

## Florida Early Learning Consortium Voluntary Prekindergarten Classroom Costs Estimate

The Florida Early Learning Consortium developed a paper entitled “*Florida’s Voluntary Prekindergarten Program Funding Analysis and Recommendations*” for consideration by the Florida Legislature. After research and analysis of the program, it was recommended that the Base Student Allocation for VPK be increased to 50% of the Base Student Allocation for K-12 students. As a follow-up to that paper, the request was made to present the actual costs of the Voluntary Prekindergarten Program to better illustrate the needs for additional funding. In response to that request, the VPK Classroom Costs Estimate is provided. While there are confounding variables in demonstrating the actual costs for all program types in Florida, the illustrations below are provided based on their relevant assumptions:

**EXAMPLE 1. ABC LEARNING CENTER:** The ABC Learning Center participates in the Voluntary Prekindergarten Program. This model demonstrates the “status quo” with a teacher holding a CDA credential and paid a relatively low wage. It is a private, for profit center licensed for a total of 122 children in eight classrooms with the following enrollment:

Infant Room:	(1) Classroom for 8 infants
Toddler Room:	(1) Classroom for 12 toddlers
Two Year Olds:	(1) Classroom for 12 two year olds
Three Year Olds:	(2) Classrooms for 15 children
Four Year Olds:	(1) Classrooms for 20 children
Four Year Old (VPK):	(1) Classroom for 20 children
Afterschool:	(1) Classroom for 20 children for before and afterschool

To calculate the costs of the VPK Classroom, the following revenue and expense categories represent the analysis. Where costs cannot be directly attributed to the classroom, they are prorated among the total center enrollment.<sup>i</sup>

### **REVENUE**

20 children funded by the Early Learning Coalition @ \$2,437 each =	\$48,740
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### **EXPENSES**

#### **Classroom Personnel:**

Teacher (CDA credential):	4 hours/day x \$12/hour x 185 days <sup>ii</sup>	\$ 8,880
Teacher Assistant:	4 hours/day x \$11/hour x 185 days	\$ 8,140
Substitutes:	4 hours/day x \$10/hour x 25 days	<u>\$ 1,000</u>
Subtotal Classroom Personnel		\$18,020
Payroll taxes (FICA, Medicare, insurance, liability, benefits @ 27%)		<u>\$ 4,865</u>
<b>Total Classroom Personnel</b>		<b><u>\$22,885</u></b>

#### **Other Costs:**

Occupancy Costs (rent or mortgage, utilities, maintenance, repair, taxes)		
\$140,000 annually divided by 8 classrooms = \$15,000 <sup>iii</sup>		\$17,500
Materials & Supplies (\$500 per student x 20 students)		\$10,000
Toys, shelving, indoor and outdoor equipment		<u>\$ 4,000</u>
<b>Total Other Costs</b>		<b><u>\$31,500</u></b>
Administrative staff (director, receptionist), internet, bookkeeping, etc.		<u>\$20,000</u>

<b>Grand Total (VPK Classroom Costs)</b>	<b><u>\$74,385</u></b>
<b>Annual Cost Per Student (\$58,022 divided by 18)</b>	<b>\$ 3,719</b>
<b>Current VPK Base Student Allocation (540 hours)</b>	<b><u>( \$2,437)</u></b>
<b>Current Cost Deficit Per Student</b>	<b><u><u>(\$ 1,282)</u></u></b>

The costs represented with Example 1 show that instructional staff costs are approximately 31% of the total costs. Other reputable cost models show that the personnel is at least 52% of the total budget.<sup>iv</sup> Therefore, this estimate is a conservative one. The summary of costs show that the expenses exceed the revenues by \$25,645. The current Voluntary Prekindergarten Program Base Student Allocation is \$2,437 for the 540 hour program year option. Therefore, the difference between the current Base Student Allocation and the cost model is \$1,282 per student. This estimate is actually higher than the earlier recommendation requesting 50% of the Base Student Allocation for students in K-12 in Florida.

**EXAMPLE 2. FIRST BAPTIST EARLY LEARNING CENTER:** The First Baptist Early Learning Center participates in the Voluntary Prekindergarten Program but classrooms are smaller and can accommodate only 11 VPK students. It is a faith-based program licensed for a total of 54 children in five classrooms with the following enrollment:

Infant Room:	(1) Classroom for 4 infants
Toddler Room:	(1) Classroom for 12 toddlers
Two Year Olds:	(1) Classroom for 12 two year olds
Three Year Olds:	(1) Classrooms for 15 children
Four Year Old (VPK):	(1) Classroom for 11 children

To calculate the costs of the VPK Classroom, the following revenue and expense categories represent the analysis. Where costs cannot be directly attributed to the classroom, they are prorated among the total center enrollment.<sup>v</sup>

**REVENUE**

11 children funded by the Early Learning Coalition @ \$2,437 each = \$26,807

**EXPENSES**

**Classroom Personnel:**

Teacher (Associate Degree):	4 hours/day x \$16/hour x 185 days <sup>vi</sup>	\$11,840
Substitutes:	4 hours/day x \$11/hour x 20 days	<u>\$ 880</u>
Subtotal Classroom Personnel		\$12,720
Payroll taxes (FICA, Medicare, insurance, liability, benefits @ 27%)		<u>\$ 3,435</u>
<b>Total Classroom Personnel</b>		<b>\$16,155</b>

**Other Costs:**

Occupancy Costs (rent or mortgage, utilities, maintenance, repair, taxes)		
\$60,000 annually divided by 5 classrooms = \$12,000 <sup>vii</sup>		\$12,000
Materials & Supplies (\$500 per student x 12 students)		\$ 6,000
Toys, shelving, indoor and outdoor equipment		<u>\$ 2,400</u>
<b>Total Other Costs</b>		<b>\$20,400</b>
Administration (20%) Internet, bookkeeping, director, marketing, etc.		<u>\$ 7,311</u>

<b>Grand Total (VPK Classroom Costs)</b>	<b><u>\$43,866</u></b>
<b>Annual Cost Per Student (\$43,866 divided by 11 students)</b>	<b>\$ 3,988</b>
<b>Current VPK Base Student Allocation (540 hours)</b>	<b>( 2,437)</b>
<b>Current Cost Deficit Per Student</b>	<b><u>(\$ 1,551)</u></b>

The costs represented in Example 2 show that instructional staff costs are approximately 37% of the total costs. In this faith-based program, volunteers are needed to assist the teacher because without them, it would be difficult to manage the myriad of tasks required plus restroom breaks. Further, the teacher has the minimum requirement to teach in VPK. Funds are inadequate to hire an assistant when the revenue is available for only 11 VPK children. The costs for occupancy are reduced because the church provides some assistance with space. However, the early learning center must bear its share of the costs so there is a charge for occupancy to cover the additional insurance costs, maintenance and repair of facilities,

utilities, playground upkeep, janitorial services, etc. Administration is calculated at 20% as the total costs prorated between the five classrooms. In Example 2, the summary of costs show that the expenses exceed the revenues by \$14,622. The current Voluntary Prekindergarten Program Base Student Allocation is \$2,437 for the 540 hour program year option. Therefore, the difference between the current Base Student Allocation and the cost model is \$1,551 per student. Again, this estimate is also higher than 50% of the Base Student Allocation for students in K-12 in Florida.

## SUMMARY

Using both examples, the Classroom Costs Estimates demonstrate that the current Base Student Allocation is inadequate to pay providers the necessary costs for offering a high quality prekindergarten program as guaranteed in Florida's Constitution. The summer 300-hour program is not included in the examples as it is recommended that they receive the same appropriation as the 540-hour program as VPK must employ degreed teachers at a much higher rate of pay for the summer. The estimates are provided for demonstration purposes. There may be several variables that differ depending on the size of the center or program, whether the program pays for space or is able to access free or low-cost space for the program, and the area of the state where services are provided where labor costs may exceed the average rate. As one examines the costs, the question may come to mind with regard to how VPK providers are able to continue to offer the program given the financial constraints as presented.

Inasmuch as personnel costs represent a fairly substantial portion of the budget, the trade-offs are often in the compensation paid to the lead teacher in the program and assistant teachers. This obviously affects the quality of the VPK experience provided as the turnover rate is often exacerbated by low compensation.<sup>viii</sup> Furthermore, VPK providers are experiencing difficulty in hiring teachers with the rates of compensation they can afford given the current budgetary constraints. Research affirms that the teacher is the primary determinant of quality in the classroom. Without a plan in place to increase the Base Student Allocation for Voluntary Prekindergarten, the quality and access to programs may be severely impacted in the future.

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<sup>i</sup> Workman, S. (2018) Where Does Your Child Care Dollar Go? Understanding the True Cost of Quality Early Childhood Education, Center for American Progress. Downloaded from: <https://www.americanprogress.org/issues/early-childhood/reports/2018/02/14/446330/child-care-dollar-go/>

<sup>ii</sup> The estimate allows for 30 minutes before the students arrive and 30 minutes after students leave daily. An additional 20 hours are included for training, classroom set-up, curriculum development, and pre and post preparation for VPK students.

<sup>iii</sup> This figure represents the pro-rata share of the overhead occupancy costs for the center.

<sup>iv</sup> Workman, S. (2018) Where Does Your Child Care Dollar Go? Understanding the True Cost of Quality Early Childhood Education, Center for American Progress. Downloaded from: <https://www.americanprogress.org/issues/early-childhood/reports/2018/02/14/446330/child-care-dollar-go/>

<sup>v</sup> Workman, S. (2018) Where Does Your Child Care Dollar Go? Understanding the True Cost of Quality Early Childhood Education, Center for American Progress. Downloaded from: <https://www.americanprogress.org/issues/early-childhood/reports/2018/02/14/446330/child-care-dollar-go/>

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<sup>vii</sup> This figure represents the pro-rata share of the overhead occupancy costs for the center.

<sup>viii</sup> Whitebook, M., Phillips, D., & Howes, C. (2014). Worthy work, STILL unlivable wages: The early childhood workforce 25 years after the National Child Care Staffing Study. Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley.

## About the Early Learning Consortium

The Early Learning Consortium is a group of key influential early learning leaders that have organized to work together and improve Florida's early learning system benefitting the hundreds of thousands of children served annually. Comprised of early learning provider associations, funders and subject-matter experts, the Early Learning Consortium provides recommendations to state leaders and policymakers that advance the system and improve outcomes for children. The following organizations comprise the Consortium: Association of Early Learning Coalitions; Children's Forum; Florida Association of Child Care Management (FACCM); Florida Children's Council; Florida Head Start Association (FHSA); The Children's Movement of Florida; and the United Way of Florida.

*This paper was contributed by Dr. Phyllis Kalifeh on behalf of the Early Learning Consortium. For questions or comments, please contact: [pkalifeh@thechildrensforum.com](mailto:pkalifeh@thechildrensforum.com)*