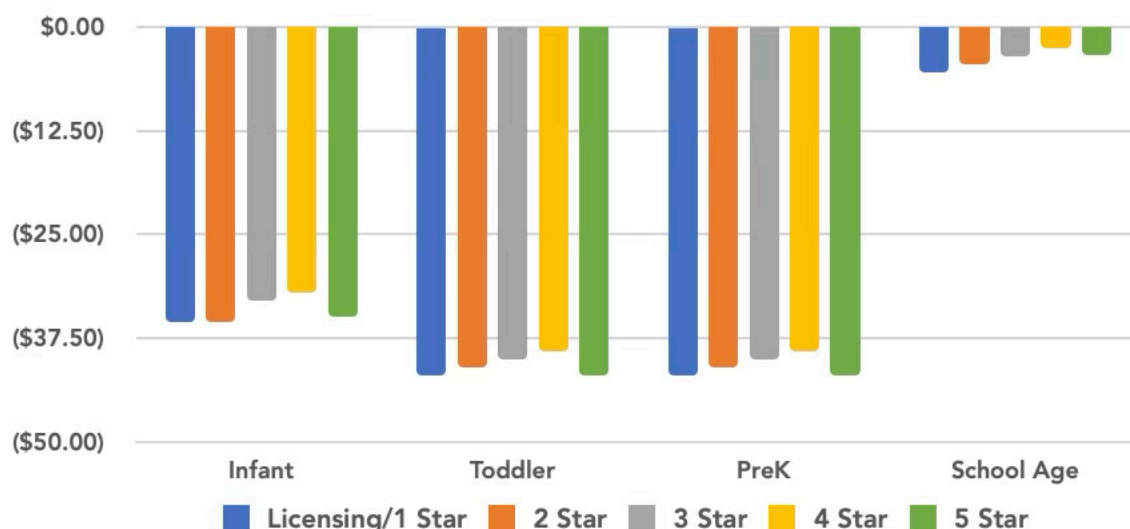


Figure 13: Daily gap between cost of care and child care subsidy rate, family child care home, Washoe, by Star level

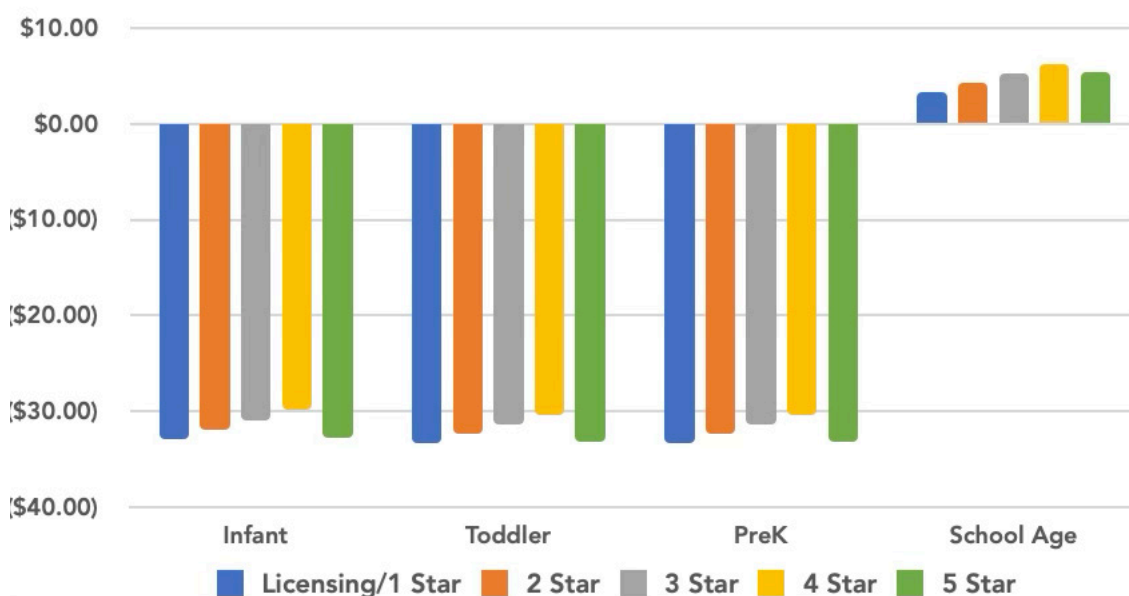


Figure 14: Daily gap between cost of care and child care subsidy rate, group home, Carson/ Douglas, by Star level

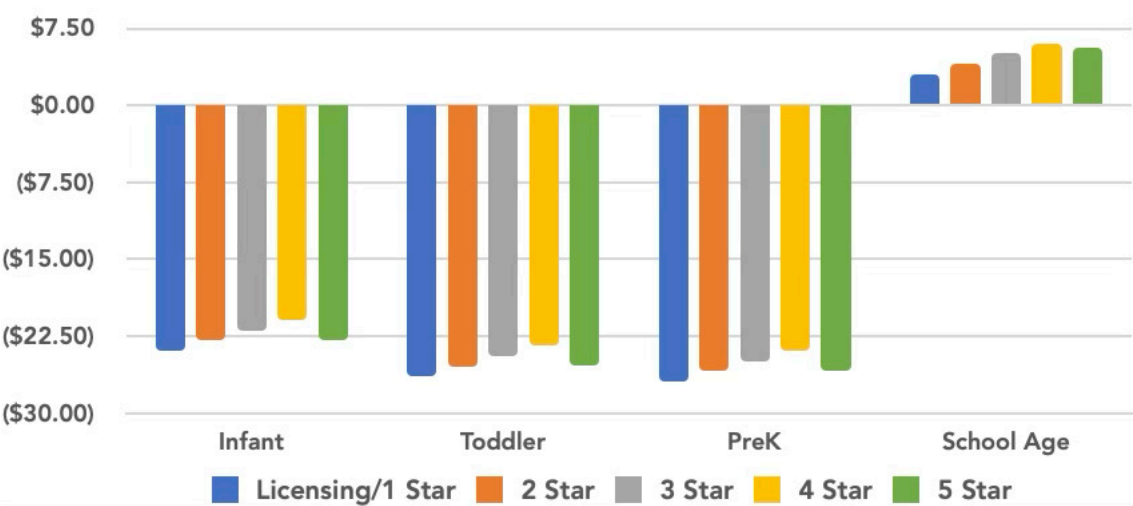


Figure 15: Daily gap between cost of care and child care subsidy rate, group home, Clark, by Star level



Figure 16: Daily gap between cost of care and child care subsidy rate, group home, Rural, by Star level

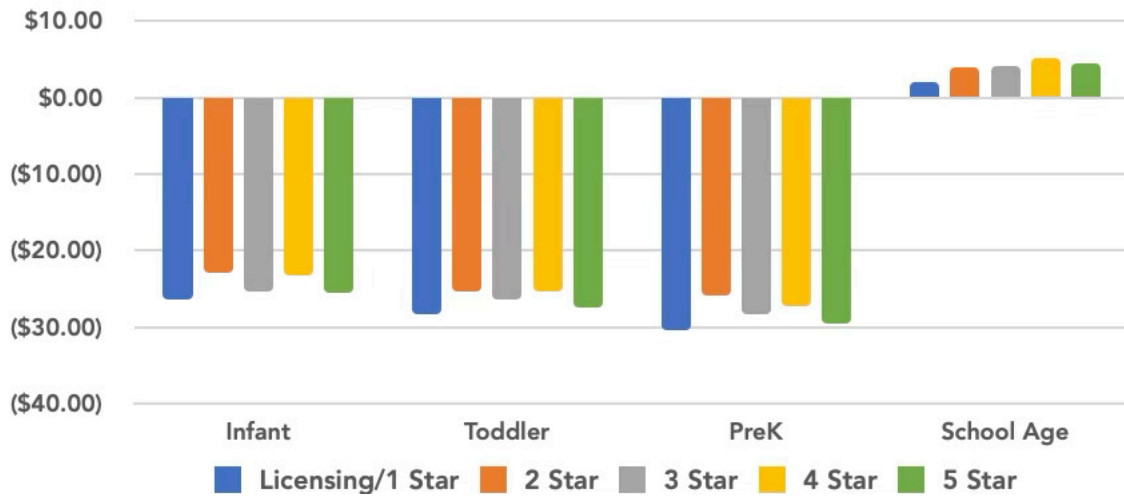


Figure 17: Daily gap between cost of care and child care subsidy rate, group home, Washoe, by Star level

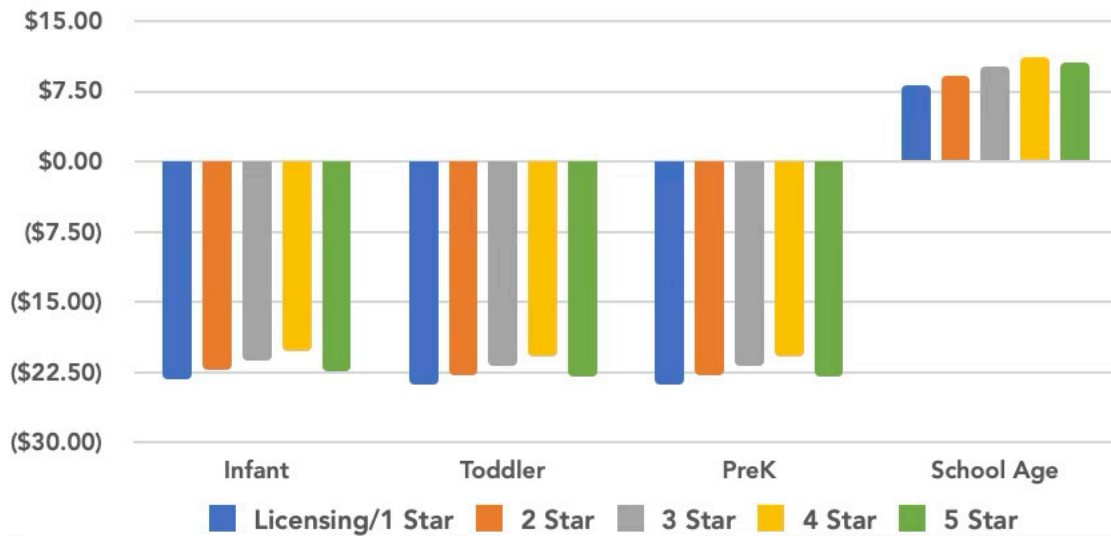
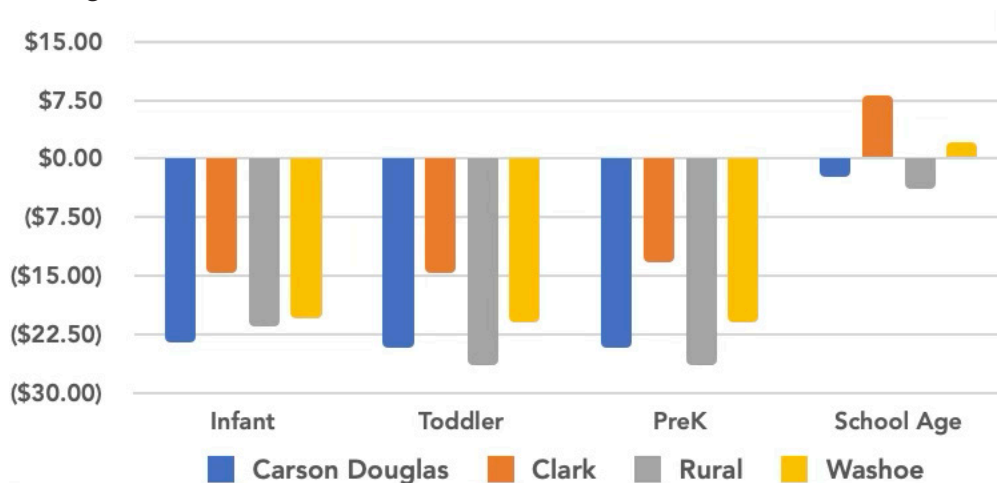


Figure 18: Daily gap between cost of care and child care subsidy rate, FFN, by age and region



VI. THEMES

Several themes emerge from reviewing the results of the cost estimation model.

THE YOUNGER THE CHILD, THE HIGHER THE COST OF CARE.

As shown in the results for the child care center-based scenarios, the younger the child, the higher the cost of care. The cost of child care in a licensed center is nearly \$3,846 more per year, or more than \$320 per month, for an infant compared to a four-year-old. For a program meeting Nevada Silver State Star standards and paying higher salaries, this gap increases to more than \$10,460 per year or nearly \$871 per month. This higher cost is driven by the smaller adult-child ratios and lower group sizes that are best practices in high-quality care for the youngest children. For example, an infant classroom meeting licensing can serve a maximum of 16 children, staffed with two teachers, while the four-year-old classroom can serve 26 children with the same two teachers. As the cost of that staffing can be shared among a larger group in the older classroom, the cost per child is much lower than in the infant classroom. Although Nevada licenses by square footage and not age group the results assume potential group sizes based on licensing and Nevada Silver State Star standards.

Based on results from the family child care home and group child care home scenario at licensing, infants cost close to \$780 more a month than a four-year-old, amounting to close to \$10,000 per year. Similar to a child care center, ratios are smaller as a family child care home cannot have more than two infants, and a group child care home cannot have more than four.

THE COST OF CARE IS DISPROPORTIONATELY IMPACTING FAMILY CHILD CARE HOMES.

The cost of care can be particularly impactful in family child care home settings due to their lower capacity and lower reimbursement rates. A child care center can serve a mix of ages across multiple classrooms to balance gaps between revenue and expenses across age groups. However, a family child care provider/owner is unable to do this because it operates as a single group of children and is limited to either 6 or 12 children, based on licensed capacity. For example, the gap between the payment rate and cost of care for an infant is less in a small FCC than in a child care center (\$35/child/day compared to \$65/child/day), but the gap for a four-year-old is much higher (\$36/child/day in the small FCC compared to \$26/child/day in a center). Across the different age categories, the gap between the subsidy rate and cost of care is an average of \$31/child/day in the base-level child care center scenarios. In the base-level small FCC, the average gap is \$35/child/day and in the group FCC the average is \$23/child/day.



A MAJORITY OF PROVIDERS ATTEMPT TO FILL THE GAP WITH ADDITIONAL PAYMENTS FROM FAMILIES.

Data from the provider survey found that 68% of respondents charge families the difference between their tuition rate and DWSS subsidy rate if the payment rate plus copayment does not fully cover the private-pay tuition. The gaps between the subsidy rates and the estimated cost of care reported in this analysis highlight the need for providers to charge families these additional fees to operate a financially sustainable program unless they can access alternative revenue sources to fill the gap. The financial impact of participating in subsidy was also cited by providers as a barrier to enrolling children on scholarship. Of those who identified a barrier in the survey, 67% selected payment delays, 42% cited payment rates being too low, and 27% reported that not enough families qualify or that there is not enough demand for subsidy services. Other barriers cited included that providers don't have time or resources to administer the program, they do not know enough or are confused about the program and how to get involved, and that the paperwork is too difficult.

THE CURRENT REGIONAL DIFFERENTIATION OF RATES HAS A DISPROPORTIONATELY NEGATIVE IMPACT ON PROVIDERS IN RURAL COUNTIES.

Current subsidy rates are differentiated by region; however, these rates are informed by current market prices and therefore reflect variations in what families can afford to pay in each region, not the actual variation in the cost of care. Modest regional differences in salary, from both extant sources, the BLS and the MIT Living Wage, were found, in line with the regional approach to the subsidy system. As shown in the gap analysis in this report, the current market rate-driven subsidy rates lead to greater disparities between the cost of care and the subsidy rates for providers in the

Rural region compared to providers in regions such as Clark, where Las Vegas, is located. This disparity can be seen in the Rural region that averages a \$12 - \$31/daily difference, in comparison to Clark that averages a \$1-\$24/daily difference, in subsidy compared to cost of care. Carson/Douglas has a similar lower daily difference, compared to the Rural region, at an average of a \$2 - \$18/daily difference. The communities in the Rural region are faring worse when comparing the actual cost of care to the market rate-driven subsidy payment rates. With a retention of the regional approach to subsidy rates, informed by the true cost of the service, the state can make adjustments to the regional rates that address this disparity in rate compared to cost for the Rural region.



APPENDIX

Technical Workgroup Members

Table A1: Nevada Alternative Methodology Technical Workgroup Roster

Name	Title	Organization
Karissa Loper Machado	Agency Manager, Child Care and Development Program	Nevada Department of Health and Human Services, Division of Welfare and Supportive Services
Brian Cullen	Management Analyst IV, Child Care and Development Program	Nevada Department of Health and Human Services, Division of Welfare and Supportive Services
Cynthia Magana	Field Services and Policy Chief	Nevada Department of Health and Human Services, Division of Welfare and Supportive Services
Marty Elquist	Chief Programs Officer	The Children’s Cabinet
Jennifer Butler	Quality Assurance Manager	Las Vegas Urban League
John Cregg	Executive Director	Nevada Association for the Education of Young Children
Donya Franklin	Child Care Resource and Referral Supervisor	Las Vegas Urban League
Sara Kharrat	QRIS Administrator – Education Programs Professional	Nevada Department of Education, Office of Early Learning and Development, QRIS
Shelly Nye	Program Director	The Nevada Registry
Mary Regan	Child Care Resource and Referral Supervisor	Las Vegas Urban League
Barbara Revis		Las Vegas Urban League
Chelsea Sliter	Family Resource Director	The Children’s Cabinet

SALARY SCALES

Table A2: Default salary scales included in cost estimation model

	Carson/Douglas	Clark	Rural	Washoe
Director	\$48,854	\$46,451	\$45,539	\$52,261
Asst Director	\$39,084	\$37,161	\$36,431	\$41,809
Admin Asst	\$30,680	\$28,891	\$28,662	\$31,408
Lead Teacher	\$33,405	\$31,762	\$31,138	\$35,734
Asst Teacher	\$30,680	\$28,891	\$28,662	\$31,408
Sub/Floater	\$30,680	\$28,891	\$28,662	\$31,408
FCC Provider/Owner	\$43,969	\$41,806	\$40,985	\$47,035
FCC Asst Teacher	\$30,680	\$28,891	\$28,662	\$31,408

Table A3: Default salary scales included in cost estimation model, Bureau of Labor Statistics

	Carson/Douglas	Clark	Rural	Washoe
Director	\$55,107	\$53,980	\$61,586	\$60,040
Asst Director	\$44,085	\$43,184	\$49,269	\$48,032
Admin Asst	\$30,010	\$28,970	\$32,270	\$32,230
Lead Teacher	\$37,680	\$38,740	\$42,110	\$40,467
Asst Teacher	\$30,010	\$28,970	\$32,270	\$32,230
Sub/Floater	\$30,010	\$28,970	\$32,270	\$32,230
FCC Provider/Owner	\$49,596	\$48,582	\$55,427	\$54,036
FCC Asst Teacher	\$30,010	\$28,970	\$32,270	\$32,230

Table A4: Default salary scales included in cost estimation model, MIT Living Wage Option 1

	Carson/Douglas	Clark	Rural	Washoe
Director	\$81,125	\$86,701	\$81,774	\$84,563
Asst Director	\$64,900	\$69,361	\$65,419	\$67,650
Admin Asst	\$44,179	\$47,216	\$44,533	\$46,051
Lead Teacher	\$55,470	\$59,283	\$55,914	\$57,821
Asst Teacher	\$44,179	\$47,216	\$44,533	\$46,051
Sub/Floater	\$44,179	\$47,216	\$44,533	\$46,051
FCC Provider/Owner	\$73,013	\$78,031	\$73,597	\$76,106
FCC Asst Teacher	\$44,179	\$47,216	\$44,533	\$46,051

Table A5: Default salary scales included in cost estimation model, MIT Living Wage Option 2

	Carson/Douglas	Clark	Rural	Washoe
Director	\$99,879	\$108,052	\$96,365	\$109,160
Asst Director	\$79,903	\$86,442	\$77,092	\$87,328
Admin Asst	\$54,392	\$58,843	\$52,478	\$59,446
Lead Teacher	\$68,293	\$73,882	\$65,891	\$74,639
Asst Teacher	\$54,392	\$58,843	\$52,478	\$59,446
Sub/Floater	\$54,392	\$58,843	\$52,478	\$59,446
FCC Provider/Owner	\$89,891	\$97,247	\$86,728	\$98,244
FCC Asst Teacher	\$54,392	\$58,843	\$52,478	\$59,446

Source: Current salaries from 2024 cost of care survey; Bureau of Labor Statistics, Occupational Employment Statistics, May 2023, available at: https://www.bls.gov/oes/current/oes_nv.htm; MIT Living Wage Calculation for Nevada, available at <https://livingwage.mit.edu/states/32>.

NV CHILD CARE SUBSIDY PAYMENT RATES

Table A6: Daily NV Child Care Subsidy payment rates used in cost estimation model report gap analysis, child care centers.

Licensed Providers

		Carson/Douglas			Clark			Rural			Washoe		
		Ctr	FCC	Grp	Ctr	FCC	Grp	Ctr	FCC	Grp	Ctr	FCC	Grp
Infants Star Rating	1	42.50	33.00	36.00	62.50	45.00	39.50	39.00	38.50	37.50	53.50	40.50	40.50
	2	43.50	34.00	37.00	63.50	46.00	40.50	40.00	39.50	38.50	54.50	41.50	41.50
	3	44.50	35.00	38.00	64.50	47.00	41.50	41.00	40.50	39.50	55.50	42.50	42.50
	4	45.50	36.00	39.00	65.50	48.00	42.50	42.00	41.50	40.50	56.50	43.50	43.50
	5	46.50	37.00	40.00	66.50	49.00	43.50	43.00	42.50	41.50	57.50	44.50	44.50
Toddlers Star Rating	1	44.50	32.00	33.50	57.00	45.00	51.00	35.00	32.00	35.50	52.50	40.00	40.00
	2	45.50	33.00	34.50	58.00	46.00	52.00	36.00	33.00	36.50	53.50	41.00	41.00
	3	46.50	34.00	35.50	59.00	47.00	53.00	37.00	34.00	37.50	54.50	42.00	42.00
	4	47.50	35.00	36.50	60.00	48.00	54.00	38.00	35.00	38.50	55.50	43.00	43.00
	5	48.50	36.00	37.50	61.00	49.00	55.00	39.00	36.00	39.50	56.50	44.00	44.00
Pre-K Star Rating	1	39.50	32.00	33.00	51.50	46.50	51.00	36.50	32.00	33.50	47.50	40.00	44.00
	2	40.50	33.00	34.00	52.50	47.50	52.00	37.50	33.00	34.50	48.50	41.00	41.00
	3	41.50	34.00	35.00	53.50	48.50	53.00	38.50	34.00	35.50	49.50	42.00	42.00
	4	42.50	35.00	36.00	54.50	49.50	54.00	39.50	35.00	36.50	50.50	43.00	43.00
	5	43.50	36.00	37.00	55.50	50.50	55.00	40.50	36.00	37.50	51.50	44.00	44.00
School-Age Star Rating	1	33.00	32.00	33.00	48.00	46.00	48.00	34.00	31.50	34.00	42.50	40.00	40.00
	2	34.00	33.00	34.00	49.00	47.00	49.00	35.00	32.50	35.00	43.50	41.00	41.00
	3	35.00	34.00	35.00	50.00	48.00	50.00	36.00	33.50	36.00	44.50	42.00	42.00
	4	36.00	35.00	36.00	51.00	49.00	51.00	37.00	34.50	37.00	45.50	43.00	43.00
	5	37.00	36.00	37.00	52.00	50.00	52.00	38.00	35.50	38.00	46.50	44.00	44.00

Family, Friend, and Neighbor (FFN) Providers

SOURCES

Nevada Child Care Licensing

(<https://dwss.nv.gov/Care/CCL/ccl-licensing-home/>)

- Child Care Licensing Regulations – <https://dwss.nv.gov/uploadedFiles/dwssnvgov/content/Care/Child%20Care%20Manual%20July%202024.pdf>
- Nevada Child Care Facility Definitions – <https://dwss.nv.gov/Care/CCL/Licensing-Info/facility-types/>

Nevada Silver State Stars Quality Rating Improvement System

(<https://doe.nv.gov/offices/oeld/ece-professionals/qris>)

- QRIS Child Care Center Guide – https://webapp-strapi-paas-prod-nde-001.azurewebsites.net/uploads/Center_Model2023_1b099ad50a.pdf
- Family Child Care Home QRIS – https://webapp-strapi-paas-prod-nde-001.azurewebsites.net/uploads/Family_Child_Care_Model2023_d33455e066.pdf
- QRIS Group Size and Ratio Worksheet – https://webapp-strapi-paas-prod-nde-001.azurewebsites.net/uploads/group_size_and_ratio_worksheet_71aa3a1492.pdf

Nevada Child Care Subsidy Program

(<https://dwss.nv.gov/Childcare/>)

- Nevada Child Care Policy Manual – <https://dwss.nv.gov/uploadedFiles/dwssnvgov/content/Care/Child%20Care%20Manual%20July%202024.pdf>
- Child Care Subsidy Reimbursement Rate, May 2022 – <https://gowinn.nv.gov/wp-content/uploads/2023/07/Child-Care-Subsidy-Reimbursement-Rates.pdf>

Compensation Data

- Bureau of Labor Statistics, Occupational Employment Statistics, May 2023 – https://www.bls.gov/oes/current/oes_nv.htm
- MIT Living Wage Calculation for Nevada – <https://livingwage.mit.edu/states/32>
- Kaiser Family Foundation Average Annual Single Premium per Enrolled Employee For Employer-Based Health Insurance – <https://www.kff.org/other/state-indicator/single-coverage/>

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