



Lesson 3

# Prioritizing Equity in Cost Modeling

Getting Real About the True Costs of Programs for Children and Youth

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**CHILDREN'**   
FUNDING PROJECT

# Lesson Overview

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## Learning Objectives

At the end of this lesson, you will be able to do the following:

- Explain how cost modeling can address inequity and promote equitable outcomes for children and youth.
- Describe strategies for cost modeling that promote equity as a process.
- Explain the importance of strength- and assets-based approaches, flexibility, and transparency to equitable cost modeling.
- Build self-awareness of implicit and explicit biases, surface cultural assumptions, and develop strategies to counter these biases while cost modeling.

### 3.1 Defining Equity

**Equity** is a process and an outcome. We work for change with a commitment to support **equitable processes** in the pursuit of **equitable outcomes**.

### 3.2 Equity as a Process

We recognize that an exclusive focus on outcomes can create significant stress and even trauma for individuals and groups. Consequently, we commit to “do no harm” in the course of our work while striving to achieve desired outcomes. Figure 1: Prioritizing Equity in Cost Modeling illustrates just one way in which an equity approach can support those involved in the cost modeling process.

Because we value equitable processes in our work, we strive to accomplish the following goals:

#### Goal 1: Build Trusting Relationships That Lead to Reciprocal Partnerships with Programs and Communities.

- We are intentional about building trusting relationships with partners and clients.

What this looks like in our approach to cost modeling:

- Relationships are necessary for co-learning and collaboration. At Children’s Funding Project, we believe fostering trusting relationships with and among community members is essential for

creating and sustaining high-quality cost models. One way we do this is by engaging as many service providers as we can in the cost model process so they can share valuable information about their programs to build a cost model that best reflects their lived experiences. For example, in Richmond, VA, we engaged child care providers in the cost modeling process through surveys and focus groups. Providers also received gift cards as compensation for their time to encourage more participation and help foster a relationship of respect.

#### Goal 2: Prioritize Our Partners’ Voices and Agency.

- Our work is community driven. We listen to and learn from the community and state leaders with whom we work. We collaborate with our partners to develop funding solutions that address their defined priorities, needs, and ideas. We recognize the capacity that our partners and clients have for collaborating with us and strive not to overburden them in our work.

What this looks like in our approach to cost modeling:

- In Richmond, VA, child care provider voice and engagement were core elements in building the city’s cost model. In partnership with the City of Richmond, we joined telephone town halls to

**Figure 1: Prioritizing Equity in Cost Modeling**

**Problem:**  
The current early care and education market subsidizes care by compensating its workforce with low wages and non-existent benefits.

**Equity-focused action step:**  
Make sure not to create additional administrative burdens for providers during the data collection phase of the cost modeling process. Consider compensating providers/respondents for their time when possible.

#### Cost modeling can be PART of the solution by

- creating an equitable and adequate system of care
- shedding light on how policies and governance choices impact equity
- dismantling barriers to access and reducing existing inequities

talk about the cost model process for the city's universal pre-K initiative and answer providers' questions. We also invited providers to complete compensated surveys about program costs and hosted provider focus groups so they could speak to the nuances of their program costs. These opportunities encouraged providers to offer valuable insight into their programs, raise any key issues that they were experiencing, and share their vision of what they wanted their programs to look like.

- In our upcoming work with Native nation governments and organizations that support them, we strive to respect Native sovereignty, self-governance, and Indigenous-centric approaches to data collection, analysis, sharing, and reporting practices.
- We provide information using accessible language that all participants can understand, from novices to experts.

### **Goal 3: Recognize That All Individuals, Programs, and Communities Have Strengths and Visions of What They Want and/or Need for Their Children and Youth.**

- We listen and learn from people in the communities and states where we work as we recognize they are the most capable of identifying their local priorities and needs.
- We work in partnership recognizing that teaching and learning flow between all collaborators.
- We highlight community and state strengths and build from those to address challenges.

What this looks like in our approach to cost modeling:

- We identify a community partner's transferable skills and how they apply to the cost modeling process. For example, if a partner has strong interpersonal skills but is new to working with care providers, we help our partner build relationships with providers by suggesting engagement strategies that leverage the partner's interpersonal skills.

### **Goal 4: Remain Flexible to Adapt to New or Urgent Priorities, Interests, and/or Situations That Emerge in the Process of Working With Communities.**

- We respond to the dynamic conditions within a community and do not rigidly adhere to an initial contract's scope of work, deliverables, or goals described in a client's strategic plan.

What this looks like in our approach to cost modeling:

While we were building cost models for Massachusetts, the COVID-19 pandemic hit, which triggered emergency regulations that limited the number of children allowed in a group/classroom. This dramatically changed the cost structure and revenue landscape for programs. Then, when the state received federal relief dollars, leaders had to determine how to use them. We pivoted to meet the situation. We changed the cost model staff-to-child ratios and health supplies to account for the emergency regulations and structured the cost models to allow the state to use them as tools to determine grant amounts for relief dollars.

### **Goal 5: Support Collaboration with Equity-Focused Partners and Community Leaders Seeking to Expand Our Ongoing Learning and the Ingenuity of Our Work.**

- We value new ideas and enterprising ways of working that support more equitable outcomes. We encourage states and localities to harness innovative and entrepreneurial financing options. We work collaboratively and encourage community and state leaders to share their ideas throughout the process of our work together. They understand their programs and communities best and often have the most effective and creative options for addressing their challenges.

What this looks like in our approach to cost modeling:

- We supported [Boston Public Schools](#) in developing an innovative financing option for the city's universal pre-K classrooms within community-based centers. Leaders and providers from Boston Public Schools knew their programs best and understood what would be most effective in stabilizing the programs and ensuring they could provide high-quality early education. We structured the cost model to reflect their creative thinking.

### **Goal 6: Communicate with Transparency to Build and Earn Trust.**

- We communicate the big numbers, and we will not omit or keep data from communities/clients.

What this looks like in our approach to cost modeling:

- In Delaware, we used the state's narrow cost analysis to help leaders understand the total cost of creating a universal child care system (the state's goal). While this type of big

number sometimes can be overwhelming and not immediately achievable, it is important information for leaders and advocates to have. It allows state and community leaders to understand the goal they are working toward (backed by real data) and allows them to explore phased-in implementation options that are more achievable in the short term.

### **Goal 7: Remain Optimistic and Hopeful About a Future Where All Communities Provide Sufficient Public Investment in Programs and Services for All Children and Youth.**

- Despite the breadth and depth of current funding inequities, we believe individuals, groups, and communities can act to build momentum and achieve incremental progress toward their goals.

What this looks like in our approach to cost modeling:

- In Delaware, the goal was to establish a high-quality universal, voluntary early childhood system that serves 7 out of 10 young Delaware children, based on the assumption that 30% of families in the state choose private services. The big number for a universal system was a deal-breaker. We worked with our contacts to develop a near-term vision in which families who earn up to 400% of the federal poverty level would be served. Families who earn less than 200% of the federal poverty level would pay nothing and families who earn more than 200% would pay between 0.5% and 7% of their annual income. We adjusted the cost model to meet the new vision's parameters, resulting in a cost to the state that was more attainable in the near term. The mid-term vision for the system would serve additional families with reduced copayments (the cost model allows them to see this cost), while the long-term vision covers a fully universal early childhood system.

### **3.3 Equity as an Outcome**

We believe all children and youth should have equitable access to opportunities and experiences that support their optimal development, learning, and overall well-being—the ultimate outcome. For a reminder about how our organizational point of view and strong commitment to equity shape our approach to cost modeling, revisit Lesson 2: Children's Funding Project's Approach to Cost Modeling.

## **3.4 Building Self-Awareness and Skills to Support Your Commitment to Equity**

In equity work, it is essential to dedicate time and effort to building awareness about our personal biases and assumptions. (Lesson 6 provides a comprehensive discussion of assumptions used in cost modeling.) By acknowledging and examining our own biases, we can better understand how they shape our perceptions, beliefs, decisions, and interactions with others. It is helpful to distinguish between two forms of bias: explicit and implicit.

**Explicit bias** refers to conscious beliefs, perceptions, and attitudes held about a person or a group of people based on their race (racism), gender (sexism), income

### **The Challenge of Confirmation Bias**

Confirmation bias is the tendency for our desires to influence our beliefs. When we would like a certain idea or belief to be true, we end up believing that it is true because humans are very influenced by wishful thinking.

This is seen in our preference for data that confirms what we already believe to be true and our habits of disregarding data that is incongruent with our prior beliefs. Our confirmation bias leads us to stop gathering information when the evidence we gather initially confirms the views or the prejudices we would like to believe. In this way, when we are confronted with new information that confirms our held beliefs, these prior beliefs are strengthened. Yet, when confronted with data that challenges or contradicts our beliefs, we tend to respond by ignoring it, criticizing it as not credible, or discrediting it altogether.

Research on confirmation bias provides evidence that **the farther away new data is from our current belief, the less likely we are to change our belief.**

Understanding how we are all impacted (our ideas, beliefs, and behaviors) by confirmation bias is essential for mitigating its effects and allowing us to engage in equity work.

(classism), ability or disability (ableism), religion, or another characteristic. Explicit bias can also be based on a combination of these identities (e.g., racism and sexism).

**Implicit bias** is “the largely unconscious and automatic prejudice that operates below conscious awareness and without intentional control. Implicit bias is absorbed from the messages surrounding us and results in acts of discrimination. Because implicit bias is below conscious awareness and often in conflict with what a person consciously believes, the person is unaware of the discrimination that results from it.”<sup>1</sup>

Implicit biases can be either positive or negative—and everyone has them. They have important real-world effects on our own behaviors. They might not align with our conscious beliefs. The good news is that **implicit biases are malleable. That is, with awareness and reflection, these biases can be “unlearned.”** For example, consider a type of implicit bias known as “confirmation bias.” Learn more about how it might come into play and affect the cost modeling process in The Challenge of Confirmation Bias on page 5.

## The Role of Biases in Cost Modeling

Biases, whether implicit or explicit, can significantly impact the cost modeling process and the outcomes it produces. They can influence how we gather data, interpret information, make assumptions about the data, and allocate resources in cost modeling. In addition to confirmation bias, the following biases have the potential to influence cost modeling outcomes:

- **Data selection bias.** Example: Wage data from the Bureau of Labor Statistics is often prioritized as a data source. This can lead to skewed data if a certain region of a state or area of a community is not represented in or aligned with the Bureau of Labor Statistics’ data.
- **Resource allocation bias.** Example: Widespread biases about family child care exist, such as it being an inferior or lower quality form of early care and education. This can lead to fewer resources being allocated to family child care providers, such as professional development funds.
- **Interpretation bias.** Example: Longstanding biases about family structures, such as white children are from two-parent households and Black children are from single-parent families, or beliefs that families experiencing poverty and certain racial groups are less interested in accessing high-

quality early childhood programs can lead cost modelers to develop skewed assumptions about the need for care in a certain area.

- **Contributor bias.** Example: Many child care directors and family child care owners are accustomed to doing so many different jobs for the business that they underestimate how valuable it would be to have additional staff. This can lead to cost models that present staffing structures in which providers are overburdened.

## If We Are All Biased, What Can We Do About It?

Recognizing our biases allows us to challenge and unlearn them, creating opportunities to build more inclusive and equitable cost models. Yet, because implicit biases are not conscious to us, we are not aware of them until we receive training and/or learn how to reflect and build awareness about them. Researchers are thinking about implicit biases as though they are “habits of mind” that can be changed through intentional efforts to bring awareness to/surface them and then developing skills and implementing strategies to intentionally address/unlearn them.<sup>2</sup>



Read the sidebar **Unlearning Our Collective Shock About True Costs for Child and Youth Programs and Services** to examine one way that Children’s Funding Project works with budget decision-makers, advocates, and other key individuals to unlearn the scarcity mindset that often causes a biased reaction to the cost modeling outputs.

Recognizing and addressing different forms of biases and their impact on the cost modeling process is crucial to ensure that your cost models are fair and transparent and lead to equitable resource allocation and effective decision-making. To learn more about how to effectively address biases, see the resources provided in this lesson’s **Going Deeper** section.

### 3.5 Decision Point: How Will You Prioritize Equity in Your Cost Model?

Think about how you will incorporate equity into your cost modeling process by asking yourself the following questions:

- How will you and your team build trusting relationships that lead to reciprocal partnerships with programs and communities?
- How will you and your team use a strengths- and assets-based approach that disrupts deficit language and narratives about groups or communities?
- How will you and your team communicate with transparency to build and earn trust?
- How will you and your team address your own biases?

### 3.6 Key Takeaways

**Takeaway 1:** Cost modeling addresses inequities in the following ways:

- Building trusting relationships
- Prioritizing partner voices and agency
- Recognizing all strengths and visions for what is needed for children and youth
- Remaining flexible and adaptable while working in your community
- Supporting collaboration with equity-focused partners and community leaders
- Communicating with transparency
- Remaining optimistic about a future where communities provide sufficient public investments for children and youth

**Takeaway 2:** Cost modeling promotes equitable outcomes by building self-awareness and skills in acknowledging and examining our own biases. Through this acknowledgement, we can better understand how those biases shape our perceptions, beliefs, decisions, and interactions with others in the cost modeling process.

## Unlearning Our Collective Shock About True Costs for Child and Youth Programs and Services

Children’s Funding Project works with budget decision-makers, advocates, and other key individuals in cost modeling to unlearn reactivity to the true costs of programs and services for children and youth. Because we have not as a nation (yet) embraced child care, early education, after-school programs, and other child and youth service programs as public goods, we are socialized to accept the current inequitable systems as inevitable even though they are built on minimizing public investment, maximizing private costs, and keeping wages as low as possible. Solutions to address the chronic lack of funds flowing to child and youth programs often fit within this scarcity framework.

Using an equity lens, we guide leaders and community members to begin unlearning this scarcity approach and to instead, imagine a mindset of resource and abundance when considering how to invest in children.

Many **examples** of communities, states, and nations that prioritize children and families in budget decisions are available. Studying these examples is an important way to develop self-awareness about the specific implicit biases and assumptions that influence your perspectives about what cities, states, and nations can fund when investments in children and youth are priorities.

## 3.7 Going Deeper: Learn More About Equity

If you are interested in learning more about the topics covered in this lesson, check out these resources:

- [Advancing Community-Based Inquiry and Equitable Early Learning Opportunities for Native Children & Families](#) Brazelton Touchpoints
- [Creating Equitable Early Learning Environments for Young Boys of Color: Disrupting Disproportionate Outcomes](#) California Department of Education: Early Education Division.
- Children's Equity Project resources:
  - [Start with Equity: 14 Priorities to Dismantle Systemic Racism in Early Care and Education](#)
  - [Start with Equity: From the Early Years to the Early Grades](#)
  - [Start with Equity: Early Childhood Equity Strategic Plan Template](#)
- [Take Action - A Toolkit for School Systems to Advance Comprehensive School Employee Wellness](#) Child Trends
- [Financing an Anti-Racist Child Care System](#) Child Care Aware of America
- [Supporting Healthy Racial Learning in Early Childhood](#) Embrace Race
- [Equity in the Center](#)
- [Urgent Bold Action for Children, Families and Communities: Annual Snapshot 2021](#) Every Child Thrives, W. K. Kellogg Foundation
- [Advancing Equity in Early Childhood Education](#)

[Position Statement](#) National Association for the Education of Young Children

- [Anti-Bias Education for Young Children and Ourselves, Second Edition](#) National Association for the Education of Young Children
- [National Black Child Development Institute \(NBCDI\)](#)
- [A Change Management & Deep Equity Primer: The What, Why, How & Nuance](#) Grantmakers for Effective Organizations
- [Seven New Hampshire Communities Lead the Way Toward Improved Equity in Family Services](#) Child Trends
- [The Equitable Evaluation Framework](#) Equitable Evaluation Initiative, Seattle Foundation
- [From Access to Equity: Making Out-of-School-Time Spaces Meaningful for Teens From Marginalized Communities](#) Wallace Foundation

## 3.8 Endnotes

- <sup>1</sup> Robin DiAngelo, *What Does It Mean to Be White? Developing White Racial Literacy* (New York: Peter Lang Publishing, 2012).
- <sup>2</sup> Simone Ispa-Landa, "Persistently Harsh Punishments Amid Efforts to Reform: Using Tools From Social Psychology to Counteract Racial Bias in School Disciplinary Decisions," *Educational Researcher* 47, Issue 6 (August/September 2018), doi: 10.3102/0013189x1877.

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](https://childrensfundingproject.org)

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