Cost Analysis and Modeling

Putting a Price Tag on Our Goals for Kids

September 2026 | Children and Youth

When communities want to understand what it truly costs to serve children and youth, as well as how to make the case for investing more in the programs and services they need, local leaders need the right kind of financial analysis. At Children's Funding Project, we offer a range of cost-related services including **cost modeling**, **cost estimation**, and **cost analysis**. While these three approaches are related, they are meaningfully different—and choosing the right approach depends on your goals, your available data, and how you plan to use the final results.

Cost Modeling, Estimation, or Analysis

The right cost service depends on your goals, your timeline, your available data, and how you plan to use the results. If you're unsure where to start, we can evaluate your needs and recommend an approach.

Contact us at **childrensfundingproject.org/contact-us.**

Cost Modeling

Cost modeling is our most detailed and dynamic service. A cost model calculates the *true* cost of delivering a specific program or service at a desired level of quality. It is built through systematic data collection from direct service providers, capturing every component that goes into delivering a service: staffing, compensation, space, materials, administration, and more.

What makes a cost model powerful is its flexibility. Once built, a model allows users to run what-if scenarios where they can adjust variables in the model like wages, group sizes or caseloads, eligibility thresholds, or service hours, to understand the cost implications of different policy choices before committing resources.

Cost Modeling Can Help When

- You need to understand the granular cost drivers of a specific program or service.
- You have access to data from multiple service and program providers (or can collect it).
- You want a tool that you can update and use over time.
- You need to explore multiple scenarios to inform policy decisions.

What Cost Modeling Looks Like in Action

- Estimating the true cost of high-quality child care in center- and home-based settings.
- Modeling the cost of wage increases for out-of-school time staff.
- Understanding the cost of providing early childhood mental health consultation services within community-based settings.

Cost Estimation

Cost estimation produces cost projections when detailed modeling isn't yet feasible or necessary. Rather than collecting primary data from program and service providers, cost estimations draw on available data sources, benchmarks, and professional judgment to generate reasonable financial forecasts.

Cost estimations are often the right starting point when a community is in an early planning phase, wants to sketch the scale of investment needed, or needs a quick-turn analysis to initiate a funding conversation. Cost estimations can also include flexibility to run what-if scenarios, using approximate data.

CHILDREN'S FUNDING PROJECT

Cost Estimation Can Help When

- Detailed data collection isn't possible given current timelines or resources.
- You need a ballpark figure to begin a planning or budgeting conversation.
- You're planning a new program or service and need a sense of what it will cost.
- The level of precision required for your cost information doesn't yet warrant a full cost model.

What Cost Estimation Looks Like in Action

- Estimating the cost of expanding access to an existing program statewide.
- Projecting the investment needed to establish a new infrastructure, such as a teacher training program, or expand an existing infrastructure or support, such as an out-of-school time stipend program.
- Generating initial cost totals to support community conversations about gaps in existing funding.

Cost Analysis

Cost analysis is a broader category of work that examines existing cost structures, funding formulas, eligibility rules, and financial data to identify funding patterns, gaps, and opportunities. Unlike cost modeling, cost analysis typically uses publicly available or administrative data rather than primary data collected from program and service providers. The results of the analysis—often presented as a report, a memo, or structured comparison—generally provide a point-in-time look at anticipated costs, but the analysis also can be built as a reusable tool that requires specific updating.

Cost analysis underpins several of our services, including scalability analyses, funding formula development, and cost studies. Scalability analyses examine how the cost of a program changes as it grows or shrinks, depending on various policy decisions. Funding formula development involves designing the rules or structures that determine how public dollars get allocated to programs or providers. A funding formula might specify, for instance, how much a state pays per child served, adjusted for factors like age, need level, or geographic cost differences. Cost studies gather and analyze financial data to establish baseline understandings of current spending patterns and identify opportunities for efficiency or investment.

Cost Analysis Can Help When

- You need to understand how costs change as a program grows or eligibility expands.
- You're designing or evaluating a funding formula or method for allocating funding.
- You want a high-level picture of the cost structure for a system of services without collecting data directly from individual service providers.
- You need cost research and analysis to inform advocacy or policy decisions, but do not need a complete modeling tool.

What Cost Analysis Looks Like in Action:

- Analyzing the cost implications of expanding eligibility for a child care subsidy program.
- Developing an equitable funding formula for distributing resources across program providers.
- Examining current spending patterns to identify funding gaps or investment opportunities.

Turning Cost Insights into Action

Regardless of the approach, the goal of any cost model, analysis, or estimation is to support strategic action and policy change. Children's Funding Project helps communities not just build cost analyses and models, but also use them by translating complex cost data into clear narratives, compelling visualizations, and targeted advocacy strategies that make the case for greater investments in children and youth.

Our cost analysis and modeling team works closely with our sourcing additional funding team, so that community and state leaders can connect cost insights directly to funding campaigns, legislative strategies, and investment decisions. We welcome the opportunity to match your goals with the approach best suited to your needs. Contact us at childrensfundingproject.org/contact-us to learn more.

Children's Funding Project is a nonprofit social impact organization that helps communities, states, and Native nations expand equitable opportunities for children and youth through strategic public financing. childrensfundingproject.org

CHILDREN'S FUNDING PROJECT

Children's Funding Project @childrensfundingproject

© Children's Funding Project, 2026