Project Background
In response to new federal laws and regulations, DHS is partnering with the research and consulting firm, ICF, to conduct a child care cost modeling analysis (also referred to as a cost of care analysis). The analysis involves collecting information about child care programs’ business practices and expenses to help determine the true cost of providing child care—and high-quality child care—in Minnesota.

The collection and analysis of child care program cost information is related to the state’s Market Rate Survey (MRS). While the MRS reflects variations in the price of child care services by geographic area, type of provider, and age of child, the cost of care analysis will shed light on variations in how much it costs providers to serve children by geographic area, age of children served, type of provider, and quality of care. These costs include staff salaries and benefits, training and professional development, appropriate child to staff ratios, curricula and supplies, facilities, etc.

As part of the analysis, DHS convened a panel of experienced stakeholders as an advisory panel to provide input on the types and quantities of resources necessary to achieve quality child care. The advisory panel includes stakeholders from groups such as the Early Learning Council, First Children’s Finance, and Child Care Aware of Minnesota, as well as different types of child care providers statewide, including home and center based early care and education providers.

In this mixed-method analysis, ICF used data from a variety of sources for a cost estimation model. These include:

- Secondary data sources, such as Bureau of Labor statistics, child care resource & referral databases, and licensing databases
- An online survey to be sent to all Minnesota providers, focusing on specific cost drivers for which data are limited (e.g., wages and benefits)
- Document reviews, such as child care program budgets and financial documentation
- Interviews with child care programs and other stakeholders, conducted by ICF

Timeline
- Advisory Panel met twice in late 2018
- Interviews with approximately 20 providers were conducted between January and March, 2019
- A survey was deployed in May/June 2019
- A draft report was reviewed by DHS in November, and sent to the Advisory Panel on Nov. 27, 2019
- The Advisory Panel meets December 10, 2019. The goal is to publish the final report in January.

Communication Plan
We intend to announce the survey via the both the child care licensing and CCAP listserv; the Advisory Panel will also be asked to promote the survey via their networks. Providers will be instructed to contact CCAP with questions.

The results of the cost of care analysis will be published in a report compiled by ICF, similar to the Market Rate Survey results report. This process aligns with federal requirements to publish publicly-available results of both analyses. We will also work with the Advisory Panel on a communication plan to disseminate the results of the report to key stakeholders.