

Employee Benefits, Facilities, and Child Meal Costs Paid by Child Care Providers

The Georgia Department of Early Care and Learning Collected Data from 2,004 Licensed Child Care Centers to Understand Child Care Service Costs

Employee benefits, facilities, and child meals are often among the largest expenses incurred by child care providers, but secondary data sources offer limited information for estimating these expenses in a child care cost model. In the summer of 2023, the Georgia Department of Early Care and Learning (DECAL) conducted a targeted research survey to help better understand these costs, including the amounts providers currently pay and how these costs might differ by geography, quality rating, and serving children enrolled in a child care subsidy program. A total of 2,004 child care centers participated in the survey, conducted as part of DECAL's Short-Term Assistance Benefit for Licensed Entities (STABLE) program. Using data from its internal systems, DECAL sorted survey responses by geographic location, quality rating, subsidy program participation, and facility size. Survey participants also identified the age group designation of each of their classrooms, allowing DECAL to sort square-footage-per-child calculations by child age.

Employee Benefits Cost

The U.S. Bureau of Labor Statistics (BLS) cites an average benefits rate of 27.9% of wages, or 12.9% of wages excluding paid leave and legally required benefits, for private workers in the education services industry.¹ It does not break out the private child care industry specifically, nor does it provide statistics solely for the State of Georgia or its regions. DECAL expected that employee benefits would increase with quality rating level as measured by Quality Rated (QR), Georgia's quality rating and improvement system, and decrease if a provider serves children participating in its Childcare and Parent Services (CAPS) child care subsidy program. The agency based its initial expectations for high-quality centers on the average benefits rate cited by the BLS, as well as on Georgia's Pre-K Program, the state's free, lottery-funded educational program that prepares four-year-olds for kindergarten. The 2023–2024 Operating Guidelines for Georgia's Pre-K Providers suggests, and funds, a benefits rate of approximately 14% excluding legally required benefits and paid leave.²

¹ Legally required benefits include Social Security, Medicare, and unemployment and worker's compensation insurance. U.S. Bureau of Labor Statistics. (2024, March 13). Employer Costs for Employee Compensation – December 2023. Retrieved May 28, 2024, from <https://www.bls.gov/news.release/pdf/eccec.pdf>.

² The Operating Guidelines identify a total benefits rate of 23.76% of wages and list legally required benefits as well as health, life, dental, vision, and dependent care as examples, but not paid leave. Retrieved May 28, 2024, from <https://www.dec.al.ga.gov/documents/attachments/guidelines.pdf>. A value of 14.36% is derived by deducting the following legally required benefits: employer Social Security contributions of 6.2% of wages; Medicare contributions of 1.45%; unemployment insurance contributions of 0.6%; and worker's compensation insurance contributions of 1.15%. Data retrieved from the ADP State and Local Tax Guide for Georgia at <https://www.adp.com/resources/tools/tax-guides-and-forms/state-and-local-tax-guides/state-tax-guide.aspx?state=GA&year=2020>), and the Oregon Department of Consumer and Business Services 2022 Worker's compensation premium index rates by state at <https://www.oregon.gov/dcbcs/reports/cost/Pages/premium-index-rates.aspx>.

Table 1 shows selected percentile statistics from the distribution of STABLE survey responses for additional benefits, expressed as a percentage of annual wages. The 50th (median), 75th, and 90th percentile statistics are chosen because future discussions around child care cost modeling assumptions are expected to focus on spending levels representative of 50% or more of providers surveyed. The statistics are reported by participation in the CAPS subsidy program and the QR star rating level. Only providers rated by QR using an onsite Environment Rating Scale observation are included in the analysis, and providers rated virtually during the pandemic are excluded.³ In the survey, child care centers were asked to report their total annual wage expense and the total amount they paid for benefits, not including their contributions for Social Security, Medicare, and unemployment and worker's compensation insurance.

Table 1: Additional Benefits as a Percentage of Wages for Private Child Care Centers in Georgia

ADDITIONAL BENEFITS		50th Percentile			75th Percentile			90th Percentile		
		1 Star	2 Star	3 Star	1 Star	2 Star	3 Star	1 Star	2 Star	3 Star
Centers	CAPS	0.0%	0.0%	0.1%	1.5%	2.0%	2.6%	5.2%	6.5%	10.0%
	No CAPS	0.0%	0.3%	0.0%	4.1%	3.3%	2.6%	9.2%	9.7%	6.3%
	All Centers	0.0%	0.0%	0.0%	2.5%	2.3%	2.6%	6.5%	7.6%	7.5%
GA PreK Providers	CAPS	0.0%	0.3%	0.3%	2.3%	2.5%	2.0%	5.3%	8.6%	5.0%
	No CAPS	0.0%	1.6%	0.0%	4.8%	7.7%	0.1%	6.0%	15.0%	1.8%
	All GA PreK Providers	0.0%	0.3%	0.2%	2.6%	2.8%	1.9%	6.0%	10.4%	5.4%
Non-GA PreK Providers	CAPS	0.0%	0.0%	0.0%	1.3%	1.7%	3.1%	4.9%	5.8%	11.6%
	No CAPS	0.1%	0.0%	0.0%	3.7%	2.7%	3.4%	9.4%	7.6%	6.7%
	All Non-GA PreK Providers	0.0%	0.0%	0.0%	2.2%	2.3%	3.3%	7.4%	6.2%	10.8%

At the median (50th percentile), essentially no additional benefits are reported by child care centers. At higher percentiles there is some evidence that providers who serve children in CAPS pay less in benefits but not those at the 3-star quality level, which is Georgia's highest. No consistent trends are observed that suggest higher-rated providers offer more in benefits than lower-rated providers. For Georgia's Pre-K providers the results are similar and allow for the possibility that child care centers that follow the Pre-K Operating Guidelines in paying Pre-K teacher benefits do not offer the same level of benefits to teachers not involved in Georgia's Pre-K classrooms. However, a more likely explanation is that few Georgia's Pre-K providers follow the benefits recommendations in the Operating Guidelines.

Facility Cost Per Square Foot

After employee wages, facility costs may represent the largest expense paid by child care centers. Commercial real estate firms offer insight into local leasing costs per square foot through their online listings, and DECAL sampled such data in 2020 to derive initial assumptions of \$8–\$18 per square foot for lease or mortgage costs. However, the sampled data were not specific to child

³ In response to the pandemic, DECAL created a virtual rating pathway known as Temporary Alternate Rating Option (TARO). DECAL changed rating criteria and available rating levels for providers participating in TARO.

care facilities, could not be filtered for participation in QR or CAPS, and did not address other facility expenses including utilities, insurance, and maintenance.

Of the 2,004 private child care centers participating in DECAL's survey, 1,825 (91%) indicated they pay full price for the space they own or lease and do not receive any discount in rates. Table 2 shows selected statistics from the distribution of those survey responses for mortgage/lease and other annual facility costs expressed on an annual cost per-square-foot basis. The data are reported at the state level and for DECAL's three geographic market rate zones (MRZ). MRZ 1 represents the larger urban and suburban areas of Georgia, mostly centered in and around metropolitan Atlanta. MRZ 2 represents smaller urban and suburban areas. MRZ 3 represents the remaining, mostly rural, areas.⁴ To calculate costs on a per-square-foot basis, DECAL's survey asked providers for their total annual expense in each category and the total square footage of the facility they lease or own. If they owned their facility and paid a mortgage, providers were asked to include their real estate taxes in their mortgage cost.

Table 2: Occupancy Costs per Square Foot for Private Child Care Centers in Georgia

CHILD CARE CENTER COSTS PER SQUARE FOOT (\$F)	50th Percentile				75th Percentile				90th Percentile			
	MRZ 1	MRZ 2	MRZ 3	State	MRZ 1	MRZ 2	MRZ 3	State	MRZ 1	MRZ 2	MRZ 3	State
Mortgage/Lease	\$13.93	\$9.04	\$6.17	\$11.51	\$20.95	\$13.18	\$9.65	\$17.87	\$33.55	\$19.21	\$15.39	\$29.10
Utilities	\$2.83	\$2.96	\$2.93	\$2.87	\$4.28	\$4.46	\$4.25	\$4.35	\$7.47	\$7.01	\$9.42	\$7.43
Insurance	\$1.31	\$1.26	\$1.07	\$1.26	\$2.46	\$2.51	\$1.94	\$2.45	\$4.00	\$4.35	\$4.83	\$4.28
Maintenance	\$2.78	\$2.50	\$2.25	\$2.60	\$5.94	\$4.29	\$4.32	\$5.22	\$10.08	\$7.52	\$10.52	\$9.34
Total	\$20.85	\$15.76	\$12.43	\$18.24	\$33.63	\$24.43	\$20.15	\$29.89	\$55.09	\$38.09	\$40.16	\$50.15

The median (50th percentile) cost for a mortgage or lease shown in Table 2 is lower than DECAL's original expectations of \$8-\$18 per square foot. The highest value is reported for MRZ 1 (\$13.93), followed by MRZ 2 (\$9.04) and MRZ 3 (\$6.17). This aligns with the agency's expectations regarding the trend by MRZ, and the difference between the average mortgage or lease costs by MRZ—\$14.62 for MRZ 1, \$9.66 for MRZ 2, and \$7.40 for MRZ 3—is statistically significant at the 95% confidence interval.

Utilities, insurance, and maintenance costs do not vary by market rate zone in the same manner as mortgage/lease costs. The median utilities cost per square foot is higher in MRZ 2 than in MRZ 1 and MRZ 3, and the differences between the three market rate zones are relatively small. The median insurance and maintenance costs follow a similar pattern to mortgage or lease costs by market rate zone. But the average values do not: the average insurance cost per square foot for MRZ 1, MRZ 2, and MRZ 3 is \$1.90, \$1.92, and \$1.68, respectively, and the average maintenance cost per square foot is \$4.09, \$3.23, and \$4.09. In most cases the difference between mean values is not statistically significant at the 95% confidence interval.

⁴ A list of Georgia counties by market rate zone can be found at <https://caps.dec.state.ga.us/assets/downloads/CAPS/AppendixC-CAPS%20Reimbursement%20Rates.pdf>.

Overall, the median values for total facility costs—the sum of mortgage or lease cost, utilities, insurance, and maintenance—are consistent with the agency’s expectations. In 2020, DECAL estimated \$12-\$24 per square foot for total facility costs, whereas the median values by MRZ in Table 2 range from \$12 to \$21. Facility costs reported in the survey were also examined as a function of facility size, but a relationship between increasing the number of classrooms and increasing or decreasing the facility cost per square foot was not observed.

Facility Cost Per Child

Translating facility costs per square foot to a cost per child requires estimating how many square feet to allocate to each child. This can be derived using the following three metrics:

1. The usable square footage in each classroom, available from DECAL’s internal licensing data
2. The “shared space factor,” calculated by dividing a facility’s total square footage by the sum of usable square footage of all classrooms⁵
3. The age group designation assigned to each classroom and the typical or expected class size

State licensing requirements stipulate smaller maximum class sizes for younger age groups, but classroom square footage may not change in exact proportion to the assigned age group. The rules also require a minimum of 35 square feet of usable classroom space per child, but they do not address square footage for shared spaces—the cost of which must also be allocated. Furthermore, providers with higher star ratings might be expected to provide larger spaces for their children—or serve fewer children in the same-sized space—to improve the quality of adult-child interactions. DECAL considered all these factors in designing its survey questions.

Table 3 shows selected statistics for usable square footage per classroom, shared space factors, and usable square footage per child. The data are broken out by age group classroom and by QR star rating level. Only QR ratings that included an onsite Environment Rating Scale observation are included in the analysis.

⁵ This measure is based only on open classrooms, defined as those with children and staff present. Unstaffed classrooms with no children present are counted in the total facility square footage, and the cost of such spaces must be allocated among the remaining open classrooms.

Table 3: Square Footage Metrics for Private Child Care Centers in Georgia

CHILD CARE CENTER SQUARE FOOTAGE (SF)		50th Percentile			75th Percentile			90th Percentile		
		1 Star	2 Star	3 Star	1 Star	2 Star	3 Star	1 Star	2 Star	3 Star
Usable SF per Classroom	Infants	468	454	453	600	590	587	728	722	704
	Ones	512	519	527	620	634	604	738	737	689
	Twos	608	608	609	721	722	729	813	832	821
	Threes	690	699	716	831	843	792	1055	1027	1041
	Fours	742	754	756	922	1058	923	1121	3210	2506
	PreK	840	802	841	915	926	988	1076	1108	1345
	Fives	807	929	855	995	3648	2034	3632	4468	5833
	Sixes	866	757	865	1254	2147	1710	3108	3548	3501
All Classrooms		627	636	630	771	800	790	978	1038	1062
Shared Space Factor (Usable SF) All Facilities		1.44	1.44	1.38	1.69	1.72	1.63	2.19	2.14	2.33
SF per Child based on Usable SF and at Peak Attendance (Excludes Shared Space Factor)	Infants	56	52	47	72	69	66	106	100	110
	Ones	46	43	46	57	57	63	75	75	82
	Twos	42	42	41	55	53	58	74	71	77
	Threes	40	41	42	51	53	52	71	71	72
	Fours	43	42	46	61	56	69	75	85	95
	PreK	40	40	39	48	50	51	63	64	63
	Fives	40	48	50	50	72	81	60	105	105
	Sixes	37	38	48	59	70	76	105	113	149
All Classrooms		43	43	43	58	58	61	80	86	83

Usable square footage per child is calculated using the provider’s reported peak attendance—the highest number of children typically present at one time—by classroom. Table 3 shows that the usable square footage per child can decrease by child age, but it is more uniform than DECAL expected. The findings also did not meet the agency’s expectation that square footage per child would increase dramatically at higher star rating levels. The median (50th percentile) shared space factor calculated from the survey data ranged from 1.38 to 1.44 and is generally consistent with DECAL’s initial assumption of 1.375. DECAL also expected that smaller facilities might have a higher shared space factor, but this expectation was not supported by the survey data.

Costs for Child Meals and Snacks

Food costs are often the third-largest expense for providers after employee wages and facility costs. Although DECAL considered it reasonable to use Child and Adult Care Food Program (CACFP) reimbursement rates for free child meals, supplements, and snacks as the basis for assumptions in a child care cost model, the agency wanted to understand if any providers, particularly those with higher QR star ratings or those who do not serve children enrolled in CAPS, are incurring expenses above these rates. As of July 2023, the CACFP rates per meal or snack for child care centers in the contiguous United States were: \$2.28 for free breakfast; \$4.25 for free lunch or dinner; and \$1.17 for free snacks.⁶ A provider scheduling a breakfast, lunch, and

⁶ Child and Adult Care Food Program: National Average Payment Rates, Day Care Home Food Service Payment Rates, and Administrative Reimbursement Rates for Sponsoring Organizations of Day Care Homes for July 1, 2023, through June 30,

afternoon snack every day would therefore be reimbursed \$7.70 per child per day. These rates are also intended to cover the cost to prepare, serve, and clean up after meals. DECAL separately evaluated food service staffing and found that most cost child care centers employ no more than one dedicated food service employee at a median hourly wage of \$13.00.⁷

Table 4 shows selected statistics on the cost per child meal and snack from the survey data. The data are broken out by participation in CAPS and by QR star level. Only providers receiving ratings that included onsite Environment Rating Scale observations are included in the analysis.

Table 4: Cost per Child Meal and Snack for Private Child Care Centers in Georgia

		50th Percentile			75th Percentile			90th Percentile		
COST PER CHILD MEAL		1 Star	2 Star	3 Star	1 Star	2 Star	3 Star	1 Star	2 Star	3 Star
Centers	CAPS	\$1.23	\$1.15	\$1.13	\$2.06	\$1.94	\$1.84	\$4.72	\$3.51	\$2.48
	No CAPS	\$1.02	\$1.29	\$1.05	\$1.75	\$2.15	\$1.68	\$2.60	\$4.47	\$2.12
	All Centers	\$1.23	\$1.19	\$1.11	\$1.93	\$1.98	\$1.80	\$4.21	\$3.97	\$2.35

		50th Percentile			75th Percentile			90th Percentile		
COST PER CHILD SNACK		1 Star	2 Star	3 Star	1 Star	2 Star	3 Star	1 Star	2 Star	3 Star
Centers	CAPS	\$0.36	\$0.42	\$0.40	\$0.69	\$0.81	\$0.68	\$1.59	\$1.69	\$1.12
	No CAPS	\$0.33	\$0.40	\$0.21	\$0.63	\$0.74	\$0.57	\$1.39	\$1.57	\$0.78
	All Centers	\$0.36	\$0.41	\$0.38	\$0.66	\$0.80	\$0.66	\$1.51	\$1.69	\$1.07

The survey asked providers for the following information: their total annual spending on food for child meals and snacks, excluding labor; the estimated percentage split between their spending on meals and spending on snacks; the number of breakfasts, lunches, dinners, and snacks they typically prepare daily during the school year and, separately, during the summer; and the number of days they provide meals and snacks during the school year and, separately, during the summer. From this information, DECAL calculated an average cost per meal and snack.

The data in Table 4 do not suggest that QR providers with lower star ratings consistently spend less on meals and snacks than higher-rated providers, or that providers who serve children enrolled in CAPS spend less than providers who do not. In addition, more than 75% of child care centers reported costs that fall well below current CACFP reimbursement rates for free meals and snacks. This suggests that even if the providers employ dedicated food service personnel, CACFP rates should be sufficient. For example, the median cost for two meals and one snack for a 1-star provider in Table 4 is \$2.82. If the comparable CACFP rate of \$7.70 is assumed to cover this cost and the wage of a dedicated food service employee working 40 hours a week at \$13 an hour plus 10% for legally required benefits, then it would take only 24 children served for the provider to break even on food and dedicated labor costs.

2024. 88 F.R. 43264 (July 7, 2023). Retrieved May 29, 2024, from <https://www.govinfo.gov/content/pkg/FR-2023-07-07/pdf/2023-14317.pdf>

⁷ Georgia Department of Early Care and Learning. (2024). *2024 Cost of Care Analysis Report 3: A Wage and Staffing Model for Non-Teaching Roles at Georgia Child Care Centers: Expectation Versus Reality*. https://www.dec.al.ga.gov/documents/attachments/CostofCareReport3_WagesforNon-TeachingStaffatChildCareCenters.pdf

Conclusion

The data DECAL has collected from its existing pool of providers have provided the agency with greater confidence in estimating the expenses they currently incur. The agency's targeted research survey of employee benefits, facilities, and child meals costs has yielded several important insights. Most importantly, these costs are currently not significant drivers of the cost of quality as measured by Georgia's quality rating and improvement system.

- Most centers currently do not pay for any additional employee benefits. Quality rating level does not appear to be a determining factor. Socioeconomic considerations also do not appear to be a factor, as indicated by CAPS participation.
- Roughly half of all child care centers report total facility costs per square foot of \$12-\$21, with higher costs reported in more urban areas and shared space factors of 1.38-1.44 or less. Facility size does not appear to be a determining factor in either case.
- Square footage per child by age group is more uniform than expected, indicating that providers make the best use of their available space in assigning age groups to classrooms. Quality rating level does not appear to be a determining factor.
- Most providers spend less on child meals and snacks, including labor costs, than current CACFP reimbursement rates. Quality rating level and CAPS participation do not appear to be determining factors.