

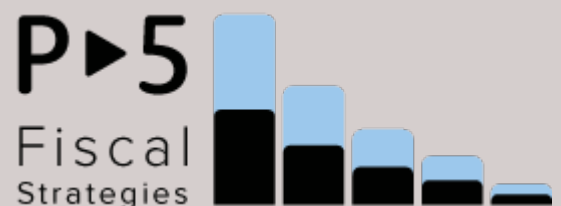


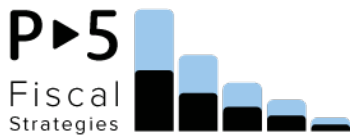
UNDERSTANDING THE TRUE COST OF CHILD CARE IN SOUTH CAROLINA:

*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.

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 them operating at a deficit. If the public reimbursement rate is a source of this gap, providers are disincentivized

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.

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 South Carolina, CCDF funding is administered through the South Carolina Department of Social Services (SCDSS), and child care subsidy is known as the Child Care Scholarship Program.

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 for families qualifying for child care subsidies (type of care, quality of care) as those tuition-paying families.

Historically, South Carolina, 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 Scholarship 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, South Carolina 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. South Carolina'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 South Carolina Department of Social Services contracted with Prenatal to Five Fiscal Strategies, 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 SCDSS in seeking pre-approval to use alternative methodology and responding to questions from ACF. South Carolina received official approval for the approach on January 8, 2024.



II. CHILD CARE LANDSCAPE IN SOUTH CAROLINA

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

- Licensed child care centers
- Licensed faith-based child care centers
- Registered faith-based child care centers
- License-exempt child care centers enrolled in ABC Quality
- Licensed family child care homes
- Licensed group child care homes
- Registered family child care homes
- Family, friend, and neighbor homes
- Tribal child care programs
- School-age, afterschool, and summer programs.

Child care programs in South Carolina are distributed such that 68% are center-based sites and 32% are home-based or family child care sites. South Carolina has 46 counties, with 26 considered rural and 20 considered urban, under the definitions used for CCDF rate setting. The South Carolina Department of Social Services divides the state into four regions – Upstate, Midlands, Pee Dee, and Lowcountry¹. Across these four regions, providers are evenly distributed, with both Pee Dee and Upstate Regions home to approximately 24%, Lowcountry approximately 25%, and Midlands with almost 28%.

SOUTH CAROLINA CHILD CARE SCHOLARSHIP PROGRAM

Child care providers must be licensed or registered and enrolled in ABC Quality – South Carolina's Quality Rating Improvement System (QRIS) – in order to participate in the South Carolina Child Care Scholarship Program.

¹ To view the counties included in each region, see <https://dss.sc.gov/child-well-being/foster-care/current-foster-parent/contact/>

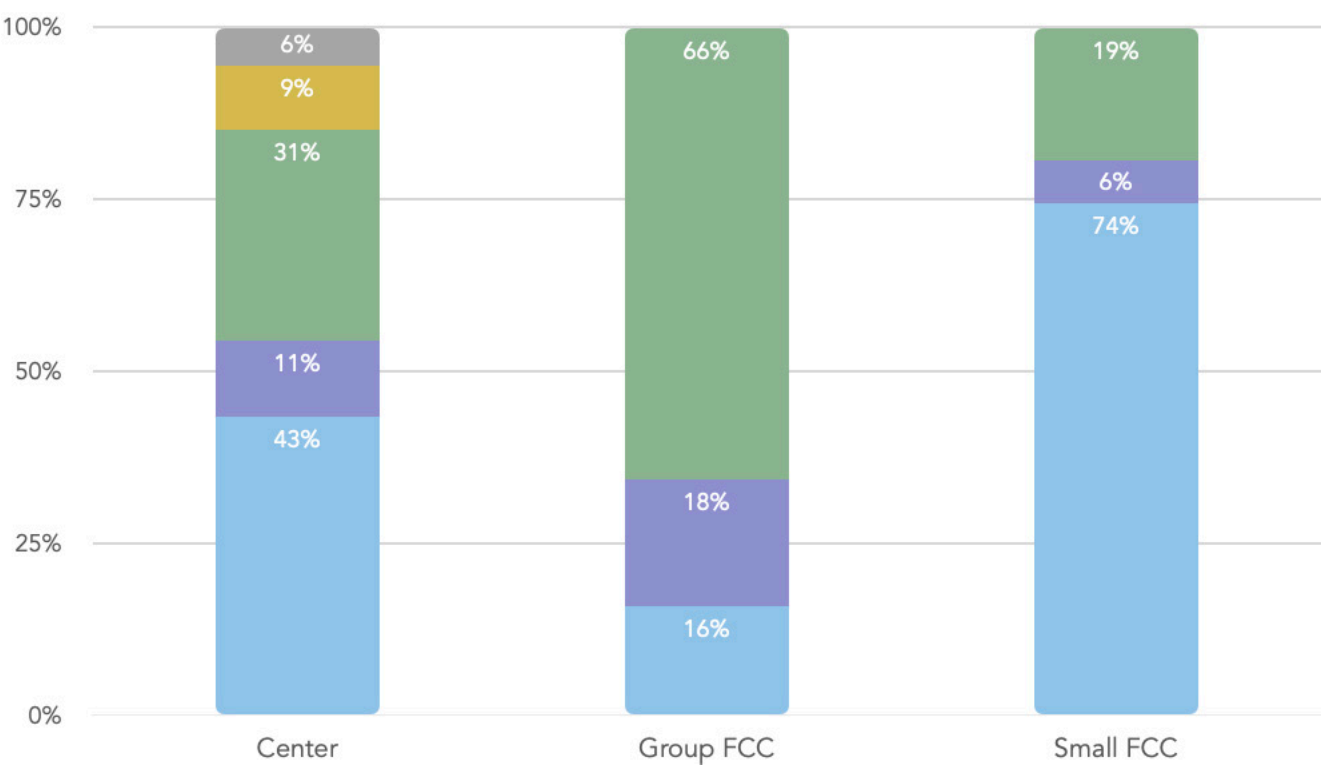
License-exempt programs may also participate in the Scholarship Program if they are approved and enrolled in ABC Quality. Participating program types include licensed and registered child care centers, licensed and registered family child care homes, licensed group homes, and license-exempt centers enrolled in ABC Quality. These may include faith-based programs, tribal programs, and school-age/afterschool/summer programs.

During the alternative methodology study period, 1,580 providers were reported as active and receiving payments from the Child Care Scholarship Program. Over 800 of these providers are child care centers, and almost 275 are family child care

homes². The state sets maximum reimbursement rates for different provider types based on different levels within ABC Quality, ranging from level C to level A+ for centers and from level C to B+ for registered and licensed small family child care homes and group family child care homes. Figure 1 provides a breakdown of providers accepting SC Child Care Scholarships by quality level for the three program types in which children are most commonly served.

2 Child Care Scholarship Program, Active Providers Available To Accept Child Care Scholarships, May 31, 2024. Report provided by SCDSS.

Figure 1: Distribution of active SC Scholarship providers across quality levels



Source: Child Care Scholarship Program, Active Providers Available To Accept Child Care Scholarships, May 31, 2024. Report provided by SCDSS.

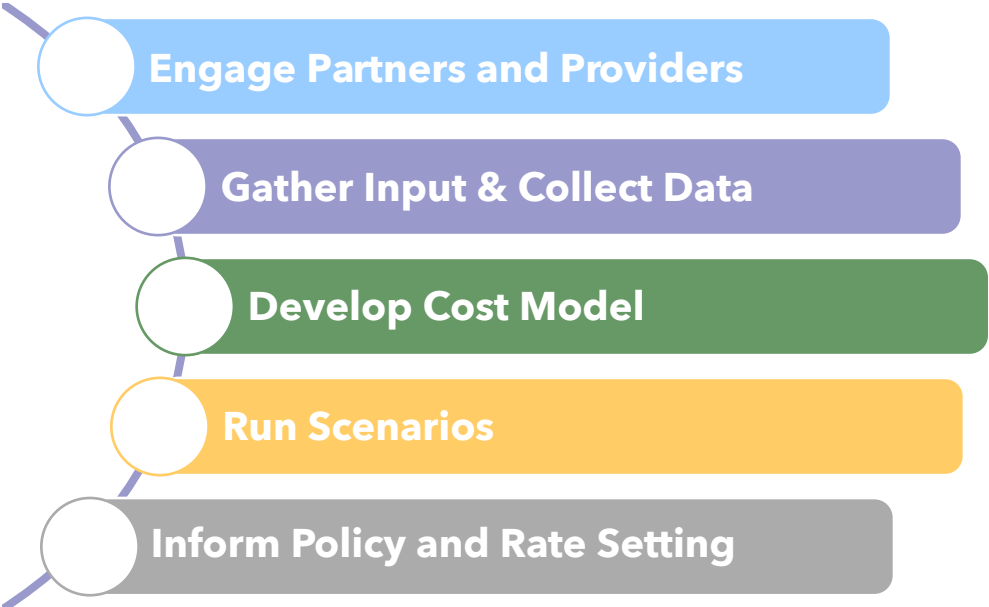


III. STUDY METHODOLOGY

The South Carolina 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 2. This section of the report details the steps of this process completed in South Carolina.

Figure 2: Prenatal to Five Fiscal Strategies cost modeling approach



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 3. Overall leadership of the Alternative Methodology project was held by the South Carolina Department of Social Services (SCDSS), as the CCDF Lead Agency. 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 South Carolina Alternative Methodology Technical Workgroup (Technical Workgroup) was formed to provide input and guidance to the alternative methodology process. Members of the Workgroup included child care providers as well as representatives from SCDSS, SC Child Care Resource and Referral (SC CCR&R), the SC Inclusion Collaborative, SC Program for Infant/Toddler Care, the Early Childhood Advisory Committee, professional associations, higher education entities, and South Carolina First Steps. A complete list of Workgroup members and affiliations is included in the Appendix. SCDSS engaged the South Carolina State Advisory Council, known as the Early Childhood Advisory Committee (ECAC), throughout the alternative methodology process. Prior to the submission of the alternative methodology pre-approval request to the Office of Child Care, the Lead Agency State Director shared details about the process for pursuing an alternative

methodology with the ECAC (August 17, 2023 meeting), offering an opportunity for comment and questions. Additional updates were provided to the ECAC at the October 19, 2023 meeting, as well as the June 20, 2024 meeting. Initial results from the cost estimation model were shared at the CCDF Plan Public Hearing on June 14, 2024. In addition, the ECAC Program Manager was an active member of the Alternative Methodology Technical Workgroup.

Table 1 catalogs the leadership meetings and Technical Workgroup 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.

To ensure the cost model represents the reality of child care provider operations, P5FS led activities

Figure 3: Cost estimation model constituent input

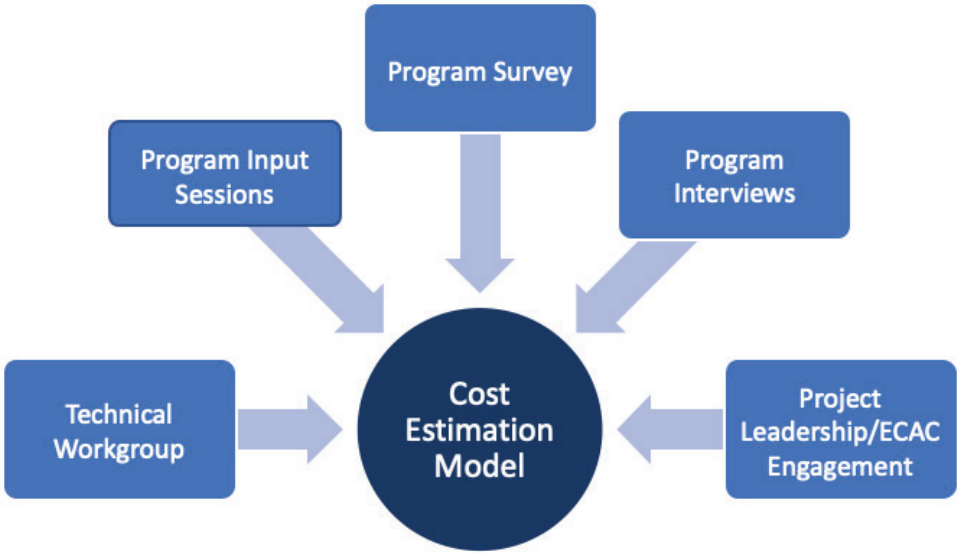


Table 1: Leadership and Technical Workgroup meetings

Alternative Methodology Planning Meetings	
Alternative Methodology approval preparation and kick-off meeting planning	September 11, 2023
Constituent engagement planning	October 17, 2023
Data collection planning and constituent engagement	November 16, 2023
Constituent engagement discussion	December 19, 2023
Survey overview and feedback	January 23, 2024
Outreach planning, cost model frame with licensing and ABC Quality selection points	February 22, 2024
Data collection overview, input session themes	March 19, 2024
Data collection overview, survey analysis themes	May 9, 2024
Review initial results	May 21, 2024
Refining use of the model	May 31, 2024
Finalizing cost per child outputs	June 18, 2024
Supporting cost informed rate setting	June 26, 2024
Alternative Methodology Technical Workgroup Meetings	
Project Kick-Off Meeting	October 30, 2023
Review of Alternative Methodology, Data Collection Process, and Engagement, Communications and Messaging	January 8, 2024
Data Collection Review, Cost Model Frame, and Outreach	February 5, 2024
Data Collection Update and Cost Model Frame	March 4, 2024
Data Collection Update, Input Session Analysis and Themes, Cost Model Functioning	April 8, 2024
Data Collection Update, Survey Analysis and Themes, Cost Model Functioning	May 13, 2024
Review Cost Model Results, Comparison of Cost and Scholarship Rates	June 10, 2024

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 to gain additional input. 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; as well as input session scheduling. The Technical Workgroup also provided feedback on cost model assumptions and supported the integration of ABC Quality standards in the cost model.

CHILD CARE PROVIDER ENGAGEMENT AND DATA COLLECTION

Provider data collection under alternative methodology focused on providers in South Carolina who are eligible to access the SC Child Care Scholarship Program. It is imperative that any cost model is informed by those with the deepest knowledge about the operations of the programming the tool is seeking to model. P5FS designed an approach to data collection that would minimize the 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 administrators/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 South Carolina alternative methodology was two-pronged. A statewide survey and individual interviews with providers gathered quantitative data on provider expenses, program characteristics, and revenue, including tuition rates. Provider input sessions

gathered qualitative data on providers' current challenges with respect to costs, revenue, and sustainability of program operations. The following sections provide an overview of the survey, interviews, input session procedures and materials, and participants.

The statewide survey was primarily administered online, with providers able to complete 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 and Spanish, as identified by project leadership and the Technical Workgroup as being the two primary languages that would capture the provider universe. While the survey was offered in both languages, only one respondent chose the Spanish survey. Similar to the survey, input sessions were offered in English and Spanish. While input sessions were offered in both languages, only two Spanish-speaking providers participated. While child care directors and family child care home owners may have identified Spanish as their first language, the response rates indicate the majority were comfortable participating in data collection in English. Additionally, members of the Technical Workgroup indicated that most directors and owners conducted their child care business operations in English, even if they spoke another language or conducted their program instruction in another language.

Provider data collection took place between February 20, 2024, and April 4, 2024. SCDSS offered incentives to encourage participation in the alternative methodology process and to acknowledge the time commitment of programs. A grant of \$100 was provided for participating in an input session and another \$100 for taking the survey. A program could therefore receive up to \$200 for their participation in the data collection process.

Outreach Efforts

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

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

Informational presentations were offered to various groups to support education, engagement, and outreach efforts around provider data collection. These information sessions are outlined in Table 2. P5FS staff participated in the SC CCR&R Partner Forum, which included state and local staff who support child care providers. Additional presentations were held directly with child care providers through the South Carolina Early Childhood Association (SCECA) conference, the SC CCR&R Director’s Forum, and the South Carolina Association of Early Care and Education (SCAECE) conference. These opportunities supported provider outreach and recruitment for the data collection process.

A constituent engagement communications and messaging toolkit was created to support provider outreach efforts and ensure consistent messaging. The toolkit included sample emails, newsletters, and social media captions with graphics, along with designed flyers 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. The toolkit included sample social media posts to support partners to easily share information about the study and ways that providers could participate. Along with SCDSS, South Carolina’s Child Care Resource and Referral Network, the South Carolina Program for Infant/Toddler Care, as well as South Carolina First Steps, and their local partnerships shared social media posts to support outreach and recruitment.

SCDSS sent multiple **direct email blasts** to each licensed and registered child care provider, as well as license-exempt providers enrolled in ABC Quality. This distribution list included 2,430 providers.

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

Table 2: Informational presentations to support provider data collection

Opportunity	Format	Type	Participants	Date
SC CCR&R Partner Forum	Virtual	State level partners to support outreach and recruitment	108	January 25, 2024
South Carolina Early Childhood Association Conference	In-Person	Child care director conference to provide education and awareness on the process and participation opportunities	155	February 3, 2024
SC CCR&R Director’s Forum	Virtual	State meeting with child care directors to support outreach and recruitment	81	February 20, 2024
South Carolina Association of Early Care and Education	In-Person	Conference to provide education and awareness on the process and participation opportunities	150	March 2, 2024

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 SC page registered 1,712 page views during the study period, February 20 to April 4, 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 the data collection period, 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 South Carolina to have the opportunity to participate in the alternative methodology process, ensuring participation representing the diversity of 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 period. 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 non personnel 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, home-based providers were asked about the number of hours 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 only asked about tuition rates 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 886 providers from unique programs completed the survey. An additional 100 providers responded; however, those respondents did not



complete enough information to be included in the final sample. As shown in Figure 4, the final sample comprised licensed and registered centers (56%), licensed and registered family child care homes (42%), license-exempt centers (1%), and school-age 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. Survey responses were received from all but two of South

Carolina’s 46 counties; however, those counties each have only two licensed programs, less than 0.2% of total providers in the state. Additionally, the survey participants by regional distribution mapped closely to the distribution of providers across the regions (Figure 5). Overall, the survey sample represents approximately 36% of providers in South Carolina that are eligible to participate in the Child Care Scholarship Program.

Figure 4: Comparison between survey respondents and total programs in South Carolina, by provider type.

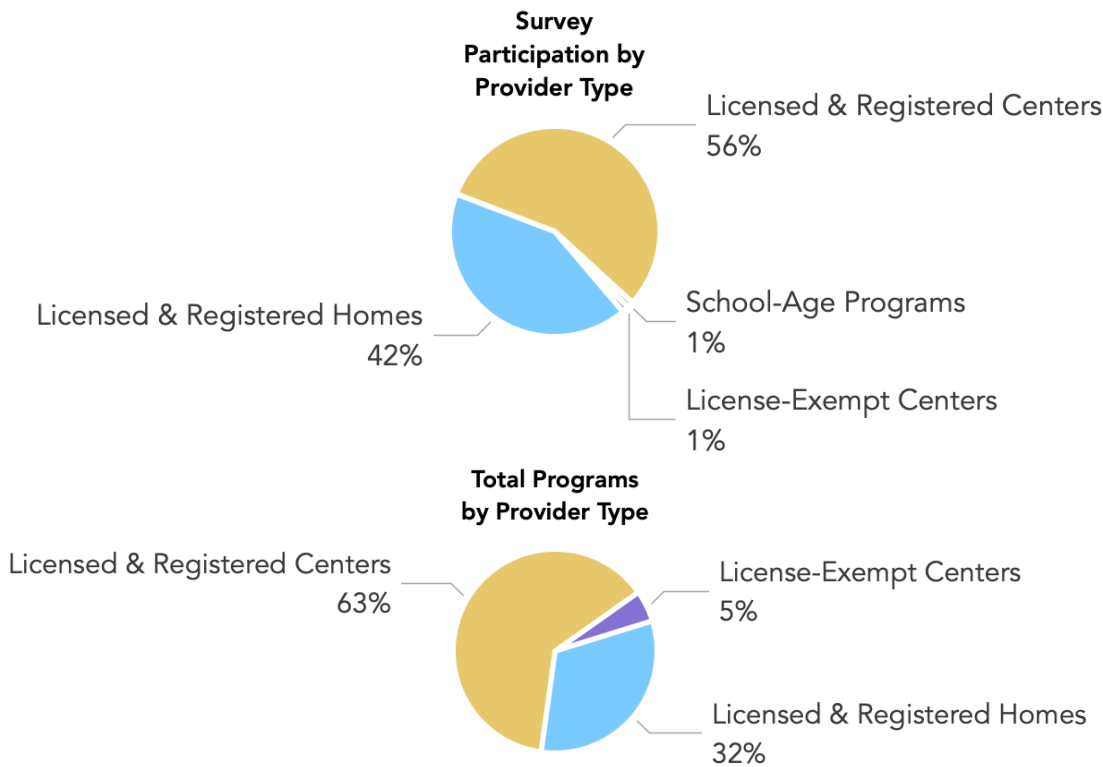
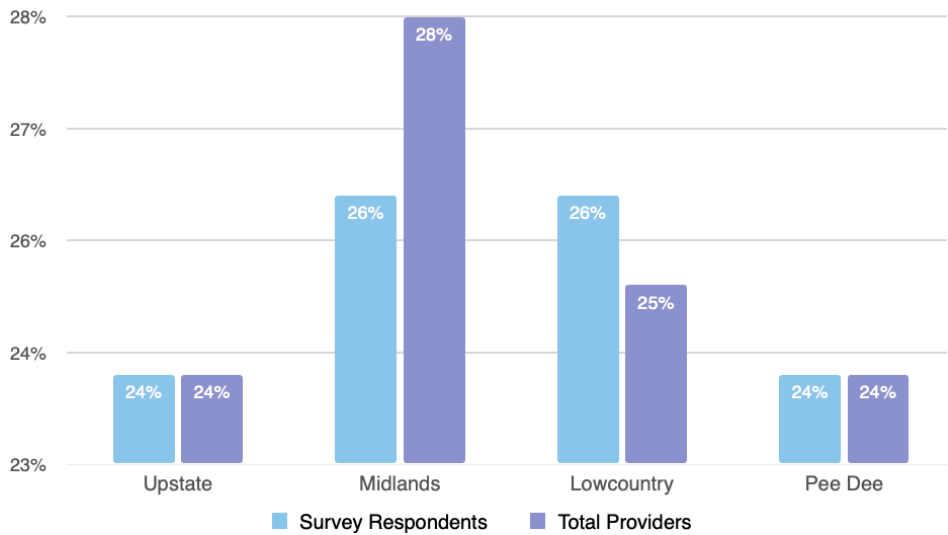


Figure 5: Comparison between survey respondents and total programs in South Carolina, by region



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.

Fifteen provider input sessions were held, including four regional input sessions held in partnership with SC CCR&R through their Directors Forum. The sessions were held virtually at various times and days of the week, including evenings and weekends, to accommodate different provider schedules. Sessions were offered by program type, family child care or center based, and by preferred language – English or Spanish. Providers registered in advance, indicating their program type and preferred language.

A total of 327 providers participated in the input sessions hosted between February 20, 2024, and March 16, 2024. As shown in Figure 6, over half of the participants in the input sessions were licensed and registered child care centers, and just over 41% were family child care home providers. Input session participants represented all but four of South Carolina’s 46 counties; however, those counties share a total of only 37 programs or about one percent of total providers. When analyzed by region, the distribution of input session participants mirrors the number of providers in each region, as shown in Figure 7. Overall, participants in input sessions represent approximately 13% of all providers in South Carolina.

Figure 6: Input session participation, by provider type

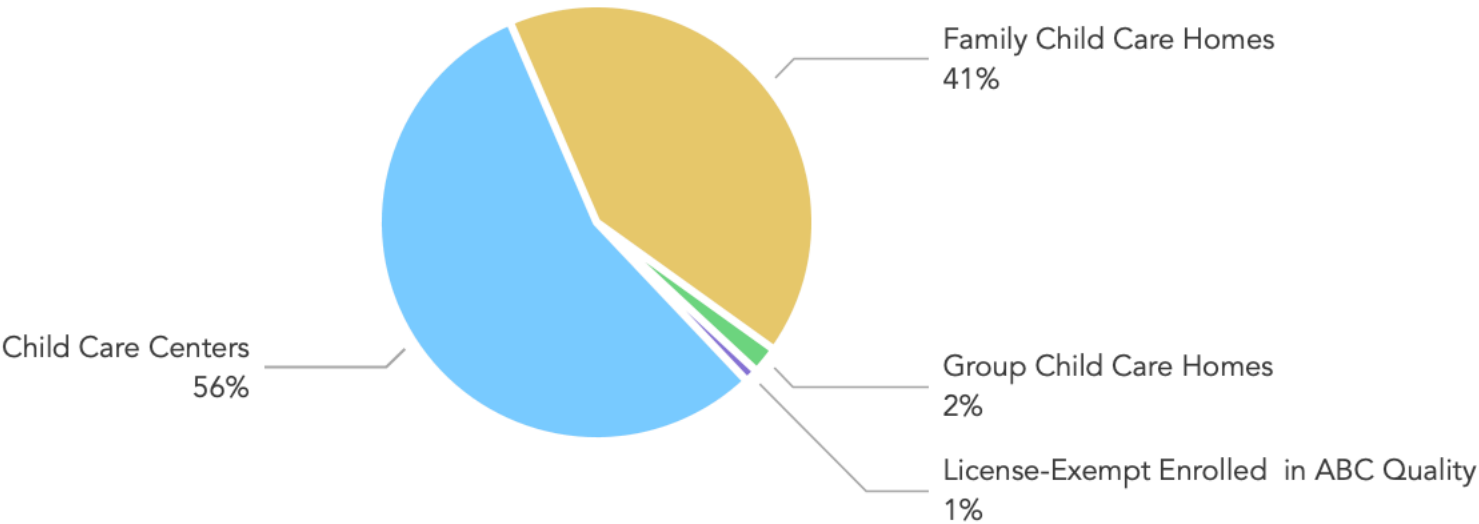
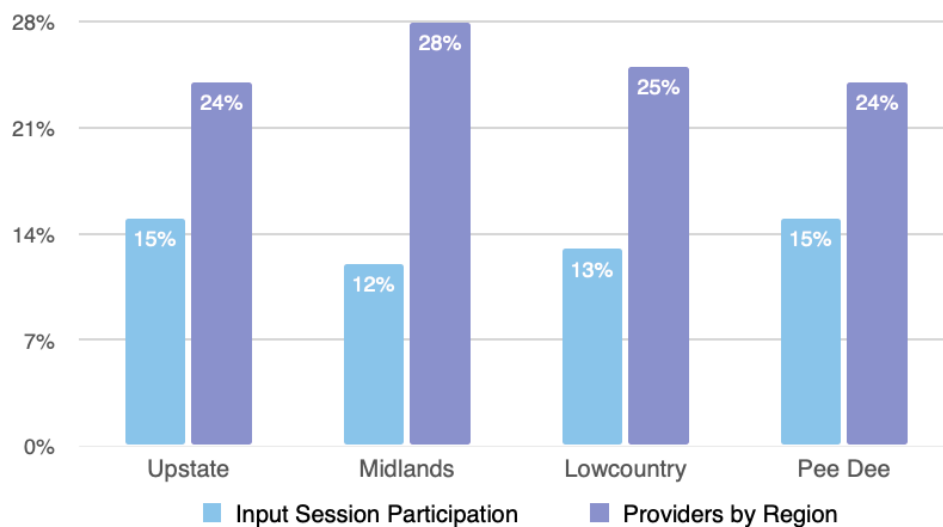


Figure 7: Comparison of input session participants and total providers, by region.



Across both the input sessions and the survey, 932 unduplicated providers participated in the alternative methodology process representing 38% of all licensed providers (including both those accepting Scholarships and those not eligible for the Scholarship program) and 59% of active providers who accept SC Child Care Scholarships. The distribution of responses across geography and program type, and from providers who accept SC Child Care Scholarships and those who do not, provide validity to the data collected across the survey and input sessions. While the survey and input sessions are not the only source to inform the cost estimation model, they provide important data on the current child care market for this alternative methodology.



IV. COST ESTIMATION MODEL

The South Carolina Alternative Methodology uses a cost estimation model to inform CCDF subsidy rate setting, known as the Child Care Scholarship Program in South Carolina. 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 different 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 South Carolina Alternative Methodology Technical Workgroup and reactions and input were sought on how the data can inform the cost model. While current data from providers helps 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 of the report details the data assumptions and functionality of the South Carolina 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.

Size of Center: Size is represented as the number of classrooms by age range—infants, toddlers, two-year-olds, three-year-old preschoolers, four-year-old preschoolers, five-to-nine-year-old school-age children, and nine-to-13-year-old school age children. 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 ABC Quality standards.

Ratio and Group Size: The model includes Licensing or ABC Quality standards. Tables 3 and 4 detail these standards for centers, and Table 5 is for family child care homes. Note, licensing standards do not provide a set group size. However, to run scenarios, the model assumes a group size equal to double the adult-child ratio. In addition, ABC Quality does not include group size requirements for family child care beyond those required by licensing.

Table 3: Adult to child ratio, child care center meeting licensing standards

Age Group	Ratio
Infant (0-12 months)	1:5
Toddler (1-2 years)	1:6
Two to three years	1:8
Three to four years	1:12
Four to five years	1:17
Five to six years	1:20
Six to nine years	1:23
Nine to thirteen years	1:23

Source: <https://www.scchildcare.org/media/t3yfftje/licensed-centers-regulations.pdf>

Table 4: Adult to child ratio, child care center meeting ABC Quality standards

Age Group	Ratio	Group Size
Infant (0-12 months)	1:4	8
Toddler (1-2 years)	1:5	10
Two to three years	1:7	14
Three to four years	1:11	22
Four to five years	1:13	26
Five to six years	1:15	30
Six to nine years	1:18	36
Nine to thirteen years	1:20	40

Source: <https://www.scchildcare.org/media/0yknm1bn/center-based-manual.pdf>

Table 5: Family child care home, maximum capacity under licensing

Small Family Child Care	Group Family Child Care
The operator shall supervise the care for up to a total of six children, including the operator’s own children under 12.	Facility within a residence occupied by the operator caring for 7 to 12 children including those living in the residence and related children. There shall be an additional teacher/caregiver present when attendance reaches nine children or when four or more children are younger than two years old.

Source: <https://www.scchildcare.org/media/613/Family-Child-Care-Home-Regulations.pdf>

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 (0.5 FTE per 50 children)
- Administrative Assistant (0.5 FTE per 50 children)

Teaching staff

The number of teachers and assistant teachers is driven by South Carolina’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 different 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 South Carolina 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, option 2 (using default workforce demographic data on family compensation to establish the South Carolina 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 and BLS options) or based on the P5FS developed salary scale (in the case of the MIT Living Wage options). 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 scales included in the model provide statewide salaries and therefore the cost estimation model does not include geographic variation. Data collected during the alternative methodology process did not point to significant variations in current salaries based on geography. Results were inconsistent and analysis of the data indicated that variations were most likely related to other program characteristics such as funding source, for profit/non-profit status, access to in-kind support etc., rather than geographic location. Analysis of regional variation in BLS and MIT salary data also found minimal differences across Urban and Rural regions of the state, with BLS data varying by +/-1% and MIT living wage data varying by 3-5%, further pointing to the lack of significant variation in cost of living across the state.

In addition to the four options, the model allows users to enter salary data directly rather than using one of the default options, providing flexibility to the user to understand the cost using other salaries beyond the four options listed above.

While most family child care provider/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 hourly rate for a lead teacher in a child care center under each salary scale selection. However, to calculate an annual salary, the model assumes the provider/owner works 58 hours per week, based on data collected in the 2024 cost of care survey. This includes the hours the program is open and serving children as well as additional hours spent each week to support the operation of the business (e.g. bookkeeping, shopping, cleaning, lesson planning). This income can be used by the provider/owner to cover their 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 reduce the number of hours per week that the provider/owner must work 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 ten sick and ten paid leave days for each staff and an amount referred to as health insurance. If the health insurance option is selected, the model includes \$5,540 per FTE, which is the average annual employer contribution to health insurance, based on Kaiser Family Foundation data for South Carolina. 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 deploy this dollar amount in different ways, including purchasing health insurance from the public marketplace, contributing to a health savings account, or paying the premium for a family member-provided health plan.

NONPERSONNEL EXPENSES

Center-based

Nonpersonnel costs are aggregated into four categories, including the following types of 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.
- **Contribution to Operating Reserve Fund:** 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 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 included significant variations. These variations were deemed most likely related to different program characteristics such as funding source, for profit/non-profit status, access to in-kind support etc. rather than related to program type, ages served, or geographic location. Therefore, PCQC data was used in place of survey data. Table 6 summarizes the statewide nonpersonnel values used in the cost estimation model for child care centers.

Table 6: Nonpersonnel expense categories and values, child care center

Expense Category	Annual Cost
Program Management/Administration	\$384/child
Occupancy	\$30,981/classroom
Education/Program	\$2,646/child

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:

- **Program Management/Administration:** This category includes advertising, insurance, legal and professional fees, office supplies, repairs, maintenance, and cleaning of the child care space.
- **Occupancy – Shared Use of Business and Home:** Home-based businesses may count a 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.
- **Education/Program Child:** This category includes classroom supplies, medical supplies, food, and educational supplies. This amount varies based on the number of children.
- **Contribution to Operating Reserve Fund:** 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.

Table 7: Nonpersonnel expense categories and values, family child care homes

Expense Category	Annual Cost
Program Management/Administration	\$810/child
Occupancy*	\$763/home
Education/Program Child expenses	\$1,984/child

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

Values for these nonpersonnel categories are based on nonpersonnel expense data in the Provider Cost of Quality Calculator. Table 7 summarizes the nonpersonnel values used in the cost estimation model for family child care homes.

MODEL VARIABLES

The model includes several variables that relate to meeting licensing or quality regulations. For each variable there are three choices: (1) No program expenses related to the variable; (2) Base quality meeting licensing standards (3) Higher quality meeting ABC Quality standards. The model variables are:

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

TRAINING AND PROFESSIONAL DEVELOPMENT

Annual training hours are included to meet licensing requirements, as well as additional professional development training hours to meet ABC Quality standards. The expense related to these supports covers the cost of hiring a substitute to cover staff to attend trainings.

Table 8: Professional Development Training Selections

Type of Care	Licensing	ABC Quality
Center	Director: 20 hours annually Caregiving staff: 15 hours annually	Director: 30 hours annually Caregiving Staff: 20 hours annually
FCC	Operator: 10 hours annually	Operator: 10 hours annually
Group FCC	Operator: 15 hours annually Caregiving staff: 10 hours annually	Operator: 20 hours annually Caregiving staff: 10 hours annually

PLANNING AND RELEASE TIME

The model has the option of including weekly planning and release time for teachers and provider/owner, or teachers, provider/owner, and assistant teachers. The expense related to these supports is the cost of a substitute to cover the teaching staff and provider/owner time.

FAMILY ENGAGEMENT

The model can include yearly conferences for staff to meet with families to discuss their child’s development and progress. The cost of conferences consists of paying a substitute teacher to cover while the teacher or provider/owner is participating in the conference.

Table 9: Planning and Release Time Selections

Type of Care	Licensing	ABC Quality
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

Table 10: Family Engagement Selections

Type of Care	Licensing	ABC Quality
Center	None	2 family/teacher conferences annually
FCC	None	2 family/teacher conferences annually
Group FCC	None	2 family/teacher conferences annually

V. SCENARIO RESULTS

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

To provide illustrative results to inform this report, P5FS created default scenarios for child care centers, small family child care homes, and group family child care homes. Each default scenario serves children, infants through school age, and operates on a 10-hour day, full-year schedule. Details of these default program characteristics are provided below.

For child care centers, three default programs were created, representing different program sizes informed by data from SCDSS on the current licensed capacity of programs in South Carolina. The number of children served varies based on whether the program is meeting only licensing standards or is meeting ABC Quality standards. Tables 11-13 detail the characteristics of the three default center 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 inclusive of two school age children. The default scenario for the group FCC has capacity for 12 children, with no more than four infants and inclusive of four school age children.

Table 11: Default small child care center characteristics

Age Group	Classrooms	Capacity	
		Licensing	ABC Quality
Infant (0-12 months)	1	10	8
Toddler (1-2 years)	1	12	10
Two to three years	1	16	14
Three to four years	1	24	22
TOTAL	4	62	54

Table 12: Default medium child care center characteristics

Age Group	Classrooms	Capacity	
		Licensing	ABC Quality
Infant (0-12 months)	1	10	8
Toddler (1-2 years)	1	12	10
Two to three years	1	16	14
Three to four years	1	24	22
Four to five years	1	34	26
School age	1	46	36
TOTAL	6	142	116

Table 13: Default large child care center characteristics

Age Group	Classrooms	Capacity	
		Licensing	ABC Quality
Infant (0-12 months)	1	10	8
Toddler (1-2 years)	1	12	10
Two to three years	1	16	14
Three to four years	2	48	44
Four to five years	2	68	52
School age	2	92	72
TOTAL	9	246	200

Scenarios were run for a program meeting licensing standards and for programs meeting ABC Quality standards, as detailed in the methodology of this report. All scenarios include the cost of employer contribution to health insurance or other discretionary benefits, ten days paid sick leave and ten days paid vacation, and a 5% contribution to an operating reserve. Finally, the default scenarios were run using both current salary data, based on the provider survey, and salary data from the Bureau of Labor Statistics, as detailed in Table A2 in the Appendix. In total, 20 scenarios were developed, as summarized in Table 14.

The results in Tables 15-17 below are presented as annual cost per child figures and represent the estimated cost to operate a program meeting the

specified regulations and with the selected salary level. For this report, an average cost per child was created across the scenario results from the small, medium, and large default program scenarios. 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 and group sizes 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.

Table 14: Scenario Overview

Scenario	Program Type	Standards	Salary Selection	Size
1	Child Care Center	Licensing	Current	Small
2	Child Care Center	Licensing	Current	Medium
3	Child Care Center	Licensing	Current	Large
4	Child Care Center	ABC Quality	Current	Small
5	Child Care Center	ABC Quality	Current	Medium
6	Child Care Center	ABC Quality	Current	Large
7	Child Care Center	Licensing	BLS	Small
8	Child Care Center	Licensing	BLS	Medium
9	Child Care Center	Licensing	BLS	Large
10	Child Care Center	ABC Quality	BLS	Small
11	Child Care Center	ABC Quality	BLS	Medium
12	Child Care Center	ABC Quality	BLS	Large
13	Small FCC	Licensing	Current	N/A
14	Small FCC	ABC Quality	Current	N/A
15	Small FCC	Licensing	BLS	N/A
16	Small FCC	ABC Quality	BLS	N/A
17	Group FCC	Licensing	Current	N/A
18	Group FCC	ABC Quality	Current	N/A
19	Group FCC	Licensing	BLS	N/A
20	Group FCC	ABC Quality	BLS	N/A

COMPARISON TO CURRENT SC SCHOLARSHIP PAYMENT RATES

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

Age Group	Licensing		ABC Quality	
	Current Salaries	BLS Salaries	Current Salaries	BLS Salaries
Infant (0-12 months)	\$17,941	\$19,465	\$20,304	\$22,123
Toddler (1-2 years)	\$16,030	\$17,384	\$17,627	\$19,193
Two to three years	\$13,640	\$14,784	\$14,569	\$15,845
Three to four years	\$11,251	\$12,183	\$11,788	\$12,801
Four to five years	\$10,027	\$10,802	\$11,184	\$12,092
School age	\$4,623	\$4,990	\$5,146	\$5,572

Table 16: Cost of care results, annual cost per child, small FCC

Age Group	Licensing		ABC Quality	
	Current Salaries	BLS Salaries	Current Salaries	BLS Salaries
Infant to 5-year-old	\$15,986	\$18,759	\$16,189	\$18,972
School age	\$7,993	\$9,380	\$8,095	\$9,486

Table 17: Cost of care results, annual cost per child, group FCC

Age Group	Licensing		ABC Quality	
	Current Salaries	BLS Salaries	Current Salaries	BLS Salaries
Infant to 5-year-old	\$14,146	\$15,686	\$14,293	\$15,839
School age	\$7,073	\$7,843	\$7,146	\$7,919

The child care cost estimation model results can be compared to current provider reimbursement rates for the SC Child Care Scholarship Program to understand to what extent the payment rates cover the cost of care. As South Carolina provides two regional rates, an Urban and Rural designation, the statewide cost per child results were compared to each of these regional rates and a statewide average rate. Payment rates were compared to two default scenarios – the first using current salaries for a program meeting licensing standards representing the base cost of care, and the second using the BLS salaries for a program meeting the ABC Quality

standard, representing the cost of higher quality care. As the SC Child Care Scholarship Program pays a different rate based on program quality level, for this gap analysis, the first scenario was compared to the maximum payment rate at level C, and the second scenario was compared to the maximum payment rate at level B. Scholarship rates used in this analysis are provided in the Appendix. Tables 18-23 detail the results of this comparison, also known as a gap analysis. Negative values denote that the scholarship payment rate is below the estimated cost of care.

Table 18: Weekly gap between estimated base cost of care and Child Care Scholarship level C rate (licensing), child care center

Age Group	Statewide average	Urban	Rural
Infant (0-12 months)	-\$171	-\$132	-\$210
Toddler (1-2 years)	-\$134	-\$95	-\$173
Two to three years	-\$95	-\$57	-\$132
Three to four years	-\$55	-\$21	-\$89
Four to five years	-\$35	-\$2	-\$68
School age	-\$6	\$10	-\$23

Table 19: Weekly gap between estimated cost of higher quality care and Child Care Scholarship level B rate (ABC Quality), child care center

Age Group	Statewide average	Urban	Rural
Infant (0-12 months)	-\$241	-\$202	-\$280
Toddler (1-2 years)	-\$188	-\$146	-\$229
Two to three years	-\$129	-\$89	-\$170
Three to four years	-\$80	-\$43	-\$116
Four to five years	-\$68	-\$33	-\$103
School age	-\$20	-\$2	-\$38

Table 20: Weekly gap between estimated base cost of care and Child Care Scholarship level C rate (licensing), small FCC

Age Group	Statewide average	Urban	Rural
Infant (0-12 months)	-\$137	-\$122	-\$151
Toddler (1-2 years)	-\$137	-\$122	-\$152
Two to three years	-\$142	-\$122	-\$162
Three to four years	-\$150	-\$132	-\$167
Four to five years	-\$150	-\$132	-\$167
School age	-\$39	-\$36	-\$41

Table 21: Weekly gap between the estimated cost of higher quality care and Child Care Scholarship level B rate (ABC Quality), small FCC

Age Group	Statewide average	Urban	Rural
Infant (0-12 months)	-\$222	-\$205	-\$240
Toddler (1-2 years)	-\$222	-\$205	-\$240
Two to three years	-\$222	-\$205	-\$240
Three to four years	-\$233	-\$220	-\$246
Four to five years	-\$233	-\$220	-\$246
School age	-\$62	-\$52	-\$72

Table 22: Weekly gap between estimated base cost of care and Child Care Scholarship level C rate (licensing), group FCC

Age Group	Statewide average	Urban	Rural
Infant (0-12 months)	-\$135	-\$122	-\$147
Toddler (1-2 years)	-\$137	-\$122	-\$152
Two to three years	-\$142	-\$122	-\$162
Three to four years	-\$150	-\$132	-\$167
Four to five years	-\$150	-\$132	-\$167
School age	-\$24	-\$11	-\$36

Table 23: Weekly gap between the estimated cost of higher quality care and Child Care Scholarship level B rate (ABC Quality), group FCC

Age Group	Statewide average	Urban	Rural
Infant (0-12 months)	-\$162	-\$145	-\$179
Toddler (1-2 years)	-\$162	-\$145	-\$180
Two to three years	-\$162	-\$145	-\$180
Three to four years	-\$173	-\$160	-\$186
Four to five years	-\$173	-\$160	-\$186
School age	-\$32	-\$22	-\$41

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 \$8,000 more per year, or over \$650 per month, for an infant compared to a four-year-old. For a program meeting ABC Quality standards and paying higher salaries, this gap increases to over \$9,000 per year or nearly \$800 per month. This higher cost is driven by the smaller adult-child ratios and 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 10 children, staffed with two teachers, while the four-year-old classroom can serve 34 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.

SC CHILD CARE SCHOLARSHIP RATES ARE INSUFFICIENT TO COVER THE COST OF CARE IN ALMOST ALL SCENARIOS.

The gap analysis demonstrates that Scholarship rates are insufficient to cover the cost of care in almost all scenarios. The gap between payment rates and the cost of care is highest for the youngest children, reflecting the high cost of providing care for infants and toddlers and that families cannot afford tuition rates that cover the higher cost of care for this population. Even when estimating the cost of care using current salaries, Scholarship rates for an infant are on average \$171 per child per week less than the estimated cost of care. Even for older children, gaps still

exist between the cost of care and the current Scholarship rates, with rates for a four-year-old in a child care center being approximately \$35 per child per week less than the estimated cost of care. It is only for school age care that the Scholarship rate is sufficient to cover the cost of care, and even then, only for those programs receiving the Urban regional rate.

GAPS BETWEEN THE COST OF CARE AND PAYMENT RATES VARY SIGNIFICANTLY BASED ON THE AGE OF THE CHILD AND THE REGION.

Looking across age groups, quality levels, and regions, there is significant variation in the percentage of the estimated cost of care that is covered by current scholarship rates. As shown in Figure 8, the Scholarship rate almost covers the cost of care for four-year-olds in a child care center in Urban settings but only 65% in Rural settings. For infants, rates cover an average of 50% across the state but varies from 39% in Rural settings to 62% in Urban settings. Figure 9 illustrates the same analysis for a small FCC, showing that the Scholarship rates cover only between 39% and 55% of the cost of care.



Figure 8: Percent of cost of care covered by current Scholarship rate, by age and region, child care center

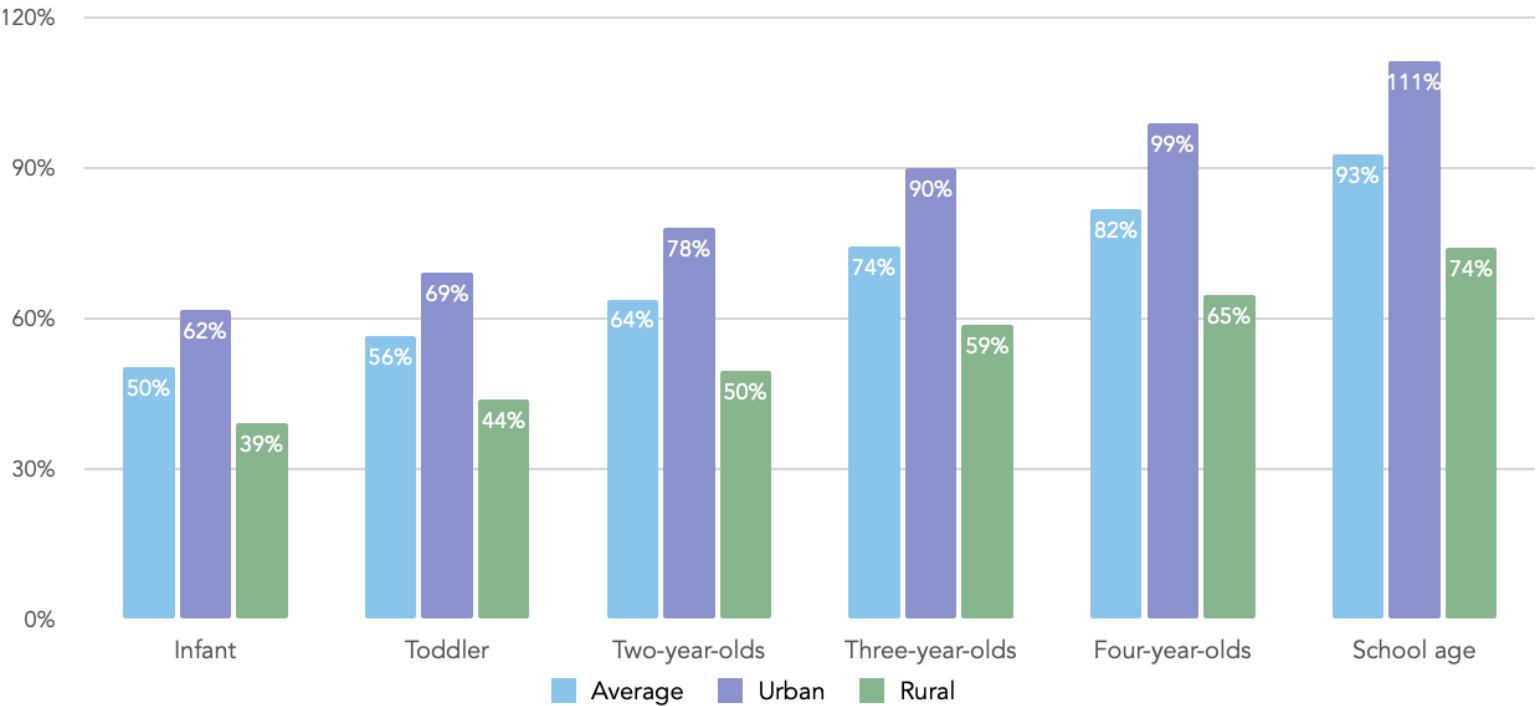
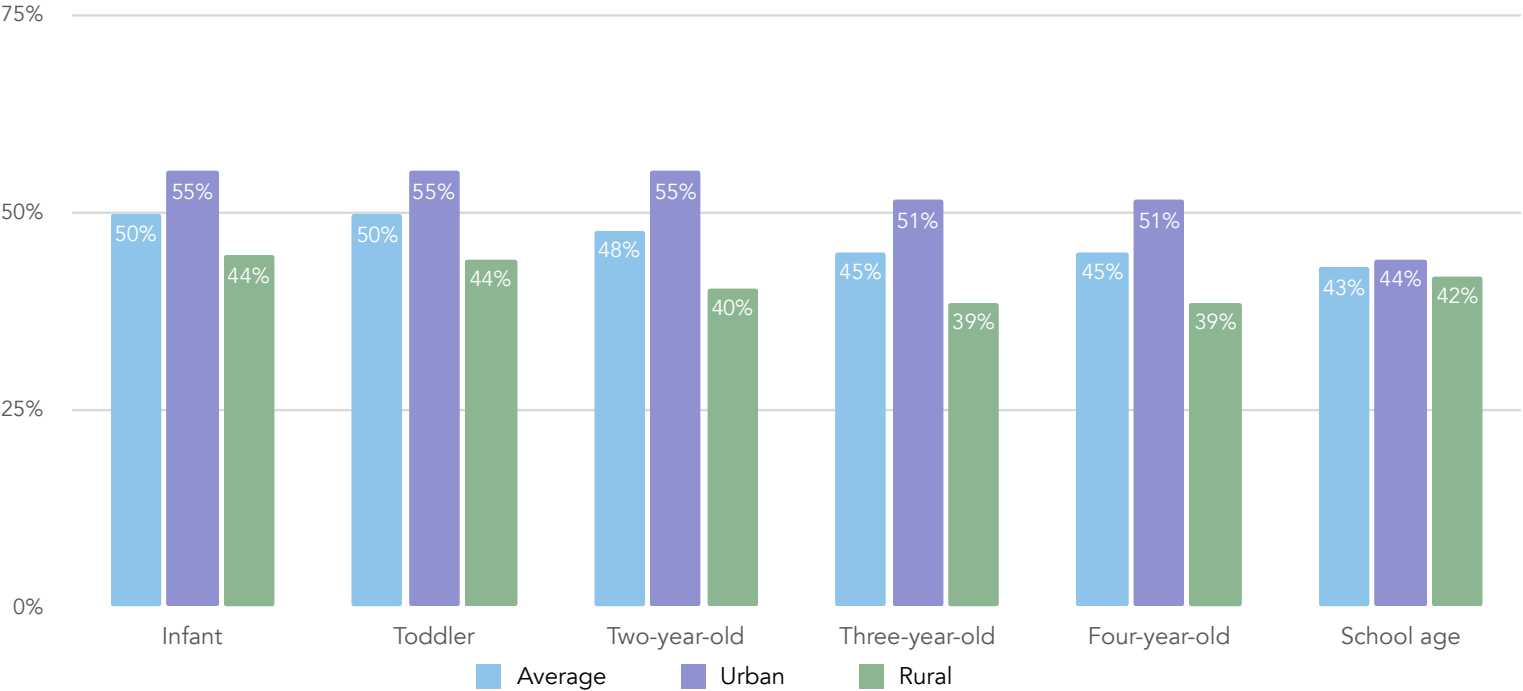


Figure 9: Percent of cost of care covered by current Scholarship rate, by age and region, small FCC



THE INSUFFICIENCY OF SCHOLARSHIP RATES IN COVERING THE COST OF CARE DISPROPORTIONATELY IMPACTS FAMILY CHILD CARE HOMES.

Due to their lower capacity, the gap between the Scholarship rate and the cost of care can be particularly impactful in family child care home settings. A child care center can serve a mix of ages across multiple classrooms to balance gaps between revenue and expense across different age groups. However, a family child care provider is unable to do this because of operating as a single classroom and being limited to either six or 12 children. 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 (\$137/child/week compared to \$171/child/week), but the gap for a four-year-old is much higher (\$150/child/week in the small FCC compared to \$35/child/week in a center). Across the different age categories, the gap between Scholarship rate and cost of care is an average of \$83/child/week in the base-level child care center scenarios. In the base level small FCC, the average gap is \$126/child/week and in the group FCC the average is \$123/child/week.

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

Data from the provider survey found that 62% of respondents charge families the difference between their tuition rate and the SC Scholarship payment rate if the payment rate plus co-payment does not fully cover the private pay tuition. The gaps between the Scholarship rates and the estimated cost of care reported in this analysis highlight the need for providers to charge families these additional fees in order to operate a financially sustainable program unless they can access alternative revenue sources to fill the gap. Providers reported charging between an average of \$32 and \$52 per week per child depending on the child's

age, reflecting that even with these additional payments, gaps still exist between the revenues providers can generate and the estimated cost of care. The financial impact of participating in SC Scholarship was also cited by providers as a barrier to enrolling children on Scholarship. Of those who identified a barrier in the survey, 36% selected payment delays, 24% cited payment rates being too low, and 17% reported issues receiving client fees from parents or families.

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

Data that informs the cost estimation model does not point to significant variations in the cost of care across the state. Current SC Scholarship 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. As shown in the gap analysis in this report this leads to significant disparities between the cost of care and the Scholarship rates for providers in the Rural region compared to providers in Urban regions of the state.

THE ADDITIONAL COST FOR A PROGRAM TO IMPLEMENT THE REQUIREMENTS OF ABC QUALITY IS MINIMAL BUT HIGHER THAN THE INCREASED SCHOLARSHIP RATE IN MOST CASES.

Participation in South Carolina's ABC Quality program enables providers to access increased Scholarship payment rates and receive access to professional development and customized support. Programs receive an average increase of 5-10% at each level of the rating system, depending on the age of child and the region. Results from the cost estimation model find the difference in cost for a

program implementing the requirements of ABC Quality to range across programs. In the center scenarios, costs increase an average of 5-13% when implementing ABC Quality, while in small FCC they increase 14-21%, and group FCCs see only a 1% increase.



APPENDIX

Technical Workgroup Members

Table A1: South Carolina Alternative Methodology Technical Workgroup Roster

Name	Title	Organization
Michele Bowers	Director, Division of Early Care and Education	South Carolina Department of Social Services
Catherine Haselden	Program Coordinator, Division of Early Care and Education	South Carolina Department of Social Services
Debra Session	Contracts Manager, Division of Early Care and Education	South Carolina Department of Social Services
Marcia Bacon	Executive Director	Richland County First Steps
Charlene Caldwell	Program Manager, Division of Early Care and Education	South Carolina Department of Social Services
Lisa Corning	President, Program Director, Early Childhood Development	South Carolina Association for the Education of Young Children (SCAEYC) Midlands Technical College TEACH Advisory Committee
Dr. Leigh D'Amico	Research Associate Professor, Curriculum Studies, College of Education	University of South Carolina
Dr. Heather Googe	Director and Principal Investigator, SC Inclusion Collaborative	University of South Carolina
Beverly Hunter	Program Director – ABC Quality, Division of Early Care and Education	South Carolina Department of Social Services
Christi Jeffcoat	Program Manager – SC Child Care Scholarships, Division of Early Care and Education	South Carolina Department of Social Services
Cathy Kovacs	Program Manager – ABC Quality, Division of Early Care and Education	South Carolina Department of Social Services
Cynthia Lara	Director – Child Care Licensing, Division of Early Care and Education	South Carolina Department of Social Services
Melissa McDonald	Director & Principal Investigator, SC Child Care Resource & Referral	University of South Carolina
Tami Nix	President	Archway Academy, Inc. South Carolina Association of Early Care and Education

Table A1: South Carolina Alternative Methodology Technical Workgroup Roster (cont)

Name	Title	Organization
Karen Oliver	Program Manager	SC First Steps
Tameka Pauling	Program Coordinator, Division of Early Care and Education	South Carolina Department of Social Services
Davida Price	Coordinator, Youth and Family Services President	School District Five of Lexington and Richland Counties South Carolina Early Childhood Association (SCECA)
Connelly-Anne Ragley	Chief External Affairs Officer/Legislative Liaison	South Carolina Department of Social Services
Dr. Vasanthi Rao	Assistant Director – Child Development Research Center, College of Education	University of South Carolina
Dr. Angelia Scott	Assistant Principal and Head Start Site Supervisor President- Elect	Berkeley County School District South Carolina Early Childhood Association (SCECA)
Spencer Scott	Executive Director	Florence/Marion Counties First Steps
Jessica Sharp	Director, South Carolina Program for Infant/Toddler Care	University of South Carolina
Melissa Starker	State Director, SC Endeavors	SCDSS
Zelda Waymer	President/CEO	South Carolina Afterschool Alliance

Salary Scales

Table A2: Default salary scales included in cost estimation model

	Current Salaries	Bureau of Labor Statistics	MIT Living Wage Option 1	MIT Living Wage Option 2
Director	\$42,985	\$55,080	\$87,648	\$99,745
Asst Director	\$34,388	\$44,064	\$70,119	\$79,796
Admin Asst	\$15,080	\$27,750	\$44,158	\$50,253
Lead Teacher	\$29,266	\$37,500	\$59,674	\$67,909
Asst Teacher	\$26,520	\$27,750	\$44,158	\$50,253
Sub/Floater	\$26,520	\$27,750	\$44,158	\$50,253
FCC Provider/Owner	\$42,435	\$54,375	\$86,527	\$98,468
FCC Asst Teacher	\$26,520	\$27,750	\$44,158	\$50,253

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/2023/may/oes_sc.htm; MIT Living Wage Calculation for South Carolina, available at <https://livingwage.mit.edu/states/45>.

SC Child Care Scholarship Payment Rates

Table A3: Weekly SC Scholarship payment rates used in in cost estimation model report gap analysis, child care centers

LEVEL C	Urban	Rural	Average
Infant	\$ 213	\$ 135	\$ 174
Toddler	\$ 213	\$ 135	\$ 174
Two-Year-Old	\$ 205	\$ 130	\$ 168
Three-Year-Old	\$ 195	\$ 127	\$ 161
Four-Year-Old	\$ 191	\$ 125	\$ 158
Five-Year-Old	\$ 191	\$ 125	\$ 158
School Age	\$ 165	\$ 110	\$ 138

LEVEL B	Urban	Rural	Average
Infant	\$ 223	\$ 145	\$ 184
Toddler	\$ 223	\$ 140	\$ 182
Two-Year-Old	\$ 216	\$ 135	\$ 176
Three-Year-Old	\$ 203	\$ 130	\$ 167
Four-Year-Old	\$ 200	\$ 130	\$ 165
Five-Year-Old	\$ 200	\$ 130	\$ 165
School Age	\$ 175	\$ 115	\$ 145

Table A4: Weekly SC Scholarship payment rates used in in cost estimation model report gap analysis group family child care homes

LEVEL C	Urban	Rural	Average
Infant	\$ 150	\$ 125	\$ 138
Toddler	\$ 150	\$ 120	\$ 135
Two-Year-Old	\$ 150	\$ 110	\$ 130
Three-Year-Old	\$ 140	\$ 105	\$ 123
Four-Year-Old	\$ 140	\$ 105	\$ 123
Five-Year-Old	\$ 140	\$ 105	\$ 123
School Age	\$ 125	\$ 100	\$ 113

Table A4: Weekly SC Scholarship payment rates used in in cost estimation model report gap analysis group family child care homes (cont.)

LEVEL B	Urban	Rural	Average
Infant	\$ 160	\$ 126	\$ 143
Toddler	\$ 160	\$ 125	\$ 143
Two-Year-Old	\$ 160	\$ 125	\$ 143
Three-Year-Old	\$ 145	\$ 119	\$ 132
Four-Year-Old	\$ 145	\$ 119	\$ 132
Five-Year-Old	\$ 145	\$ 119	\$ 132
School Age	\$ 130	\$ 111	\$ 121

Table A5: Weekly SC Scholarship payment rates used in in cost estimation model report gap analysis, small family child care homes

LEVEL C	Urban	Rural	Average
Infant	\$ 150	\$ 121	\$ 136
Toddler	\$ 150	\$ 120	\$ 135
Two-Year-Old	\$ 150	\$ 110	\$ 130
Three-Year-Old	\$ 140	\$ 105	\$ 123
Four-Year-Old	\$ 140	\$ 105	\$ 123
Five-Year-Old	\$ 140	\$ 105	\$ 123
School Age	\$ 100	\$ 95	\$ 98

LEVEL B	Urban	Rural	Average
Infant	\$ 160	\$ 125	\$ 143
Toddler	\$ 160	\$ 125	\$ 143
Two-Year-Old	\$ 160	\$ 125	\$ 143
Three-Year-Old	\$ 145	\$ 119	\$ 132
Four-Year-Old	\$ 145	\$ 119	\$ 132
Five-Year-Old	\$ 145	\$ 119	\$ 132
School Age	\$ 130	\$ 110	\$ 120

Source: Child Care Scholarship Maximum Payments FFY2023 – <https://www.scchildcare.org/media/vwybydmg/child-care-scholarship-maximum-payments-allowed-ffy2023-pdf.pdf>

SOURCES

SCDSS Licensing Requirements

(<https://www.scchildcare.org/providers/licensing-requirements/>)

- Child Care Center Licensing Regulations – <https://www.scchildcare.org/media/t3yfftje/licensed-centers-regulations.pdf>
- Family Child Care Home Licensing Regulations – <https://www.scchildcare.org/media/613/Family-Child-Care-Home-Regulations.pdf>
- Family Child Care Home Suggested Standards (for registered homes) – <https://www.scchildcare.org/media/619/Suggested-Standards.pdf>
- Family Child Care Home Policy Manual – <https://www.scchildcare.org/media/riebo4bc/fcch-policy-manual-03-6-2023-v2.pdf>
- Group Child Care Homes Licensing Regulations – <https://www.scchildcare.org/media/0okl2ejf/group-child-care-homes-regulations.pdf>
- Data on population of licensed, registered, and ABC Quality-enrolled license-exempt child care programs – Provided directly by South Carolina Department of Social Services.

ABC Quality

(<https://abcquality.org/>)

- Child Care Center ABC Quality Manual – <https://www.scchildcare.org/media/0yknm1bn/center-based-manual.pdf>
- Child Care Center ABC Quality Structural Clarification Guide – <https://www.scchildcare.org/media/chedo53v/structural-clarification-guide-center-basedv3.pdf>
- Family Child Care Home ABC Quality Manual – <https://www.scchildcare.org/media/uy1hgft0/family-group-manual.pdf>
- Family Child Care Home Structural Guide – PDF shared by SCDSS by email

South Carolina Child Care Scholarship Program

(<https://www.scchildcare.org/programs/child-care-scholarship-program/>)

- South Carolina Child Care Scholarship Program Policy Manual – https://www.scchildcare.org/media/flbh2e3n/sc-child-care-scholarship-program-policy-manual_2024.pdf
- Child Care Scholarship Maximum Payments FFY2023 – <https://www.scchildcare.org/media/vwybydmg/child-care-scholarship-maximum-payments-allowed-ffy2023-pdf.pdf>
- Data on payments made to active child care providers in the SC Scholarship Program – Provided directly by South Carolina Department of Social Services
- Data on number of active providers available to accept child care scholarships – Provided directly by South Carolina Department of Social Services

Compensation Data

- Bureau of Labor Statistics, Occupational Employment Statistics, May 2023 – https://www.bls.gov/oes/2023/may/oes_sc.htm
- MIT Living Wage Calculation for South Carolina – <https://livingwage.mit.edu/states/45>
- 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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Fiscal
Strategies

