

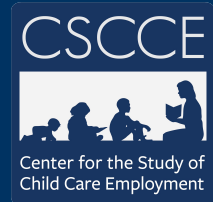
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# Compensation Capacity-Building Community of Practice

Convening #2  
May 15, 2025

*Questions? Email Arabella at  
[arabella.bloom@berkeley.edu](mailto:arabella.bloom@berkeley.edu)*

**Center for the Study of  
Child Care Employment**  
University of California, Berkeley  
[cscce.berkeley.edu](http://cscce.berkeley.edu)



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# Speakers



**Heidi Hagel Braid**  
President and CEO,  
First Children's  
Finance



**Anne McSweeney**  
Director of National  
Initiatives,  
First Children's Finance

# Cost Modeling To Support Compensation

May 15, 2025



**First Children's Finance** (FCF) is a national nonprofit organization that addresses the business and financial needs of child care in three ways:

- Building the financial sustainability of child care entrepreneurs
- Partnering with communities to preserve and grow their child care supply
- Influencing state and federal systems to provide supports and investments needed to sustain child care businesses





# Cost of Care: What are we modeling?

We use a combination of **data**, **assumptions**, and **values** to reflect actual, standardized or aspirational costs.

Advancing compensation strategies through:

- Increased visibility
- Increased capacity to compare options and their cost



# Getting Community Input – Levels of Participation

A core team of consultants working in partnership with DCYF research and data team conduct and lead the study. DCYF leadership acts as final decision makers.

First Children's Finance in Partnership with DCYF

A small technical workgroup made up of child care business owners is engaged monthly to ensure all elements of the study are accessible, accurate, and informed by the experiences of the field

Advisory Group

Associations, networks, and community leaders have opportunities to ask questions, share input, and help generate awareness of the study through one-on-one meetings, focus groups & participation in standing events

Community Conversations

All licensed child care businesses are asked to inform the study by completing a survey and/or participating in an in depth business interview

Survey

Business Interviews



# What we heard from child care business owners

- Centers – understand the full context of who is in the building
  - Comprehensive staffing picture
  - Hours
  - Tuition discounts
- Family Child Care Providers – understand the full context of a complex role
  - Confusion about wages/comparison to center staff
  - Hours
  - Family contribution



# Resulting Model Inputs

## “Healthy Net Revenue”

- Portion of net revenue allocated to business sustainability
- Portion of net revenue allocated to business expansion and entrepreneurship

## Specific to Family Child Care:

- Portion of net revenue allocated as provider wage
- Portion of net revenue allocated to retirement
- Value of family contributions to business





# Wage Scale to Cost Model Translation

- **Use state registry and workforce study to inform *many* assumptions**
  - Education level
  - Participation in comparable competencies
  - Tenure
- **Develop weighted average wages for all roles**



# Contact Us

**Anne McSweeney**

Director of National Initiatives  
(she/her/hers)

**[AnneM@FirstChildrensFinance.org](mailto:AnneM@FirstChildrensFinance.org)**

612-294-0038 direct

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# Speakers



**Elizabeth Gaines**  
Founder and CEO,  
Children's Funding Project



## VISION

We envision a nation where all children and youth thrive because all communities maintain equitable, coordinated, and sustainable funding for comprehensive programs and services.



## MISSION

Children's Funding Project helps communities and states expand equitable opportunities for children and youth through strategic public financing.



# Building a strategic public financing movement with states, localities, and Native nations

1. How much funding supports our goals right now?  **Fiscal mapping**
2. How much will it cost to fund our goals in full?  **Cost modeling and estimation**
3. How do we fill the gap between current funding and fully funding our goals?  **Sources of additional funding**



# Building cost modeling capacity in the field

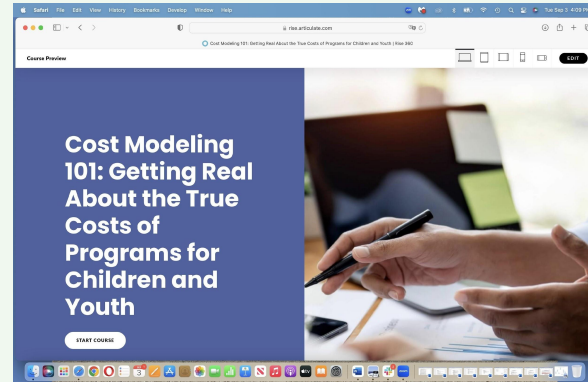
## Cost Modeling Cohort

Coaching eight state partners to learn our cost modeling process. Each partner will develop a model for true cost of high-quality child care for children ages 0-13 in their states.

- Colorado
- Florida
- Hawaii
- Kentucky
- Ohio
- Oklahoma
- Rhode Island
- Wisconsin

## Interactive Online Course

Supporting people to create their own cost models for programs and services along the cradle-to-career pipeline.



# How can we fill the gap between current funding and the true cost of reaching our goals?

## Current sources of funding



### Federal grants

[Find federal funding streams in your community](#)



### State budget allocations

[View funding streams in select states](#)



### Local budget allocations

[Does your community have a local fiscal map?](#)



### Philanthropy & other donors



## Sources of Additional Funding



### Local revenue sources

Options for generating and dedicating new city, county, region, or school district revenue



### State revenue sources

Options for generating and dedicating new state revenue



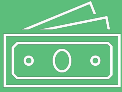
### Emerging Funding Strategies

Local economic development and other opportunities for creative financing





# Local Revenue Sources



## LOCAL REVENUE SOURCES

Setting-aside or generating local (city, county, or school district) public tax revenue for a special purpose can “grow the pie” significantly. Requires knowledge of a jurisdiction’s authority to levy new taxes, increase taxes, or create budget set-asides.

### Key strategy: Voter-Approved Children’s Funds

A **Voter-Approved Children’s Fund** is a portion of a specific source of city, county, or school district tax revenue that is levied and dedicated to a special purpose related to children and youth (outside of k-12 education or child welfare).

### As of April 2025:

- 56 funds
- In 12 states
- Generate >\$2 billion annually



# State Revenue Sources



## STATE REVENUE SOURCES

States have many untapped sources of additional funding that could be used to generate new public revenue:

- New state taxes
- State tax increases or changes to tax structure (ex. Income tax brackets)
- One-time streams (for example, set-aside of surplus revenue, dedication of settlement dollars, etc.)

How have states leveraged new sources of state revenue to fund child and youth programs and services?



**Vermont:** In 2020, Vermont legalized adult-use cannabis and passed a 6% sales tax on cannabis. All revenue from the sales tax will fund a grant program to start or expand afterschool and summer learning. [Read more here.](#)



**Louisiana:** Created and funded the Louisiana Early Childhood Education Fund using revenue from taxing sports betting and hemp CBD products, and fees for Pelicans NBA specialty license plates.



**Washington:** In 2021, the state passed a 7% capital gains tax on gains above \$250,000 and dedicated the revenue to k-12 and early childhood care and education.

# Emerging Funding Sources



## EMERGING FUNDING SOURCES

There are many innovative ways that communities and states supplement child and youth funding, such as:

- Community Benefits Agreements
- Social Impact Bonds
- In-Kind Facilities Usage
- Zoning & Land Use Changes
- Economic Incentive Agreements
- And more

### How have communities used emerging funding sources to fund child and youth programs and services?



**Chicago, IL | Pay for Success:** The City of Chicago & Chicago Public Schools received investment from the Goldman Sachs Social Impact Fund, Northern Trust J.B. & M.K. Pritzker for Chicago Public Schools' Child Parent Center. The Chicago entities are set to repay the social impact bond annually for any decreases in Special Education costs for K-12, as well as for net improvements in Kindergarten readiness and 3rd



**Colorado | Opioid Settlement Funds:** The Colorado Opioid Abatement Council approved \$1.9 million in infrastructure grants to organizations combating the opioid crisis in Colorado. Both the Fremont County Boys and Girls Club and the Boys and Girls Club of Chaffee County are receiving money to support their facilities, allowing the organizations to continue to serve young people in OST programming.



**Austin, TX | Economic Incentive Agreements:** as a term of the Ch. 380 agreement, 10% of property taxes from new improvements & machinery generated by NXP will flow to a Child Care Assistance Fund to provide financial relief for home-based providers, as well as child care scholarships for NXP employees.