



Child Care Keeps Missouri Working

A FIVE-YEAR INVESTMENT PLAN

Missouri Child Care Resource and Referral Network



The Missouri Child Care Resource and Referral Network (MOCCRRN)

- Connects families to child care¹ and early learning programs
 - Improves the quality of those programs
 - Collaborates with business and civic leaders to make child care safe and enriching for children
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How does this mission add value to the social and economic infrastructures of Missouri? What is the true cost of adding this value? What strategies will optimize these important contributions in the next few years?

These questions are answered in *Child Care Keeps Missouri Working*, which suggests that the most efficient single point of entry for investment in the child care industry is child care resource and referral—CCR&R. Data on current CCR&R costs and services, combined with results from a planning process involving multiple constituent voices, reveal that a little more than \$9.5 million per year will leverage the current state investment to fully meet the state's needs. These additional funds will ensure the success of Missouri families choosing child care so they can work, and of Missouri business and community leaders who seek quality improvements to our state's child care and early learning programs.

Child Care as Infrastructure

Almost two decades ago, child care lost its image as just “babysitting.” Savvy business executives, governors, legislators, and other civic leaders have recognized that child care is an essential foundation of economic development, school readiness, and crime prevention. In the 2009 *State of American Business* address, U.S. Chamber of Commerce President and CEO Thomas J. Donohue called for increased investments to improve child care and early learning programs, as one of several “broad and deep reforms...to ensure that all Americans have an opportunity to compete and succeed in the 21st century.”

Education and Public Safety

A long-term investment perspective reveals that child care programs are the place where 181,000 young Missouri children are nurtured and educated; where they learn what they need for success in school and life. Yet, national studies have documented that the quality of most child care is “mediocre.”² National research has shown that children in mediocre to poor child care programs have delays in language and reading skills and display more aggressive behaviors.³ As a result, 2004 data indicated that 25 percent of Missouri children were not academically ready to enter kindergarten.⁴

Without an excellent early childhood foundation for academic success, and the outstanding social interaction and teamwork skills that are built in higher-quality child care during the crucial early years, youth in Missouri are robbed of opportunity. And that personal loss is society’s loss as well. “Young people who fail to graduate from high school face a bleak economic future, and each dropout costs this

nation \$260,000 in lost earnings, taxes, and productivity.”⁵ In Missouri, the annual drop out rate rose from 3.3 percent to 4.2 percent between 2004 and 2008, resulting in more than 52,000 under-educated youth in just five years.⁶ Nationally, 1.2 million youngsters drop out each year, more than two times the number of our active duty troops in the U.S. Army.

This “dropout army,” untrained and largely unemployed, is a national security issue, according to retired General and former U.S. Secretary of State Colin Powell. Indeed, between 13 and 15 percent of all arrests between 2001 and 2005 in Missouri were children younger than 18.⁷ Quality child care or preschool in the early years increases graduation rates, and quality school-age child care provides the youth development programming that keeps tens of thousands of Missouri children ages six to 13 off the streets and out of trouble.



Economic Development

However, the day-to-day demand for child care does not arise from these important longer-term education and public safety outcomes, but from the economy's fundamental need for a work force. Child care is crucial to Missouri's economic health first because recovery from the current economic downturn requires that citizens return to work. Although unemployment in Missouri has recently risen dramatically, from lows of 4.6 to 5 percent in 2006 and early 2007 to 6.7 percent in November 2008 and an alarming 8.3 percent in February 2009,⁸ intensive efforts at the state and federal levels are focused on returning those people to work over the next two years.

Most of those who are out of work now cannot work without child care. "Child care is a fact of life for the majority of American families with young children today."⁹ Nationwide, 62.6 percent of women with children younger than six are in the work force.¹⁰ In Missouri, two-thirds of the nearly half-million children younger than six—approximately 330,000 children—are from families with two parents who work or a single parent who provides the family's sole income. And the trend for child care demand is growing. By 2010 the nationwide labor force will be comprised almost entirely of parents (85 percent) and the number of working women will be greater than the number of working men.¹¹

In addition, although it is often seen solely as a service for parents, child care is an industry in its own right, employing 34,000 Missouri citizens in more than 5,000 small businesses, and producing \$635 million in gross annual revenues.¹² This industry not only directly employs those working in the field, but it enables 120,000 Missouri parents to be at their jobs in other industries, earning income and contributing to the economy. In fact, according to Robert H. Dugger, Managing Director, Tudor Investment

Corporation, "Raising children is one of the largest sectors in our economy. The entire financial industry is 7 percent. The 'kids economy,' or youth human capital sector, is over 10 percent. It is labor-intensive, therefore job-creation rich, and its 'product'—healthy, team-oriented, educated and productive young adults—is the most important input to future societal wellbeing and for getting our economy back on track."¹³

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The fundamental question is not whether to invest in a sector that touches the rest of the social and economic infrastructure in so many ways. The right question is how to invest effectively in a sector comprised of thousands of small and micro-businesses. In 1993 Missouri initiated a proven investment strategy with a modest investment in Child Care Resource and Referral, or CCR&R, the only organizations that address all these economic and social infrastructure issues simultaneously.

CCR&Rs serve all parts of the child care system—families, child care providers, business, and public policy. Investment through CCR&R enables investment in the entire child care industry, as an alternative to piecemeal funding for its thousands of businesses. However, the state's investment in this "one-stop" solution for multiple needs has grown very little in the past 15 years.

Increased Investment Needed

Missouri's economy, education system, and public safety system cannot achieve optimal outcomes because the supply of affordable, high-quality child care has not kept pace with parents' needs.

Since the early 1960s, social and economic trends have increased the demand for child care. There are more single parent families and more families in which both parents must work. In Missouri, the supply of safely regulated child care is too small to meet the potential demand: just over 95,000 spaces in licensed programs¹⁴ to serve a population of about 297,000 Missouri children.¹⁵

To complicate this issue of insufficient supply, the available services are often not affordable for lower wage earners. Even mediocre child care often costs more than the majority of families can pay. Nationally, the average cost of child care exceeds tuition at public colleges.¹⁶ In TABLE 1, costs of Missouri child care are compared to Missouri college tuitions, with both shown as a percentage of family incomes.

Why not simply invest more in helping families pay for child care? Because mediocre- to low-quality programs comprise the vast majority of what parents could purchase. Investment in affordability for parents is important, but purchasing mediocre care does not provide the needed returns on that investment.

In a national study, 92 percent of infant classrooms and 76 percent of preschool classrooms were of insufficient quality to deliver the economic, educational and public safety outcomes of higher quality programs.¹⁷ After decades of minimal investment in work force development and facility

improvement, child care in Missouri continues to be characterized by poorly-compensated, minimally-educated teachers whose interactions with children are rarely shaped by the intention to educate, teachers who rely on television or mindless and developmentally inappropriate “curriculum” to entertain children rather than support their optimal development, and teachers who keep order with harsh discipline.

Although research documents positive correlations among teacher education levels, program quality, and positive outcomes for children, teacher education tends to be low in most child care programs.¹⁸ In 2002, only 33 percent of teachers in center-based programs and 17 percent of family child care business owners had at least a Bachelor's degree.¹⁹ And the percentage of credentialed teachers is decreasing. Slightly more than 25 percent of those aged 24 to 36 have a college degree, compared to 36 percent of those ages 40 to 50 and 43 percent of those 50 and older.²⁰

Missouri desperately needs the outcomes of high quality child care. But more productive parents in the current work force, better school success in K-12, reduced crime rates, and higher earning potential for the children when they reach adulthood will not result from the current child care supply. They will only come from increased investments in professional development for the child care work force paired with more comprehensive consumer education.

TABLE 1

Child care and higher education tuition as percentage of family incomes

| TUITION TYPE | ANNUAL AMOUNT | INCOME TYPE | TUITION AS PERCENTAGE OF (GROSS INCOME) |
|--|-----------------------------|--|---|
| Infant, under 12 months, metropolitan area center, average of highest | \$19,240 (year-round) | Two working parents at minimum wage (\$7.05) | 65% (\$29,328) |
| Infant, under 12 months, rural center average of highest | \$5,720 (year-round) | Single parent at state median income | 15% (\$38,100) |
| Infant & preschooler, metropolitan family child care home, average | \$11,892 (year-round) | Two working parents at \$10 per hour each | 28% (\$41,600) |
| Infant & preschooler, rural family child care home, average | \$6,240 (year-round) | Single parent at at \$15 per hour | 20% (\$31,200) |
| Tuition only (no fees, books or housing), MU undergraduate, full-time | \$7,368 (two semesters) | Two working parents at minimum wage (\$7.05) | 25% (\$29,328) |
| Tuition only (no fees, books or housing), MSU undergraduate, full-time | \$6,256 (two semesters) | Single parent at state median income | 16% (\$38,100) |
| Tuition only (no fees, books or housing), Two SEMO undergraduates, full-time | \$11,088 (two semesters) | Single parent at \$15 per hour | 36% (\$31,200) |

Child Care Resource and Referral: The Solution

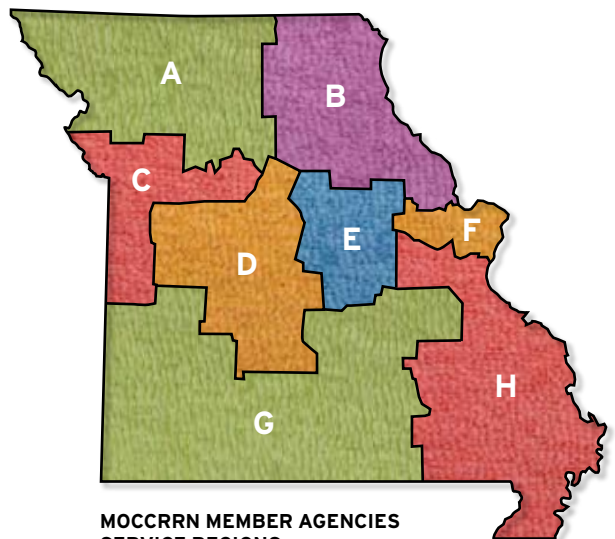
Improving the quality of child care and helping parents choose higher quality programs are the core goals of CCR&R agencies across the country. In Missouri, they are the mission of MOCCRRN and its member agencies. Their daily work serves parents seeking quality, child care and early learning programs seeking to improve quality yet remain affordable, and business and civic leaders in local communities seeking the promised returns on their local investments.

Parent Services

The front line of child care help for working parents in Missouri is the network of regional Child Care Resource and Referral (CCR&R) agencies that comprise MOCCRRN. In 2008, Missouri CCR&Rs answered more than 26,000 phone calls from parents seeking referrals for child care, consumer education to help them select the “best fit” for their children, and information on other community resources. Between these calls and other parents’ online searches for child care MOCCRRN agencies referred the families of almost 34,000 children to child care programs.

When parents call MOCCRRN’s toll-free number or access the searchable web-based database of programs, they receive an immediate return: a list of child care and early learning programs that meet their family’s specific needs, checklists of quality indicators to watch for as they visit programs, and tips for interviewing potential child care providers. The longer-term return includes peace of mind that they have chosen the best program they can find and afford, which translates into better productivity in the workplace and lowered absenteeism.

But the majority of parents do not yet use CCR&R to help them find child care. Assuming the national trend that 43 percent of working parents use an “organized” program for their child care arrangement, rather than a



MOCCRRN MEMBER AGENCIES SERVICE REGIONS

- A) YWCA of St. Joseph
- B) MOCCRRN-Northeast
- C) The Family Conservancy
- D) UCM Workshop on Wheels
- E) MOCCRRN-Mid-Missouri
- F) Child Day Care Association
- G) Council of Churches of the Ozarks
- H) SEMO Workshop on Wheels



relative or friend,²¹ then the parents of at least 127,800 Missouri children could benefit from referrals and consumer education annually. MOCCRRN's capacity for outreach has been limited to less than 30 percent of those children by a history of low-level investments, keeping this valuable service a "secret" from the parents who need it most. Increased funding will allow us to both raise public awareness and respond to the increased demand it generates.

Provider Services

MOCCRRN agencies improve the quality of child care and early learning programs through a wide variety of supports for professional development of this work force. Family child care business owners, along with teachers and program directors from child care centers and preschools, receive education through workshops that range from basic orientation to advanced continuing education. MOCCRRN's evidence-based workshops provide an intensive learning experience, and teachers leave ready to implement practical new approaches in their classrooms.

In 2008, MOCCRRN workshops had a capacity of 75,355 person/hours (hours of workshops multiplied by maximum attendance of 35). Yet, we estimate a workforce of more than 13,000 in the licensed Missouri programs, all of whom are required to have 12 hours per year, creating a demand for at least 156,000 person/hours. Although not currently required to pursue any professional development, an estimated 10,000 staff from license-exempt and unregulated programs would also benefit from such workshops, and many do attend them.

T.E.A.C.H. Early Childhood[®] MISSOURI, administered by MOCCRRN, has provided scholarships and other resources to help more than 1,200 child care workers advance toward college degrees while staying in their jobs. Since 2000, these students have earned more than 11,000 college credit hours at 21 colleges and universities in Missouri. The knowledge and skills acquired have improved the quality of care and education for more than 13,000 children. There is always a waiting list of 100 or more members of the child care work force for T.E.A.C.H. MISSOURI scholarships, in response to conservative outreach to potential consumers.

MOCCRRN technical assistance (TA) programs bring on-site consultation, coaching, and mentoring to programs that seek to improve their quality, or are making efforts to include children with diagnosed disabilities and other special needs. MOCCRRN agencies' consultants made more than 45,000 contacts with child care providers in 2008 to help them start new programs or improve existing ones. TA to help programs achieve the high benchmarks required by accreditation currently improves quality at 180 child care centers and family child care businesses. Since 2000, MOCCRRN has assisted 82 programs to achieve accreditation. With an average of 11 contacts per licensed program, that's less than one contact per month, some

of which are only a brief phone call. The level of TA that leads to real program improvement would require multiple contacts each month, mostly on-site visits of an hour or more, and necessitate increased staffing levels.

The service delivery detailed above is impressive, especially in light of modest funding for CCR&R-based professional development. Additional funding would allow MOCCRRN agencies to increase the variety of workshops, offer them more often and in more locations, and better coordinate content to meet specific educational needs. In addition, they could deepen technical assistance relationships, ensuring substantive improvements in how teachers translate new knowledge into practice. MOCCRRN stands ready to seize any opportunity to expand and strengthen these services.

Community Collaboration

At regional and local levels, Missouri's business and civic leaders are making significant efforts to solve public safety, education, and economic problems that affect the quality of life of their communities' residents. Poverty among Missouri children is gradually increasing, and unemployment among parents is rising. In 2003, 20 percent of Missouri children younger than five lived in poverty, and that rose to 22 percent by 2004²² and to 23 percent by 2007. Fifteen percent of children ages five to 17 lived in poverty in 2003, but that increased to 16 percent in 2004 and to almost 18 percent by 2005.²³ Many of these community concerns are positively affected by higher-quality child care and early learning programs. MOCCRRN agencies support business and community leaders as they work to solve these problems.

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Local CCR&Rs provide data on supply of and demand for child care, costs to parents, and indicators of quality. Without data to define the scope of the problem, local initiatives cannot invest resources at the points of greatest impact. And without data to measure progress, there is no accountability tied to those investments. The Springfield Red Wagon initiative, the St. Joseph United Way Success By Six[®] Early Childhood Partners, United Way of Southeast Missouri Success By Six[®] in Cape Girardeau, First Chance for Children in Columbia, and the Metropolitan Council on Early Learning initiative in Kansas City have all benefited from CCR&R data. Community Partnerships funded by FACT have also relied on data from CCR&Rs.

Data that are current, valid, and can be made quickly available in response to community need require expanded investments in technology capacity and human resource. MOCCRRN's state-level half-time data coordinator should be expanded to full-time, staffing of data needs at the local agencies must likewise be expanded, and MOCCRRN needs increased investment in development of custom software.

The Essential Investment

Missouri parents, child care businesses, and communities already receive significant value from child care resource and referral (CCR&R) services, as documented in previous sections. Yet, the benefits have been constrained by limited investment in these services.

The need is clearly greater than the current capacity can meet. Positive outcomes for Missouri's economic development, the educational success of its children, and crime prevention can expand exponentially with increased investment in CCR&R. The cost of adding the full value of CCR&R to Missouri communities is less than many other state investments in services of public benefit, and the returns are far greater.

A little more than \$9.5 million per year added to the current state investment will at least triple CCR&R services in Missouri, and meet the needs of parents, providers, and community leaders. The data at the foundation of this estimate came from an October 2008 functional cost analysis (FCA) conducted at MOCCRRN member agencies.²⁴ (See Appendix A for details of the Functional Cost Analysis process and results.) Based on this analysis, the actual costs of delivering child care referrals, consumer education, and professional development workshops, can be seen in TABLE 2 (PAGE II).

TABLE 3 (PAGE II) shows the costs associated with levels of these services projected to meet the true demand and ensure the best outcomes for children, families, and communities. These projected service levels are based on the following assumptions:

- An increase in the number of parent referrals and consumer education contacts, sufficient to fill half the capacity of the state's licensed programs.
- An increase in the number of hours of professional development workshops, sufficient to ensure that all staff members in licensed programs receive 15 hours of workshops per year. These increases will be 200 to 300 percent above current service delivery levels.

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Currently, the annual costs of these three units of service, along with all other CCR&R services, are supported by state contracts and private funding. Most state funding comes from the Department of Social Services and targets investment to support families who receive child care subsidy funds. Collapsing referrals and consumer education into one category, TABLE 4 (PAGE 11) shows the difference between the projected annual cost of two categories of CCR&R service and the current levels of state funding that support them.

More professional development through workshops and TA, combined with more teachers working toward college degrees will vastly improve the quality of the state's child care and early learning programs.

Unfortunately, referrals/consumer education and professional development workshops were the only two units of service for which the Functional Cost Analysis generated a unit cost. Although we were unable to determine unit costs for technical assistance or community collaboration, we know that demand for those services is also higher than currently funded capacity. A 250 percent increase in technical assistance and community collaboration services would meet that demand for \$4,426,600 annually, based on current costs. A projected 300 percent increase in T.E.A.C.H. MISSOURI scholarships results in an annual cost of \$3 million. Adding these projections to those above, a total projected annual cost of \$14,036,100 for CCR&R services will meet the needs of Missouri parents, providers, and community leaders. State-level funding contracts and other resources currently total around \$4.5 million annually. Therefore, an additional investment of slightly more than \$9.5 million will expand all CCR&R services to meet the state's needs.

The resulting parent, provider, and community services from CCR&Rs will be capable of addressing the growing problems created or exacerbated by substandard child care and early education programs. More professional development through workshops and TA, combined with more teachers working toward college degrees, will vastly improve the quality of the state's child care and early learning programs. These investments in the child care industry via the entry point of CCR&R will result, over time, in the "product" described by Tudor Investment Corporation's Managing Director, Robert Dugger, as "healthy, team-oriented, educated and productive young adults...the most important input to future societal wellbeing."

TABLE 2
Current costs for selected services

| SERVICE | UNIT COST | CURRENT ANNUAL UNITS | CURRENT ANNUAL COST |
|---|--|----------------------|---------------------|
| Child care referral | \$68 | 9,168 | \$623,424 |
| Consumer education contact | \$10 | 12,632 | \$126,320 |
| Professional development workshop (unit = 1 hour) | \$482 (serves estimated average of 19 participants) | 2,153 | \$1,037,746 |

TABLE 3
The cost of increasing selected CCR&R services to meet demand

| SERVICE | UNIT COST | ANNUAL UNITS PROJECTED TO MEET DEMAND | ANNUAL COST PROJECTED TO MEET DEMAND |
|-----------------------------------|-----------|---------------------------------------|--------------------------------------|
| Child care referral | \$68 | 31,950 | \$2,172,600 |
| Consumer education contact | \$10 | 39,050 | \$390,500 |
| Professional development workshop | \$482 | 8,395 | \$4,046,400 |

TABLE 4
Investment needed to meet projected demands for referral, consumer education and professional development workshops

| SERVICE | PROJECTED ANNUAL COST | CURRENT STATE CONTRACTS | INVESTMENT NEEDED TO MEET DEMAND |
|--|-----------------------|-------------------------|----------------------------------|
| Child care referral and consumer education | \$2,563,100 | \$750,292 | \$1,812,808 |
| Professional development workshop | \$4,046,400 | \$756,000 | \$3,290,400 |

Investment Priorities

The Functional Cost Analysis that produced some of the data in the preceding section comprised one part of MOCCRRN's fall 2008 strategic planning process. In addition, the board pursued more traditional strategies to project future directions. (Appendix B illustrates the entire process.) With the help of partners from Missouri government, community agencies, and other organizational stakeholders, the board and staff carefully examined what Missouri families, communities, and the child care industry need from MOCCRRN. The following priorities, established for the next three to five years, chart the course to expand CCR&R services for achievement of the outcomes they need.

Develop services to meet the standards of NACCRRA Quality Assurance, an agency accreditation awarded by the National Association of Child Care Resource and Referral Agencies.

- High standards for governance, management, and organizational structures in every member agency and the state Network office.
- Uniform high quality of provider services and parent services statewide.²⁵ MOCCRRN will achieve Quality Assurance by the end of 2010. The accreditation will be considered in good standing through 2015.

Rationale. Meeting the standards of NACCRRA Quality Assurance is the first step in expanding CCR&R services to achieve desired outcomes for Missouri. New investments in these services must be made with the certainty of the highest possible return. A national, objective accreditation of CCR&R services will provide that guarantee.

Develop MOCCRRN data to full capacity for use in defining child care and early learning issues, and in making the case for new initiatives.

- Comprehensive data to proactively meet the interests of stakeholders.
- Flexible and user-friendly technology infrastructure.
- Identified and developed markets for data products.
- High-level data skills in CCR&R staff.

Rationale. Full development of MOCCRRN's data capacity is an essential step in expanding CCR&R services for two reasons. First, policy makers and other business and civic leaders cannot know the scope of the problems faced by working parents and by the child care industry, unless there are reliable and valid data to define those problems. Perhaps more importantly, these data also can be combined with data from other sources to define solutions, project their costs, and project the return on investments.



Ensure that MOCCRRN is an integral partner in public and private policy development for child care and early learning.

- Legislators and personnel in key state departments of government who understand MOCCRRN's expertise, concerns and goals and rely on MOCCRRN to meet their constituents' needs.
- Expanded relationships that include new policy partners.

Rationale. The connection of this priority to expanded implementation of CCR&R services in Missouri may seem obvious. Certainly, a position as an integral partner in public and private policy development could result in policies that support expansion of CCR&R services. More importantly, such involvement will ensure that our state's business and civic leaders develop a broader view of child care and CCR&R as components of the state's social and economic infrastructures.

Create a coordinated communications campaign to raise the public profile of the CCR&R Network.

Rationale. MOCCRRN's past approach to program development, shaped by the question, "What are we being funded to do?" has created a cycle in which services could not be expanded to meet demand because of limited funding. For example, more aggressive marketing of referral services to parents would create an increased demand that the existing staff could not meet, so marketing was conservative. Creating and marketing a menu of workshops and technical assistance options that truly responded to provider needs would create a demand that would far outstrip organizational capacity, so more modest offerings were modestly marketed. The communications campaign proposed in this priority will help us create a demand for investment in CCR&R at the same time that it creates a demand for the services. Both are necessary for services sufficient to meet the needs of Missouri parents, child care businesses, and community leaders.

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Conclusion

Missouri needs higher quality child care, to ensure increased school success, crime reduction, and a stronger economy. Without an excellent early childhood foundation for academic success, and the outstanding social and teamwork skills that can be built in higher-quality child care during the crucial early years, youth in Missouri are robbed of opportunity. Child care is crucial to Missouri's economic health because recovery from the current economic downturn requires that citizens return to work.

But also, "If Alan S. Blinder, former vice chairman of the board of governors of the Federal Reserve System, is correct, the only jobs that will be secure in the next decade will be those that can't be sent offshore electronically."²⁶ Certainly, jobs in the child care and early education sector fall into that category. And this industry not only directly employs those working in the field, but it enables 120,000 Missouri parents to be at their jobs in other industries, earning income and contributing to the economy.

The greatest challenge most states face is how to support development in this important industry that is comprised of thousands of small and micro-businesses. Missouri has found a solution in CCR&R as this system's point of entry. Investment through CCR&R enables investment in this whole economic sector as an alternative to piecemeal funding for its thousands of businesses. Investment in CCR&R leads to improved quality for every child care business which in turn leads to:

- Greater school success for children, including higher graduation rates,
- Lower crime rates,
- Higher productivity and reduced absenteeism in all other sectors,
- Greater success for community-based initiatives that leverage state investments.

It's simple really. MOCCRRN can touch every Missouri child care and early education business. Therefore, MOCCRRN directly affects Missouri's economic development, the educational success of its children, and the public safety of its citizens. There is no wiser investment in Missouri's child care and early education than the single entry point of MOCCRRN.





MOCCRRN Functional Cost Analysis Process and Results

In September 2008, The Missouri Child Care Resource and Referral Network (MOCCRRN) began a three-month functional cost analysis (FCA), a technique for collecting, organizing, and analyzing program expenditures and productivity data to generate estimated costs for specific units of activity. MOCCRRN used an analysis tool provided by Patrick E. Gannon, CPA, based on *Understanding Resource and Referral Costs: A Functional Cost Analysis Handbook*, written by Gwen Morgan and Anne Ryder and distributed by the National Association of Child Care Resource and Referral Agencies (NACCRRRA). The analysis tool assesses costs for carrying out CCR&R services or programs under prescribed categories and subcategories of work tasks. It is not designed or intended to assess the quality or effectiveness of a service or program.

Although the original research tool was designed for use in a single CCR&R site, Gannon modified it in 1999 to be effectively implemented in multiple sites without on-site supervision by a consultant. The tool was further tailored to ensure that the functional subcategories were defined in Missouri CCR&R service delivery terms, and yet still comparable to other states that have completed a functional cost analysis (Wisconsin, Washington, and New York have all completed this analysis since the beginning of 2005). To ensure uniformity of data collection statewide, he created step-by-step instructions, including detailed samples for the data collection, and provided comprehensive training for staff from all CCR&R agencies participating in the FCA. The project methodology also included extensive technical assistance and contact with MOCCRRN agencies at critical junctures in the process.

Functional Categories and Subcategories

To best capture core CCR&R services without losing the unique, locally based nature of Missouri CCR&R, uniform functional categories were established based on the Missouri Department of Social Services core service areas. The basic functional categories and associated costs used in the analyses were:

- *Agency Management*: includes staffing and personnel development, planning and budgeting, resource development, fundraising, marketing, general travel, reporting, overhead, and general office support.
- *Database Management*: includes publishing new events and updating existing events on the MOCCRRN Training Calendar, and entering new information and updating existing provider records on the Work Life Systems (WLS) database to track the supply and demand of child care in local service delivery areas. WLS is a software program used by 26 CCR&Rs in seven states.
- *Community Outreach and Collaboration Activities*: includes all local and statewide partnerships and collaborations in which CCR&R directors and staff are involved, community needs assessments, non-referral employer services, and related travel.
- *Provider Services*: includes recruitment of new providers; training of new and existing providers; child care provider certification; planning and implementing training workshops; technical assistance by phone, email, newsletters, and other; maintenance of resource lending library; walk-in, phone, email, and on-site provider technical assistance; and related travel.
- *Parent Services*: includes phone and walk-in referral intake, referral data entry, online web-based referral follow-up contacts, counseling and consulting, consumer education/parent technical assistance calls (calls that do not result in a referral), referrals to subsidy programs and other agencies, follow-up calls, follow-up surveys, implementing complaint policy, parent newsletters, developing and distributing parent education materials, establishing and supporting parent groups, and related travel.

The functional cost analysis for each CCR&R agency was based on employee-documented work (using assigned function codes) for 14 days in two separate seven-day periods. This time study was then cross-analyzed with historical data for actual expenditures and actual productivity in the state fiscal year from July 1, 2007, through June 30, 2008.

The FCA Process:

1. Project team formulated measurable units for the functional cost analysis and revised the analysis tool and materials to reflect Missouri.
2. Consultant trained participating CCR&R staff on the FCA process and methods.
3. Staff began first of two seven-day time studies, documenting work hours using assigned codes for functional subcategories. Staff recorded work time in 15-minute increments.
4. MOCCRRN Data Coordinator reviewed sample data from week one and provided technical assistance on sample data.

5. Staff began second of two seven-day time studies (see #3, above).
6. Data Coordinator received and reviewed raw data from the two one-week time studies, and contacted individual CCR&R agencies for clarification on data summaries, reviewing each issue with the appropriate CCR&R manager.
7. Data Coordinator and Consultant completed review and compilation of data, reviewing income and expenditure data for accuracy and reasonableness.
8. Data Coordinator and Consultant completed analysis of FCA data, and Consultant reviewed all spreadsheets for accuracy and reasonableness.
9. Data Coordinator completed final spreadsheets.

Results

The FCA provided unit costs for two parent services (child care referrals and consumer education contacts) and for the provider service of clock-hour classes (i.e., training workshops). All three units include a prorated portion of management/overhead expenses.

- Child care referral—\$68. As a unit, a referral includes:
 - » All components of a simple, uncomplicated referral, including intake, data entry, technical assistance for the parents, and emailing/ mailing referral lists and/or consumer education materials.
 - » All components of a complex referral (one that extends to discussions and other referrals for services such as subsidy, housing, or other social services; or that extends because of parent's extreme difficulties in finding child care), including intake, data entry, technical assistance for the parents, and emailing/ mailing referral lists and/or consumer education materials.
 - » Conducting consumer satisfaction follow-up calls and/or surveys.
 - » Taking complaints about providers and taking the steps to implement the complaint policy (e.g., calls to the Section for Child Care Licensing or to Child Protection).
- Consumer education contact—\$10. As a unit, consumer education includes:
 - » Information and technical assistance calls or walk-in conversations that do not relate to or result in a referral, including calls that are in follow-up to an online referral.
 - » Preparing and/or disseminating consumer education materials, except as an integrated component of a referral.
- Professional development workshop (per hour)—\$482. As a unit, an hour of workshop time may benefit up to 35 teachers (the estimated per person cost of \$19 per hour used in the figures below is based on an average of 25 in each class) and includes:
 - » Planning or implementing any workshop, including marketing, mailing, purchasing materials and delivering the session.
 - » Managing registration, confirming attendance, greeting arrivals and otherwise supporting the person delivering the workshop.
 - » Drive time to and from all workshops for both presenter and support personnel.



MOCCRRN Strategic Planning Process

Revised Mission Statement

As a step in the Planning Phase, the board developed this improved definition of its mission:

The Missouri Child Care Resource and Referral Network (MOCCRRN):

- **Connects families to child care and early learning programs.**
- **Improves the quality of those programs.**
- **Collaborates with business and civic leaders to make child care safe and enriching for children.**

MOCCRRN achieves this mission as a network of local agencies, managed by a central state office. Each local agency has an identity as a free-standing nonprofit agency or a program within a parent organization, as well as its identity as one part of the network that is MOCCRRN. Programmatic efforts occur at both the regional and state levels, and collaboration efforts likewise may be at the community level or statewide.

DIAGNOSTIC PHASE

Interviews with key stakeholders, quantitative analysis of MOCCRRN services, review of industry information and relevant financial trends



PLANNING PHASE

Staff and volunteer leadership work with stakeholders to review environmental scan, conduct SWOT analysis, envision the future of MOCCRRN, and define strategic priorities to achieve the vision.



ACTION PLANNING PHASE

Staff identify action steps to achieve each strategic priority, the staff accountable for achievement, and the target dates.

Vision for Outcomes and Impact

The environmental scan and the analysis of strengths, weaknesses, opportunities, and threats (SWOT) conducted in the Planning Phase resulted in five statements of anticipated outcomes and impact desired by 2013:

- Families are more informed consumers of child care, enabling them to fully participate in the workforce.
- Each year more child care programs pursue higher quality, through professional development, accreditation, and other strategies.
- MOCCRRN sets its programmatic direction based on market needs, not on government funding sources.
- MOCCRRN is recognized by Missouri’s child care and early education leaders as a principal proactive catalyst for creation of an effective and high-functioning system of child care and early education.
- MOCCRRN—both its local agencies and its central state office—are the premiere “go to” sources for promoting an adequate supply of quality child care and early education in Missouri communities.

To achieve these desired results, MOCCRRN will organize itself around *four lines of business*. It will:

- Refer families to child care and early education programs.
- Improve the quality of those programs with professional development services.
- Analyze data about those programs and the demand for them.
- Reach out to create the community and statewide collaborations that will ensure a sufficient supply of quality, affordable programs.

Especially, we will work to:

- Develop collaborations with other providers of professional development for the child care and early education workforce, to plug gaps in services, avoid duplication, and make effective use of resources, including taxpayer dollars.
- Develop research capabilities that uncover emerging trends in the field and the unmet needs of families, child care and early education programs, and community stakeholders, including business and civic leaders.
- Ensure a fund development capacity sufficient to create highly functioning, effective programs in these lines of business.
- Enhance the Network’s brand, and enhance the brands of its member agencies, by actively promoting quality standards for child care resource and referral (CCR&R) services statewide.

COMMITMENT PHASE

Board adopts overall plan, including action steps and timelines.

FUNCTIONAL COST ANALYSIS

- Two one-week time studies
- Data compilation
- Data analysis

Endnotes

- ¹ Throughout this report, the term child care includes programs that serve children from birth through age 12, in centers or family child care homes, including before and after school programs for children and youth in kindergarten through sixth grade.
- ² Besharov, D. J., & Morrow, J. S. (2006). Rethinking child care research. *Evaluation Review*, 30(5), 539-555.
- ³ Children's Defense Fund. (2005). *The state of America's children*. Washington DC: Author.
- ⁴ Citizens for Missouri's Children (2005). *Kids Count in Missouri 2004 data book*. St. Louis: Citizens for Missouri's Children. Data not available after 2004 for kindergarten readiness.
- ⁵ Riley, R.W. (September 24, 2008). Before the 'Either-Or' Era: Reviving bi-partisanship to improve America's schools. *Education Week*.
- ⁶ Missouri Department of Elementary and Secondary Education. Retrieved December 2008 from www.dese.mo.gov.
- ⁷ US Department of Justice, Office of Juvenile Justice and Delinquency Prevention. Retrieved December 2008 from <http://www.ojjdp.ncjrs.gov>.
- ⁸ US Bureau of Labor Statistics. Retrieved December 2008 from <http://data.bls.gov>.
- ⁹ *National Association of Child Care Resource and Referral Agencies 2006-2011 Strategic Plan*.
- ¹⁰ U.S. Department of Labor Bureau of Labor Statistics. (2006). *Women in the Labor Force: A Databook*, taken from the web on November 4, 2008 at www.bls.gov/cps/wlf-data-book2006.htm.
- ¹¹ National Association of Child Care Resource and Referral Agencies. (2004). *Child Care in America*.
- ¹² Missouri Child Care Resource and Referral Network. (2005). *Child care keeps Missouri working. The Missouri childcare industry economic impact report*. MOCCRRN: St. Louis.
- ¹³ January 22, 2009 email communication as Advisory Board Chair, Partnership for America's Economic Success.
- ¹⁴ MOCCRRN Work Life System data draw on capacity of licensed programs, January 5, 2009.
- ¹⁵ U.S. Census Bureau. B23008. *Age of own children under 18 in families and subfamilies by living arrangements by employment status of parents*. In American Community Survey, 2006. Retrieved February 2009 from http://factfinder.census.gov/servlet/DatasetMainPageServlet?_program=ACS&_submenuid= datasets_2&_lang=en&_ts=.
- ¹⁶ Lombardi, J. (2002). *Time to care: Redesigning child care to promote education, support families, and build communities*. Philadelphia: Temple University.
- ¹⁷ Cost, Quality, and Child Outcomes Study Team. (1995). *Cost, quality, and child outcomes in child care centers public report*. Denver: Economics Department, University of Colorado-Denver.
- ¹⁸ NICHD Early Child Care Research Network. (2002). Child-care structure-process-outcome: Direct and indirect effects of child-care quality on young children's development. *Psychological Science*, 13(3), 199-206.
- ¹⁹ Center for Child Care Workforce. (2002). *Estimating the size and components of the U.S. child care workforce and caregiving population*. Washington, DC: Author.
- ²⁰ Herzenberg, S., Price, M., & Bradley, D. (2005). *Losing ground in early childhood education: Declining workforce qualifications in an expanding industry, 1979-2004*. Washington, DC: Economic Policy Institute.
- ²¹ US Census Bureau, Housing and Household Economic Statistics Division, Fertility & Family Statistics Branch, *PPL Table 1A: Child care arrangements of preschoolers under 5 years old living with mother, by employment status of mother and selected characteristics: Spring 2005*. Retrieved February 2009 from <http://www.census.gov/population/www/socdemo/child/ppl-2005.html>
- ²² US Census Bureau Small Area Income and Poverty Estimates. (2003). Retrieved November 2008 from <http://www.Census.gov/hhes/www/saipe/county.html>
- ²³ US Census Bureau Small Area Income and Poverty Estimates. (2003). Retrieved November 2008 from <http://www.Census.gov/hhes/www/saipe/county.html>
- ²⁴ MOCCRRN cannot yet report unit costs for every category of CCR&R work. Changes in data collection and reporting over the next five years (see strategic plan priorities) will make more comprehensive analysis possible in the future. However, sufficient data resulted from this FCA to provide a good estimate of the cost of fully-implemented CCR&R in Missouri.
- ²⁵ At present, NACCRRRA has developed Quality Assurance criteria for provider services, parent services and "core" services, which include organizational structures, management and governance. Criteria for services to communities are under development and will be available when MOCCRRN agencies pursue re-accreditation for 2016-2020.
- ²⁶ Gardner, W. (September 17, 2008). The case for national standards and testing. *Education Week*.





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