



FIRST THINGS FIRST

Ready for School. Set for Life.

Quality First Cost Model Update

At the June 14, 2011 Board meeting, members approved revised Quality First service delivery models for FY 12 and 13. First Things First staff has finalized the cost of implementing these models and provides highlights in this narrative report.

FY 12 Cost Model

Quality First costs for FY 12 are divided into two categories:

1. The Quality First cost identified in fall 2010 for allotments in FY 12 Regional Council funding plans remains unchanged at \$29,800 per center-based provider and \$21,250 per home-based provider.
2. The Quality First cost for additional FY 12 expansion beyond the original allotment and number of providers identified in FY 12 funding plans is slightly increased due to higher coaching costs by \$800 for center-based providers for a total unit cost of \$31,600, and by \$1,500 for home-based providers for a total unit cost of \$22,750.

This cost increase for additional expansion resulted because First Things First was required to award a new grant for FY 12 Quality First coaching and incentives management. First Things First negotiated thoughtfully throughout the grant award process to minimize the financial impact of additional Quality First expansion.

FY 13 Cost Model

Components of the Quality First service delivery model change in FY 13, although the unit cost of the Quality First package of services remains similar to FY 12 costs. However, adding financing for quality early learning through the allocation of Quality First Scholarships to every enrolled provider based on the provider's star rating does increase the total funding necessary to support a provider in Quality First. Ultimately, the funding for Quality First Scholarships will increase 26% in the FY 13 cost model over the amount of funding for these scholarships in FY 12 regional funding plans. This increase provides a substantial investment in financing for the early learning system, and also allows room for future growth of this investment if desired.

Quality First Model	FY 12 Total Average Cost		FY 13 Total Average Cost	
	Centers	Homes	Centers	Homes
Quality First Services	\$29,800	\$21,250	\$30,556	\$23,082
Quality First Services Expansion (FY 12 only)	\$31,600	\$22,750		
Quality First Services and Scholarships			\$70,937	\$28,747

Significant changes to the Quality First cost model are detailed below and the total cost breakdown is shown in the table on page 4.

Assessment: initial and on-going progress assessments for all providers using the Environmental Rating Scales, CLASS and QF Point Scale will be funded from the Statewide funding plan. This replaces the previous statewide support for individual enrolled providers, who will now be funded through regional funding plans.

Coaching: coaching caseloads will be decreased from 1:12 to 1:9, and intensity levels will be increased for providers rated at the 1 or 2 star level. Total coaching costs are slightly increased over FY 12 levels.

Technical Assistance/Consultation: This is a new component in the Quality First service delivery model that will build coach and provider capacity by increasing awareness and support for all children in the areas of health, mental health, inclusion for children with special needs and instructional support. The amount added to the Quality First cost by including this technical assistance is more than offset by a decrease in the intensity and cost of Child Care Health Consultation for all providers. (Refer to Attachment A for an explanation of the Quality First Consultation Model.)

Incentives: The total amount in incentive packages has been reduced, but still provides a significant incentive for improving quality through purchase of materials (1 and 2 star levels) or through other selected quality investments such as paying professional development costs or promoting employee retention (3 stars and higher). The incentive package was also modified for FY 13 by determining that 50% of child care licensing fees would be provided from the incentive amount.

Quality First Scholarships: Allotment of Quality First Scholarships is the most significant change for the FY 13 Quality First cost model. A 27% increase in funding allows each provider to receive Quality First scholarships. The number of scholarships and amount of funding is determined based on the provider's star rating.

Star Levels	% Median Rate Paid	Maximum Number of Scholarships				
		Large Center	Medium Center	Small Center	Group Home	Family Home
1	70%	9	6	4	1	1
2	75%	10	7	5	2	1
3	85%	12	9	6	2	2
4	100%	15	11	8	3	2
5	110%	17	12	9	4	2

Regional Impacts and Considerations

Implications of the new Quality First service delivery and financing model for regions will vary depending on the current Regional Council investment in Quality First and Scholarships. Regional Councils will need to consider the following factors as they begin their strategic planning this fall:

- Beginning in FY 13, the Quality First model will not distinguish between state funded providers and regionally funded providers. It is important to note that the allotment of statewide funds for Quality First services is virtually the same at \$8.4 million in FY13 compared to \$8.6 million in FY 12. However, statewide funds will be distributed across all providers in Quality First to pay the costs for assessment, administration and TEACH scholarships, rather than fund individual providers.

Currently, the \$8.6 million of FY 12 statewide funds support 253 Quality First providers and 21 Regional Councils fund a total allotment of \$14 million to fund 673 providers. Regional Councils that have not previously funded Quality First, or have a large number of state funded providers located in their region, will need to consider the increased cost to support all Quality First providers in FY 13. Ultimately, it is a Regional Council decision to continue the support for all enrolled providers.

- The FY 13 model will tie together financing and quality through Quality First Scholarships. In FY 12, 19 Regional Councils allotted \$21.3 million for Quality First Scholarships awarded to over 450 providers. In the new model, all 926 enrolled providers will have access to scholarships, which increases the cost by 26% in FY 13 to \$28.9 million. Regional Councils that allot funds for Quality First, but have no current investment in Quality First Scholarships, must now consider how this additional cost will impact FY 13 planning.

Other factors for consideration by Regional Councils include:

- Number of providers and length of time on the Quality First provider waiting list
- Council commitment to supporting a provider in Quality First for the long-term
- Carry forward funding: amount already allotted for other strategies in FY 13; amount available or anticipated that may be allotted for Quality First and sustainability of the allotment over time
- Not all providers will use scholarships in some regions, especially in regions with tribal providers and Head Start providers, so those scholarships will be available to other Quality First providers in the region
- Investment in comprehensive consultation strategies for mental health, inclusion, and instructional support in addition to the consultation model included in Quality First

QUALITY FIRST FY13 BUDGET
(Contract Values)

of Providers (Budgeted For)

	Weighted Factor	Current	FY12	New	Total	FTF Cost/ Contract Value
FTF Directed Administration	\$ 535				926	\$ 495,000
Assessment	\$ 5,046	728	198	-	926	\$ 4,672,380
Coaching	\$ 11,210	728	198	-	926	\$ 10,380,019
Technical Assistance						
CCHC	\$ 2,520	728	198	-	926	\$ 2,333,520
Mental Health	\$ 214	728	198	-	926	\$ 197,949
Inclusion	\$ 210	728	198	-	926	\$ 194,460
Instructional Support	\$ 213	728	198	-	926	\$ 197,678
TEACH						
Direct Costs						
Center	\$ 3,600	537	105		642	\$ 2,311,200
Home	\$ 1,000	191	93		284	\$ 284,000
Indirect Costs						
Center	\$ 800	537	105	-	642	\$ 513,600
Home	\$ 400	191	93	-	284	\$ 113,600
Incentives						
Menu						
Center	\$ 5,529	537	105	-	642	\$ 3,549,381
Home	\$ 1,567	191	93	-	284	\$ 444,958
DHS						
Center	\$ 681	537	105	-	642	\$ 436,923
Home	\$ 168	191	93	-	284	\$ 47,659
Quality First Package Total						\$ 26,172,328
Center	\$ 30,556					
Home	\$ 23,082					
ADDITIONAL BENEFITS						
QF Child Care Scholarships						
Center 6.83 scholarships per	\$ 5,911	537	105	-	642	\$ 25,924,457
Home 1.33 scholarships per	\$ 4,260	191	93	-	284	\$ 1,608,833
Indirect Admin Cost 5%	\$ 1,487				926	\$ 1,376,665
						\$ 28,909,955
GRAND TOTALS						
Center Total (including Scholarships):	\$ 70,937					\$ 55,082,282
Home Total (including Scholarships):	\$ 28,747					
Regional Share						
Center Total (including Scholarships):	\$ 60,957					\$ 46,692,502
Home Total (including Scholarships):	\$ 21,766					
State Share						
Center Total (including Scholarships):	\$ 9,980					\$ 8,389,780
Home Total (including Scholarships):	\$ 6,980					

La Paz/Mohave Quality First Enrolled Providers

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La Paz / Mohave	Center	
		<p>86409 <u>Bottles 2 Buses Of Arizona</u></p> <p>Bottles 2 Buses Of Arizona 3975 N. Bank St Jennifer Peeler Kingman, Az 86409 Director p (928) 263-6248 bottles2buses@yahoo.com f Unknown</p> <p>Regional Funded</p>
		<p>86403 <u>First Southern Baptist Church</u></p> <p>Little Lambs Preschool And Daycare 113 North Acoma Boulevard Elizabeth Gordon Lake Havasu City, Az 86403 Preschool Director p (928) 505-5262 littlelambs@citlink.net f (928) 855-9722</p> <p>Regional Funded</p>
		<p>86440 <u>Ft. Mojave Indian Tribe</u></p> <p>Ft. Mojave Child Care Center 1609 Plantation Road Betsy J. Lewis Mohave Valley, Az 86440 Director p (928) 346-1111 fmcc1@ftmojave.com f (928) 346-1117</p> <p>Regional Funded</p>
		<p>86442 <u>Little Digits Daycare And Preschool</u></p> <p>Little Digits Daycare And Preschool 3040 Highway 95 Dan Denker And Jennie Cornelia Bullhead City, Az 86442 Owner/Director p (928) 758-2838 littledigitspreschool@yahoo.com f (928) 758-2955</p> <p>Statewide Funded</p>
		<p>86409 <u>Little Explorers Early Learning</u></p> <p>Little Explorers Early Learning 4182 North Bank Street Julie Beyer Kingman, Az 86409 Director p (928) 692-6430/ (928) 753-6413 jbeyer@kUSD.org f Unknown</p> <p>Statewide Funded</p>
		<p>85346 <u>Little Scholars' Preschool</u></p> <p>Little Scholars' Preschool 560 East Coyote Lisa Dehaven Quartzsite, Az 85346</p>

	<p>Director p (928) 927-9420 lisadehaven779@hotmail.com f (928) 927-9425</p> <p>Regional Funded</p>
	<p>86403 <u>New Day School</u></p> <p>New Day School 2200 Sotol Lane Sandra Gomez/ Jon Biehn Lake Havasu City, Az 86403 Owner/Director p 928-855-9660/928 716 9660 jvbiehn@uneedspeed.net f (928) 453-6753</p> <p>Regional Funded</p>
	<p>86403 <u>New Day School</u></p> <p>New Day School (North) 2915 Havasupai Boulevard Cathy Arrieta Lake Havasu City, Az 86403 Director p (928) 855-2227 cathyarrieta@hotmail.com f (928) 855-2227</p> <p>Regional Funded</p>
	<p>86406 <u>New Day School</u></p> <p>New Day School 3438 Oro Grande Boulevard Bethany Musgrove Lake Havasu City, Az 86406 Director p (928) 680-1002 deneestar@hotmail.com f (928) 680-1002</p> <p>Regional Funded</p>
	<p>86409 <u>The Gingerbread House</u></p> <p>The Gingerbread House 4145 Bank Street Brian / Lori Long Kingman, Az 86409 Owner / Director p (928) 757-7977 thegingerbreadhouse@frontiernet.net f (928) 757-7944</p> <p>Statewide Funded</p>
	<p>85357 <u>Wenden Elementary School District #19</u></p> <p>W.E.S.D.#19 - Wenden Elementary School 71001 East Santa Fe Avenue Guadalupe Lard Wenden, Az 85357 Preschool Director/Teacher p (928) 859-3806 llard@wendenk8.org f (928) 859-3958</p> <p>Regional Funded</p>
Home	<p>86401 <u>Nikki Knees Learn Through Play Child Care</u></p> <p>Nicole McClure 2007 Los Angeles St Nicole McClure Kingman, Az 86401</p>

		Child Care Provider	p (928) 263-1506
		nicole_mcclure_2005@yahoo.com	f (928) 263-1506
		Statewide Funded	
Region- Zip Total	12		