

Early Childhood Education Fiscal Hub

Overview of the online tool

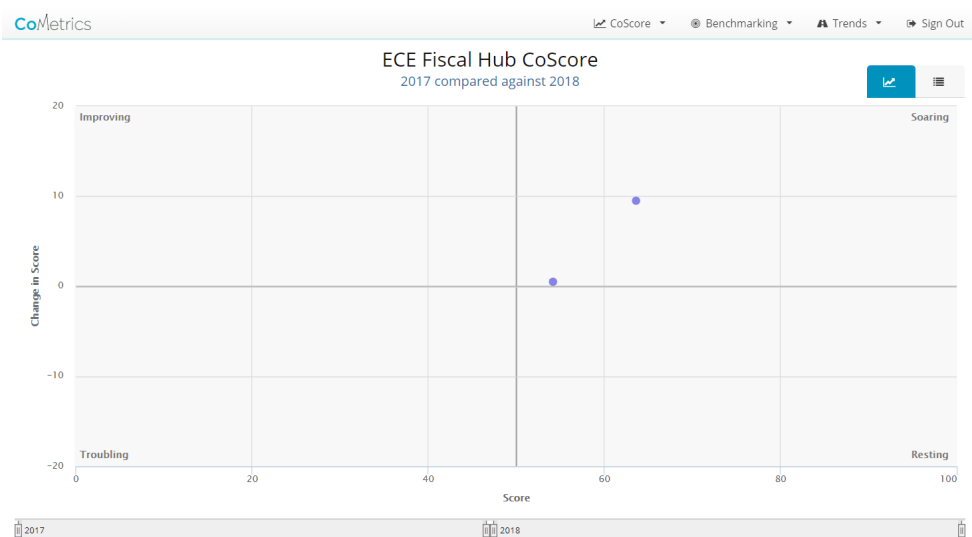
The Early Childhood Education Fiscal Hub (Fiscal Hub) helps child care owners and directors improve their business management practices and financial operations through resources, technical assistance, and policy advancement.

A primary resource created by the Fiscal Hub is an online tool, which helps providers use their financial data to make better informed business decisions. Utilizing CoMetrics' unique data platform, the online tool allows providers to clearly see their financial and programmatic data along key benchmarks, identify areas of risk, and understand how they are performing compared to their peers. This document highlights the key features of the online tool.

Online tool features

CoScore

Each provider is given a “CoScore”—akin to a credit score—that is used to indicate performance. The CoScore methodology, unique to each business sector, determines which performance measures will be used in the scoring, what the performance ranges will be, and how the measures will be weighted in the calculation. Based on the CoScore, each provider is plotted on a scatter diagram with four quadrants that indicate its current state.



A provider must submit two years' worth of data to be plotted on the scatter diagram.

- **Improving:** Moving in the right direction. This quadrant represents participants whose scores are getting better year over year but are generally lower than the group.
- **Soaring:** The sweet spot. Participants in this quadrant are both improving year over year and score generally better than the group.
- **Resting:** Temporarily okay. Participants in this quadrant are doing generally better than the group, but their performance is getting weaker year over year.
- **Troubling:** Critical situation. Participants in this quadrant are doing worse than the group and their performance is getting weaker year over year.

Developed in 2017, the Early Childhood Education (ECE) Fiscal Hub is a project aimed at improving the financial stability of child care providers. Project partners include:



In developing the Fiscal Hub CoScore, a set of critical metrics were defined for fiscally sustainable and high-quality child care operations. These metrics were based on feedback from Fiscal Hub advisory committee members from the ECE sector, focus groups with ECE providers, and interviews with key stakeholders.

Please note that “per FTE child” metrics are calculated by the total number of full-time equivalent (FTE) children enrolled. A child (birth through age five) is considered one FTE if he/she is enrolled for five days per week for five hours or more per day¹. School age children are converted to an FTE child based upon their participation in school-year versus year-round programming.

CoScore metrics (updated as of February 2020)				
Category	Metric	CoScore weight %	Definition	Calculation
1. Income	1.1. Revenue per FTE child	5%	The amount of revenue earned per FTE child from various private and public funding sources. The higher revenue the better for the CoScore.	Total revenue divided by the total number of FTE children enrolled.
	1.2. Revenue per indoor square foot ²	5%	The amount of revenue earned per indoor square foot. The higher the revenue the better for the CoScore.	Total revenue divided by indoor square footage.
	1.3. FTE enrollment as percentage of operating capacity	7.5%	This percentage shows how the number of FTE enrolled children relates to the total operating capacity (the number of children that could fit in the room according to program standards). The higher the percentage the better for the CoScore.	The total number of FTE children enrolled divided by total operating capacity.
2. Expenses	2.1. Operating cost per FTE child	10%	The expenses associated with the maintenance and administration of a business on a day-to-day basis relative to the number of FTE children enrolled. The lower the operating cost the better for the CoScore.	Adding salary, occupancy, and all other expenses related to operations and dividing it by the total number of FTE children enrolled.
	2.2. Occupancy expense per indoor square foot	7.5%	The amount spent on rent/mortgage per indoor square foot. Occupancy expenses are costs related to occupying a space, including but not limited to: rent or mortgage, property taxes, insurance, facility improvements, ongoing maintenance, utilities, trash collection, security, cleaning, telephone, and internet. The lower the occupancy expenses the better for the CoScore.	Total occupancy expense divided by total indoor square footage.

¹ Keystone STARS Enrollment Calculation Tool, Center Group <https://www.pakeys.org/keystone-stars/stars-resources/>

² Indoor square foot was used because it is an overall better representation and accurate estimate than total square footage, which would also include outdoor space. Additionally, rent expense and licensing occupancy are also typically based on the indoor square footage.

CoScore metrics (continued)

Category	Metric	CoScore weight %	Definition	Calculation
3. Growth and earnings	3.1. Revenue growth per FTE child	7.5%	<p>The change in revenue that a provider is earning or losing per FTE child from year to year. The higher the revenue growth the better for the CoScore.</p> <p>*If providers only submit one year's worth of data we cannot calculate this growth metric and use a default score for the purposes of calculating a CoScore.</p>	Current year's total revenue per FTE child divided by the previous year's revenue per FTE child minus one.
	3.2. Operating margin	17.5%	The percentage of each dollar of revenue that remains after operating expenses is considered. The higher the operating margin the better for the CoScore.	Total revenue minus operating cost, divided by total revenue.
4. Quality	4.1. Percentage of non-support staff with associate degree or higher	4%	The percentage of non-support staff (directors, assistant directors, lead teachers, and assistant teachers) with associate, bachelor, and master degrees or higher. The higher the percentage the better for the CoScore.	The number of non-support staff with associate degrees or higher divided by total non-support staff.
	4.2. Offers care across age ranges (birth through age 5)	2%	The age ranges (infant: birth-12 months, young toddler: 13-24 months, older toddler: 25-36 months, preschool: 37 months until kindergarten) offered from birth to age 5. The higher the number the better for the CoScore.	Providers earn one point per age group (infant/young toddler/older toddler/preschool) offered with the possibility of earning four points total.
	4.3. Staff cost as percentage of total expenses	7.5%	The proportion of operating expenditures spent on staffing, which includes staff wages, benefits, and payroll taxes. The higher the percentage the better for the CoScore.	Staff wages, benefits, and payroll taxes divided by total staff cost, occupancy, and other expenses.
	4.4. Teacher salary as percentage of total staffing cost	7.5%	The percentage of staff wages spent on lead and assistant teachers. Payroll tax information was not collected at a granular enough level to breakout payroll tax for teachers only. The higher the percentage the better for the CoScore.	Lead and assistant teacher salaries divided by total staff wages, benefits and payroll taxes.
	4.5. Number of priority benefits offered to full time staff	4%	<p>Priority benefits are defined as having the greatest impact on workplace and job quality:</p> <ol style="list-style-type: none"> 1. Insurance-health, life, vision, or dental (full or partially paid) 2. Paid leave (personal and/or vacation) 3. Retirement plan (at least partially paid) 4. Paid time for planning and preparation 5. Advancement opportunities, including the ability to participate in T.E.A.C.H. scholarship program or paid tuition for college (not T.E.A.C.H.). <p>The higher the number the better for the CoScore.</p>	Providers earn one point per benefit with the possibility of earning five points total. In some cases, two or more individual benefits were grouped together under the same category (i.e., paid personal leave and paid vacations make up the paid leave category).
5. Financial Health	5.1 Days cash on hand	15%	The number of days that an organization can continue to pay its operating expenses, given the amount of cash available. The higher the number the better for the CoScore.	Total cash on hand at a point in time divided by operating costs over 365 days.

Benchmarking

The benchmarking report shows an individual provider's performance relative to other participating providers. The report benchmarks against CoScore metrics, income statement accounts, balance sheet accounts, and operating and financial metrics.

Through the data collection process, the Fiscal Hub gathered financial and programmatic information from providers related to general services and operations (enrollment), staffing (qualifications and compensation), revenue, and expenses (occupancy, other operating costs). The report can be viewed in "Quick" view or "Detailed" view.

Features of "Quick" view

Quick view presents data in three columns:

- **My performance:** The individual provider's performance for the selected year is displayed in the first column.
- **Top performers:** The top performers of the provider cohort are represented as a single entity, created by combining the financial activity of the providers who had CoScores in the upper quartile (75%-100%) of the total cohort.
- **Gap:** The gap is the dollars needed for the individual provider to operate at the top performers' level.

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Quick Detailed i

	My performance	Top performers	Gap
CoScore Metrics			
Income			
Revenue per FTE Child	\$22,156	\$18,884	\$3,272
Revenue per Indoor Square Foot	\$230	\$134	\$96
FTE Enrollment as % of Operating Capacity	45.3%	56.4%	11.1%
Expenses			
Operating Cost per FTE Child	\$13,992	\$15,426	\$1,434
Occupancy Expense per Indoor Square Foot	\$14	\$14	\$0
Growth and Earnings			
Revenue per FTE Child Growth	34.1%		
Operating Profit Margin	36.8%	20.6%	16.2%
Quality			
% of Non-Support Staff With Associate Degree or Higher	29.4%	59.8%	30.4%
Offers Care Across Age Ranges (birth through age 5)	75%	92%	17%
Staff Cost as % of Total Expenses	74.9%	70.5%	4.4%
Teacher Salary as % of Total Staffing Cost	59.4%	61.8%	2.4%

2017 2018

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Features of “Detailed” view

Detailed view presents the data found in Quick view, with the addition of two more columns of data:

- **Typical performers:** The “Typical performers” of the provider cohort are represented as a single entity, created by combining the financial activity of the providers who had CoScores in the middle two quartiles (25% - 75%) of the total cohort.
- **My potential:** The “My potential” calculation relies on benchmarks set by the top performers and applies those benchmarks to the individual provider’s performance. For example, if top performers’ revenue per child is \$10,000 (the top performer benchmark) and the individual provider reports 100 children, then its potential revenue is \$1 million (\$10,000 multiplied by 100).

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Quick **Detailed** i

	My performance	Typical performers	Top performers	My potential	Gap
CoScore Metrics					
Income					
Revenue per FTE Child	\$22,156	\$8,753	\$18,884	\$18,884	\$3,272
Revenue per Indoor Square Foot	\$230	\$93	\$134	\$134	\$96
FTE Enrollment as % of Operating Capacity	45.3%	77.8%	56.4%	56.4%	11.1%
Expenses					
Operating Cost per FTE Child	\$13,992	\$8,551	\$15,426	\$15,426	\$1,434
Occupancy Expense per Indoor Square Foot	\$14	\$16	\$14	\$14	\$0
Growth and Earnings					
Revenue per FTE Child Growth	34.1%				
Operating Profit Margin	36.8%	2.3%	20.6%	20.6%	16.2%
Quality					
% of Non-Support Staff With Associate Degree or Higher	29.4%	47.4%	59.8%	59.8%	30.4%
Offers Care Across Age Ranges (birth through age 5)	75%	95%	92%	92%	17%
Staff Cost as % of Total Expenses	74.9%	59.8%	70.5%	70.5%	4.4%
Teacher Salary as % of Total					
2017	2018				

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Trends

The trends report displays detailed financial and operating data over time, highlighting changes in the organization. If four years is provided, data is highlighted in blue for improving over four years and light beige for declining over four years.



ECE Fiscal Hub Trends

ABC Child Care

Yearly

	2017	2018
CoScore Metrics		
▼ Income		
Revenue per FTE Child	\$16,528	\$22,156
Revenue per Indoor Square Foot	\$202	\$230
FTE Enrollment as % of Operating Capacity	59.0%	45.3%
▼ Expenses		
Operating Cost per FTE Child	\$11,316	\$13,992
Occupancy Expense per Indoor Square Foot	\$14	\$14
▼ Growth and Earnings		
Revenue per FTE Child Growth		34.1%
Operating Profit Margin	31.5%	36.8%
▼ Quality		
% of Non-Support Staff With Associate Degree or Higher	37.5%	29.4%
Offers Care Across Age Ranges (birth through age 5)	75%	75%
Staff Cost as % of Expenses	63.3%	74.9%
Teacher Salary as % of Staffing Cost	56.0%	59.4%
# of Priority Benefits Offered to Full Time Staff	3.0	3.0
▼ Financial Health		
2017		2018

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