

NCCIC Is a Service of the Child Care Bureau

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DRILLING DOWN TOOL: CREATING A FRAMEWORK FOR ESTIMATING COSTS

1. What are elements of the system that are givens?
2. What are some planning assumptions that need to be considered?
3. Assume the new service will go to scale over time rather than be introduced all at once. List some of the going to scale givens and assumptions.
4. Create a roster of line items for this service area. Choose one and list the assumptions you might use to project costs for that line item.
5. How would changes in the high-level givens and assumptions impact the cost projections?

Question	Response
Level 1: Clarify your planning parameters	
1. What are some elements of the system that are high-level planning <i>givens</i> ?	Given #1:
	Given #2:
2. What are some high-level planning assumptions?	Assumption #1:
	Assumption #2:
	Assumption #3:

3. Assume the new service will go to scale over time rather than be introduced all at once. List some of the going to scale givens and assumptions	Going to Scale Given #1:	
	Going to Scale Given #2:	
	Going to Scale Assumption #1:	
Level 2: Specify cost categories and line items; document assumptions for each line item.		
4. Create a roster of line items for this service area. Choose one item and list the assumptions you might use to project costs for that line item.	Line Item:	Assumption:
	Line Item:	Assumption:
	Line Item:	Assumption:
Level 3: Create cost scenarios based on going to scale givens and assumptions about utilization, rate of development, inflation, changes in policy parameters and available funding.		
5. How would changes in your high-level givens and assumptions impact your cost projections?	Change and Impact #1:	
	Change and Impact #2:	
	Change and Impact #3:	

EXAMPLE: DRILLING DOWN: PLANNING LEVELS

Once you have achieved agreement about *what* you want to fund, it's time to create a *cost estimate* that takes into account these planning parameters.

Assume your partnership is planning to fund a statewide network of infant/toddler consultants, and you are ready to begin cost projections. Brainstorm the planning guidance you might give to your budget team in the following areas:

Level 1: Clarify your planning parameters

It's important to clarify planning level givens and assumptions for those who will be preparing cost estimates of the services or systems to be financed. The planning *givens* and *assumptions* will inform cost projections on a macro level.

For example, the partnership wants to fund a statewide network of infant/toddler consultants for licensed child care providers. Before you can cost out the system, you will need to define the high-level givens and assumptions.

Givens: Non-negotiable planning parameters.

Examples:

- I/T consultants will be available to both child care centers and family child care homes.
- All participating providers must be licensed by the State.
- The program will be piloted in 3 counties for 2 years.

Assumptions: Unproven hypotheses that are formed as a basis for cost calculations. Often assumptions are grounded in theories about what will make the program most effective. This level of assumption impacts more than one line item.

Examples:

- Approximately 25 percent of providers in the 3 pilot counties will participate in the first year.
- Because our focus is on health and development, the most effective infant/toddler consultants will be people with nursing degrees, at least a licensed practical nurse (LPN) degree.

Level 2: Specify cost categories and line items — document assumptions for each line item.

Examples:

- Line item: Nurse consultant salaries—each consultant will work 20 hours per week.
- Line item: Transportation—each consultant will drive their own cars and be reimbursed for mileage at the state rate.

Level 3: Create cost scenarios based on going to scale givens and assumptions about utilization, rate of development, inflation, changes in policy parameters and available funding.

Examples:

- In year one, the program will be piloted in 3 counties; funding will be available to expand to 5 more counties in year 3.
- Provider participation in pilot counties will increase by 25 percent each year.
- The State legislature required the expansion of infant and toddler consultants to provide services to family, friend and neighbor care.
- Two additional counties have joined the pilot in the second year.