A MODEL FOR ESTIMATING COSTS AND BENEFITS OF STEP UP TO QUALITY 1-STAR CERTIFICATION

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BACKGROUND

In July of 2020, all child care providers receiving publicly funded child care (PFCC) subsidies will be required to achieve “1-Star” certification in the state’s Step Up To Quality (SUTQ) system in order to continue receiving PFCC from the state. With the onset of this new requirement, some policymakers and advocates are concerned that new costs associated with educational requirements, training, and paperwork would cause some providers to stop taking PFCC and avoid entering the system. Increased subsidies associated with certification are designed to cover the costs of certification, but only by modeling the relative impact of increased subsidies versus costs levied by certification can we estimate the total impact of SUTQ certification on a given provider.

THE MODEL

This model allows policymakers, providers, and advocates interested in understanding the impacts of receiving SUTQ 1-Star certification for a child care provider in four simulated environments: higher-cost Cincinnati, medium-cost Columbus, low-cost Canton, and small-town Defiance. The goal of the model is to estimate the benefits that providers gain from extra subsidies associated with 1-Star certification, relative to costs providers incur from education, training, and paperwork requirements. Users of the model can enter the number of children, teachers, and classrooms as well as an assumption for the percentage of claims not collected (known as bad debt) to estimate the net annual benefit for a provider for Step Up To Quality 1-Star certification.

Assumptions and parameters include:

- The model treats education costs as negligible for most settings, since 1-Star certification requires Child Development Associate (CDA) credentialing for directors and some teachers. In most settings, there is no pay difference for directors/teachers who do or not have the CDA, with the exception of Columbus, where there is a $1,000 salary premium for CDA attainment for center directors according to PayScale modeling. These salary premium assumptions can be adjusted in the “assumptions” tab.
- The model treats training costs as the lost time associated with the 10 hours per year of training required for center staff. Users of the model can adjust wages in the “assumptions” tab, where PayScale wages for minimally credentialed directors and teachers are the defaults.
- The model treats paperwork costs as the lost time associated with the hours required for SUTQ 1-star paperwork requirements. Users of the model can adjust paperwork hours in the “assumptions” tab, where estimates derived by interviews with a center director are the defaults.
- Subsidy bonuses are calculated using the Ohio Department of Job and Family Services’ Step Up To Quality Payment Estimator Tool.
HOW TO USE THE CALCULATOR

To estimate the benefit to providers, you can access the calculator here.

This calculator provides an estimate of the cost of becoming a 1-star provider, relative to the returns received by increased subsidies for a 12-month period. This calculator also shows providers how long it will take to recover the annual costs of becoming a 1-star provider. To use this calculator, follow these steps:

FIRST, decide if you want to model cost/benefit for a center or a family child care provider.

SECOND, choose the city you’d like to model from among higher-cost Cincinnati, medium-cost Columbus, low-cost Canton, and small-town Defiance.

THIRD, enter the number of infants, toddlers, and preschoolers who receive publicly funded child care (PFCC) in the center.

FOURTH, enter the total number of teachers and classrooms for the center or family child care provider.

FIFTH, examine the total net annual benefit to see how many additional dollars the center should expect to receive over a 12-month period, after subtracting the costs needed to become a 1-star provider (per education, training, and paperwork costs).

SIXTH, examine the weeks to recover costs for an estimate of how long it will take the provider to recover the estimated costs of becoming a 1-star provider.

SEVENTH (optional), change assumptions for wages and paperwork hours in the “assumptions” tab to see how changing wages and paperwork hours will impact the center.