

State Administrative Cost of Quality (SACQ) Tool

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The Center on Enhancing Early Learning Outcomes (CEELO) has developed a new tool, the State Administrative Cost of Quality (SACQ), for modeling the costs of implementing and monitoring early learning programs at the state or regional level, including costs related to changes in preschool program size, complexity, and quality. The tool is currently being field tested and a final tool will be available in the summer of 2019.

Need. Agencies tasked with establishing, implementing and/or expanding a state-funded early learning program will increasingly face questions regarding their budget for state level and regional administrative costs. State staff may lack evidence-based, comprehensive data on the functions, staffing and costs needed to explain and justify state administration capacity necessary to support the implementation, monitoring and expansion of preschool programs.

Benefits. Ensuring sufficient state administrative funding (and FTEs) is critical for overall effective program oversight, and is also essential for achieving preschool expansion and quality goals. State education agencies play a significant role in program administration, including recruiting and enrolling providers and families, licensing facilities, developing the workforce, and measuring and improving quality. When state agencies are underfunded or understaffed, they are more likely to miss important short- and long-term targets. States that have participated in piloting the SACQ have had the opportunity to strengthen understanding of their state's current capacity and future needs by:

- Identifying the one-time and long-term capacities that can ensure the agency's goals are met, including any planned expansion and quality improvements, on their desired timeline;
- Considering cost implications of system infrastructure choices already in place, or being considered for enhancement; and
- Validating and creating stronger evidence for their administrative funding requirements, including comparison with other states also piloting the SACQ.

Using the SACQ. The SACQ is an excel template and provides users with step by step guidance in entering data to produce cost estimates. State agency staff begin by gathering budget data reporting their total spending for administration, using a checklist developed by CEELO. Budget data should include staffing counts and salaries, direct and indirect operating expenses, outside contracts, and any capital investments.

1. The budget data is then translated from standard accounting categories to activity-based functions and capacities. This stage of work typically requires participation from state program

staff and fiscal staff. CELO resources may also provide assistance in this translation and in the use of the SACQ tool.

2. After establishing current spending by activity and volume driver¹, underfunded or unfunded capacities can be identified and added to the model. For underfunded agencies, this step provides the opportunity to articulate where and why additional investment is required, and ties the investment to specific program goals.
3. The final step is to compare the SACQ's default administrative functions and capacities for high performing offices of early learning with what your state is currently doing or plans to do. Figure 1 presents the default categories of the SACQ.

Identifying Administrative Functions. CELO identified seven categories of administrative functions and capacities that are used to derive cost projections. The framework includes the following categories -- policy and program development, forecasting and planning, child enrollment and attendance, provider recruitment, contracting and monitoring, workforce development and agency indirect. Using this framework, a state can assess their own functions and capacities, including FTEs, contracting, and non-personnel costs to estimate administrative costs to support a high quality preschool program. The seven categories are built into the SACQ template, but may be customized to address a state's particularized needs.

FOR MORE INFORMATION

- See CELO's webpage on Cost of Preschool Quality & Revenue Calculator- <http://ceelo.org/cost-of-preschool-quality-tool/>
- To read about how the state of Washington used the SACQ, see [here](#).

¹ The SACQ framework reflects the lifecycle of state preschool administrative support, and allows users to specify costs as fixed, variable, or semi-variable; users can tie variable cost assumptions to an array of preschool activity drivers, such as the number of children, teachers, sites, contractors, regions/districts, etc.

Figure 1: Framework of State-Level Administrative Functions and Capacities

Function	Capacity	Personnel Costs (FTEs)	Non-Personnel Costs	
			Data Systems	Other Expense
Policy & Program Development	• Policy Development	✓		
	• Program Planning & Budget	✓		
	• Community Outreach	✓		✓
	• Provider Shared Services Support & Training	✓		✓
	• New Model Pilots	✓		✓
	• P-3 Alignment	✓	✓	
Forecasting and Planning	• Procurement & External Technical Expertise (Vendor Contracts)			✓
	• Analytics and Forecasting	✓	✓	
	• Mapping	✓	✓	
	• Community Planning, Site Development, and Capital (Facilities) Fund	✓		✓
Child Enrollment & Attendance	• Child Enrollment Campaigns	✓		✓
	• Community Outreach	✓		✓
	• Enrollment Database/Website and Referral Mechanisms	✓	✓	
	• Pre-Enrollment Activities	✓		
Provider Recruitment	• Provider Recruitment Campaigns	✓		✓
	• Community Outreach	✓		✓
	• Provider Readiness Activities	✓	✓	
Provider Contracting & Monitoring	• Provider Contracting	✓		
	• Desktop Monitoring	✓		
	• Fiscal Compliance Monitoring	✓		✓
	• Provider Contracting and Monitoring Database	✓	✓	
Workforce Development	• Public Awareness Campaigns	✓		✓
	• Workforce Recruitment Campaigns	✓		✓
	• Outreach to Existing Professionals	✓		✓
	• Professional Registry	✓	✓	
	• Scholarships, Incentives, and Compensation Supplements	✓		✓
	• Articulation Agreements	✓		
	• Provider Evaluation for Continuous Quality Improvement (CQI)	✓	✓	✓
	• Field Coaching and Training for Professional Learning and CQI	✓	✓	✓
	• Professional Learning Communities	✓		✓
	• Professional Learning & CQI Pilots	✓		✓
• Curricula			✓	
Agency Indirect	• Executive Management	✓		
	• Finance and Accounting Services	✓		
	• Human Resources Services	✓		
	• External Communications and Outreach Services			✓
	• Government Relations			✓
	• Central Services (office space, utilities, computers, AG, audit, etc.)			✓