

**Purchase of Care Information Session  
October 22, 11 am**

**House Chamber, Legislative Hall**

**Welcome**

**Representative Williams and Senator Paradee  
Co-Chairs of Joint Finance Committee**

# Thank you, Joint Finance Committee!

## DELAWARE'S EARLY CARE AND EDUCATION PROGRESS

*Thank you, Gov. John Carney and the General Assembly!*

### OUR ADVOCACY IS WORKING

In the last 8 years, Delaware has added funding for Purchase of Care and pre-K—totaling more than \$60 million!



**Pre-K**  
(state-funded preschool, ages 0-5)

2X more children in high-quality pre-K

3X funding—  
\$13 million more

**Purchase of Care**  
(child care subsidy, ages 0-12)

3,000 more children eligible

140% or \$45 million more funding

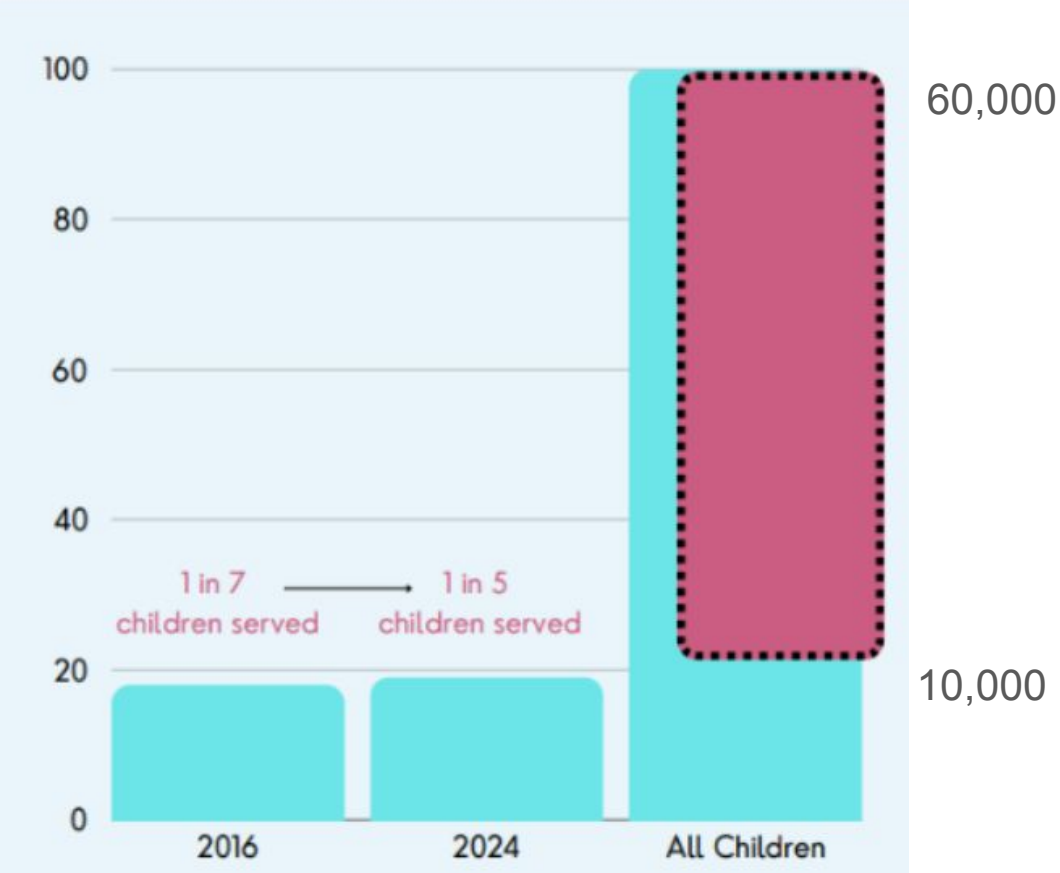


**2,600+ more children served \$60 million more invested**

# Early Care and Education in Delaware: Programs

- Purchase of Care (DHSS) – ages 0-12
- State Funded Preschool (ECAP) (DOE)
- IDEA Part B Program (DOE)
- Head Start (US DOE/DDOE)

80% of children ages 0-5 do not have access to a publicly funded early care and education program



# Purchase of Care Information Session

## Topics

- **Program Overview, including family and provider experience**
- **Budget**

## Speakers

- State officials
  - Daniel Walker, Department of Health and Social Services
  - Tom Hall, Department of Health and Social Services
  - Caitlin Gleason, Department of Education
- Child Care providers
  - Toni Dickerson, Sussex Preschools
  - Julie Bieber, Kingswood Community Center
- Parent: LaShawn Robbins, Kingswood CC Administrative Specialist and current parent
- Moderator: Madeleine Bayard, Chair, Delaware Early Childhood Council

# PURCHASE OF CARE OVERVIEW



- Purchase of Care (POC):
  - POC is the state's childcare subsidy program, available for children from birth through age 12
    - Children with a documented special need may receive POC through age 18.
  - Eligible providers include State-licensed child care centers, family homes.

# FAMILY COPAYS



- DSS pays childcare providers directly a set rate for POC attendance at their facility; families are responsible for a copay.
- The amount of the copay:
  - Is based on family size and gross monthly income
  - Can't increase during eligibility periods
  - Can decrease if family income decreases
  - Can be waived due to:
    - Enrollment in Temporary Assistance for Needy Families (TANF) or General Assistance (GA) programs
    - Division of Family Services (DFS) referral
    - A copay is found to be an excessive burden (scale calculated based on percentages of FPL )

# PURCHASE OF CARE PLUS (POC+) OVERVIEW

- First piloted in 2003 and implemented statewide in 2005
- POC+ was developed to incentivize providers to participate in the POC program.
  - Providers must have at least one POC slot at their center to participate in POC+
- In POC+ providers are paid the standard state rate for a POC slot, but childcare providers can charge the POC client the balance between the state reimbursement rate and their private rate.
  - The amount paid by the client is negotiated directly with the childcare provider and not reported to the state.





# ELIGIBILITY



- Requirements:
  - Gross monthly income of family must be  $\leq 200\%$  of the Federal Poverty Level (FPL)\*
  - Delaware residency
  - Caring for a minor in the home
  - Have a need for one of the following:
    - Employment
    - Education/Training
    - Referral from Delaware Family Services
    - Disability/Special Need



# FEDERAL REQUIREMENTS

- Once a family is deemed eligible for POC, their status as POC-eligible is guaranteed for 12 months.
  - Eligibility redetermination is conducted on an annual basis.
  - Children who turn 13 years old in the middle of their eligibility year retain eligibility until redetermination.
- 90-day transition period after
  - Loss of employment
  - End or break in training program



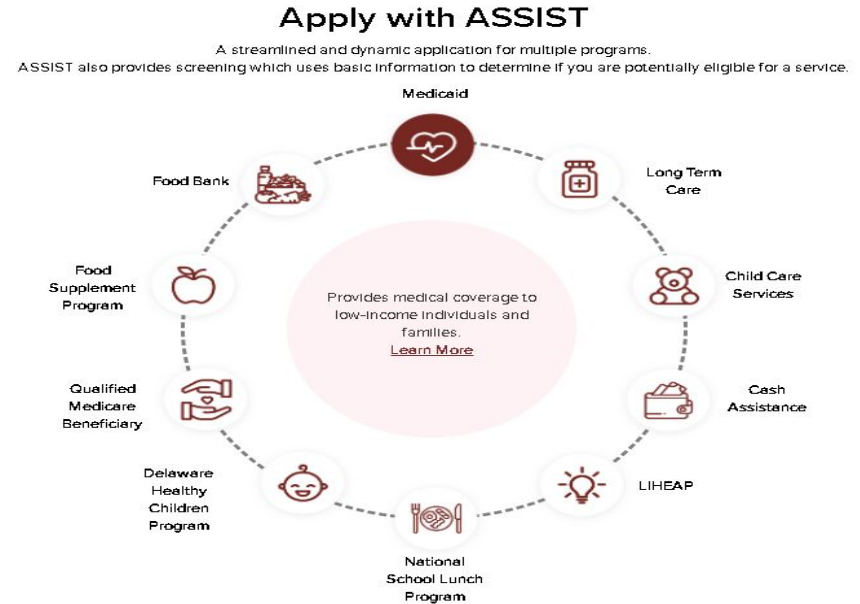
# CONTINUED



- Federal regulations require a graduated phase-out if a family is no longer income-eligible for POC.
  - If a family's income increases to 201% - 215% of the Federal Poverty Level (FPL), an additional 12 months of eligibility in the POC program is permitted.
  - This promotes continuity of care and allows the family time to budget and prepare for the additional expense.

# APPLICATION PROCESS

- Eligible families can apply for POC in the following ways:
  - In-person at a State Service Center
  - Online through the Delaware ASSIST platform
    - <https://assist.dhss.delaware.gov/>
  - Via a community partner
- Required documentation:
  - Income status
  - Need for childcare (school, disability, working)
  - Proof of residency
  - Alien status of child(ren)
  - Relationship status



# OUTREACH EFFORTS



- DSS's Community Partner Support Unit (CPSU) is located in libraries statewide to meet potential clients in their communities and answer questions.
- DOE contracts with Children & Families First to provide resources and referrals for families
- Lists of participating providers are distributed to families when they register for POC
- Participation in community resource fairs
- More information can be found at [www.mychildde.org](http://www.mychildde.org)

# ENROLLMENT VS. ATTENDANCE

All Children				
Fiscal Year	Enrollment	Attendance	% Attendance	% Never Attended
2019	27,574	24,736	89.7%	10.3%
2020	25,174	22,823	90.7%	9.3%
2021	21,236	19,735	92.9%	7.1%
2022	19,972	18,051	90.4%	9.6%
2023	20,666	18,789	90.9%	9.1%



# Family Experience

- Eligibility process and thresholds
- Waiting lists
- Affordability



# Not Enough Child Care Capacity

More centers are closing than opening

EARLY CHILDHOOD EDUCATION PROGRAMS AND CAPACITY: TOTAL LICENSED PROVIDERS (NUMBER)



"My family can only find waiting lists for child care."

Child Care Capacity in Delaware

Licensed child care capacity  
**53,640**

Estimated number of children age 0-9  
**109,075**





# Access to Child Care and Cost: Holding Back Economic Growth and Family Mobility

Due to a lack of child care, Delaware parents

**57% reduced hours at work**

**27% left the workforce**

**26% quit a job**

**30% did not pursue a promotion**

=

**\$415M** lost earnings, productivity, and tax revenue per year

# Family Experience

## Child Care Benefits Cliff

<b>Family Finances</b>	<b>Federal Poverty Level</b>	<b>200%</b>	<b>250%</b>
	<b>Annual salary</b>	<b>\$60,000</b>	<b>\$61-78,000</b>
<b>Purchase of Care</b>		<i>Eligible</i>	<b><i>Ineligible</i></b>
<b>Cost of child care</b>	<b>Annual cost of child care</b>	<b>\$4,144 (co-pay)</b>  <i>Eligible for Purchase of Care</i>	<b>\$15,000+ (market rate)</b>
	<b>Percentage of income</b>	<b>7%</b> <i>(federal recommended maximum for families)</i>	<b>32%+</b>

250%+ FPL:  
38 states

275%+ FPL:  
28 States

# Purchase of Care Funding

- Provider payments
- Rates
- Comparison with State Funded Preschool (ECAP)
- State spending

# ANNUAL BUDGET FOR PROVIDER REIMBURSEMENT

Funding Description	BUDGET
General Funds Childcare – C/O	\$ 25,903,377
General Funds Childcare	\$ 76,929,800
TANF Contingency	\$ 3,668,573
TANF Direct	\$ 14,800,000
CCDF Mandatory	\$ 5,179,330
CCDF Matching	\$ 6,134,025
CCDF Discretionary	\$ 12,000,000
FY2025 POC Budgets – State 71%	\$ 102,833,177
FY2025 POC Budgets – Federal 29%	\$ 41,781,928
FY2025 Total Budget	\$ 144,615,105
<b>Projected to spend FY25</b>	<b>\$124,456,423</b>



# RATE CALCULATIONS



- Delaware's current rates are based on the 2024 Market Rate Study(MRS)
  - Childcare rate studies are conducted every 3 years
  - Reflect the prices and fees that childcare providers charge families that private pay for childcare.
  - Delaware's POC program currently pays POC providers 50<sup>th</sup> percentile of the Statewide 2024 Market Rates
- Consideration of waiting lists
- Primary funding: GF, TANF, CCDF

# DELAWARE PURCHASE OF CARE REIMBURSEMENT RATES 2024

Age (years)	Licensed/large family/relative		Center	
	Daily	Weekly	Daily	Weekly
0	\$44.50	\$222.50	\$65.00	\$325.00
1	\$40.00	\$200.00	\$58.00	\$290.00
2 to 5	\$40.00	\$200.00	\$51.00	\$255.00
6 & Over (Full Time)	\$32.00	\$160.00	\$38.00	\$190.00
6 & Over (Part Time)	\$20.00	\$100.00	\$27.00	\$135.00
<b>SPECIAL NEEDS</b>				
0	\$46.73	\$233.63	\$68.25	\$341.25
1	\$43.25	\$216.25	\$60.90	\$304.50
2 to 5	\$43.25	\$216.25	\$55.69	\$278.45
6 & Over (Full Time)	\$33.60	\$168.00	\$39.90	\$199.50
6 & Over (Part Time)	\$21.00	\$105.00	\$28.35	\$141.75



# COST OF CHILDCARE STUDY

An initial study was completed in March 2022, that work was updated in 2024 the goals of the study were to:

- Provide an estimate of the “true” cost of childcare
- Understand the cost of providing “quality” care
- Understand the gap between state reimbursement levels and the actual cost



# COST OF CHILDCARE STUDY

## GAP ANALYSIS

### Child Care Centers

Gap analysis: Weekly POC rate compared to estimated cost of care, child care center

	Weekly Subsidy Rate, Statewide 50th Percentile 2024 MRS	Weekly Cost of Care, Licensing Current Salaries	Gap	Weekly Cost of Care, Higher Quality, Compensation Scale Salaries	Gap
Infants	\$325.00	\$432.58	(\$107.58)	\$530.31	(\$205.31)
Toddlers	\$290.00	\$338.33	(\$48.33)	\$530.31	(\$240.31)
Preschoolers (3-year-old)	\$255.00	\$262.94	(\$7.94)	\$333.62	(\$78.62)
Preschoolers (4-year-old)	\$255.00	\$244.10	\$10.90	\$317.88	(\$62.88)
School-age	\$190.00	\$139.87	\$50.13	\$164.79	\$25.21

### Family Child Care Homes

Gap analysis: Weekly POC rate compared to estimated cost of care, family child care

	Weekly Subsidy Rate, Statewide 50th Percentile 2024 MRS	Weekly Cost of Care, Licensing Current Salaries	Gap	Weekly Cost of Care, Higher Quality, Compensation Scale Salaries	Gap
Infants	\$222.50	\$358.65	(\$136.15)	\$426.92	(\$204.42)
Toddlers	\$200.00	\$358.65	(\$158.65)	\$426.92	(\$226.92)
Preschoolers	\$200.00	\$358.65	(\$158.65)	\$426.92	(\$226.92)
School-age	\$160.00	\$199.25	(\$39.25)	\$237.19	(\$77.19)





# COST OF CHILDCARE STUDY

Developed cost quality care estimation tools:

Child Care Center Cost of Quality Care Estimator Tool

Family Child Care Cost of Quality Care Estimator Tool

<https://dhss.delaware.gov/dss/childcr.html>



# Rate Setting

	Market Rate Study	Cost Estimation Study
<b>Based on</b>	Interviews with providers on <b><u>PRICE</u></b> , which is based on what they can charge parents and what the state can pay	Interviews with providers and research on <b><u>COST</u></b> of operating with <ol style="list-style-type: none"> <li>1. basic state requirements (minimum wage, licensing)</li> <li>2. state quality standards (preschool)</li> </ol>
<b>Range</b>	\$12,000-18,720 / year / child (2024)	\$26,500- 39,000 (2022) <i>2024 study anticipated in November</i>
<b>Benchmark</b>	Currently at 50th percentile – <b>federal minimum benchmark is 75th percentile</b>	(in 2022), <b>state paying only 1/2 - 1/3 of cost</b>
<b>National Landscape</b>	States are moving toward using cost estimation studies	

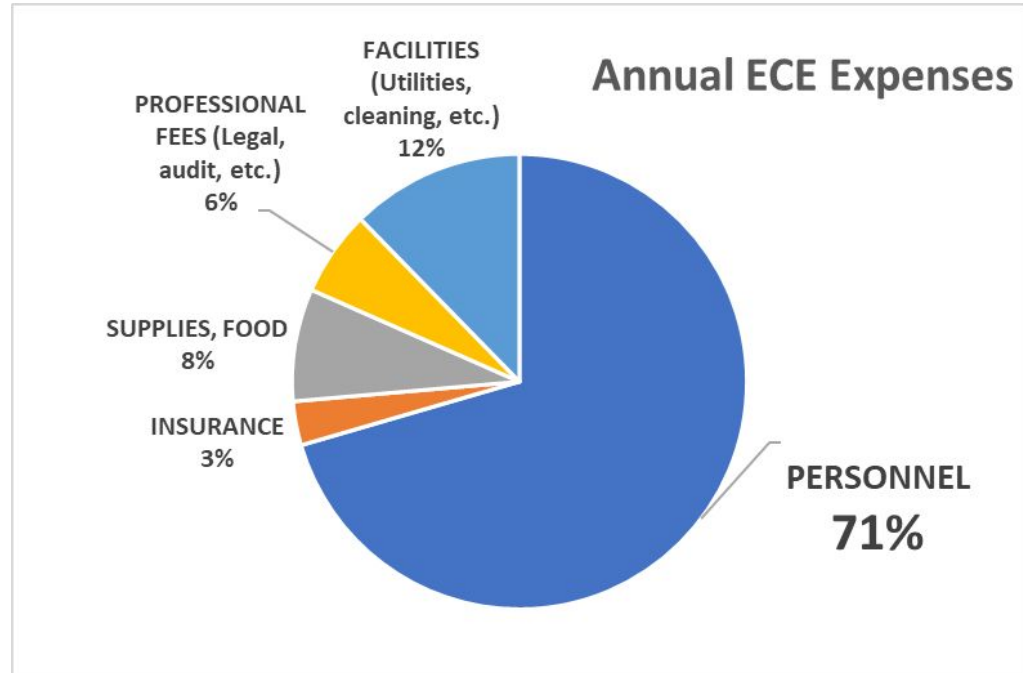
# Early Care and Education in Delaware: Major Programs

	Purchase of Care (DHSS)	State Funded Preschool (ECAP) (DOE)	Total Cost to Provider
<b>Amount per child per year</b> (range based on age)	Up to \$10,000-16,250 based on attendance	\$14,500-25,000 for school day/year + <i>POC for before/after and summer</i>	\$22,000-45,000 + <i>Additional 20-50% for special needs children</i>
<b>Rate Setting</b>	<ul style="list-style-type: none"> <li>Based on funds available and budget decisions</li> <li>Below cost of care and federal benchmark</li> </ul>	Based on the cost of quality care	
<b>Payment Process</b>	<ul style="list-style-type: none"> <li>Based on attendance, 10 days absent covered (<i>moving to paying based on enrollment next year</i>)</li> <li>limited holidays/school closures paid</li> <li>Families pay up to 7% of income</li> </ul>	<ul style="list-style-type: none"> <li>Based on enrollment for the year</li> <li>Holidays and closures paid</li> <li>No family contribution</li> </ul>	
<b>Eligibility</b>	<ul style="list-style-type: none"> <li>Enter up to 200% FPL, exit 215%</li> <li>Based on family need (employment/training)</li> <li>Ages 0-12</li> </ul>	<ul style="list-style-type: none"> <li>Up to 135% FPL</li> <li>Ages 0-5</li> </ul>	

# Kingswood Community Center Annual Early Childhood Education Expenses

Majority is Personnel; State Covers 68% of Expenses

Annual Early Childhood Education Expenses	
INCOME	ANNUAL
<b>State Funding</b>	<b>1,130,554</b>
Tuition (private pay)	10,000
<b>EXPENSES</b>	
PERSONNEL	1,164,737
INSURANCE	51,635
SUPPLIES, FOOD, EQUIPMENT	132,000
PROFESSIONAL FEES (Legal, audit, etc.)	100,200
FACILITIES (Utilities, cleaning, etc.)	203,626
<b>TOTAL EXPENSES</b>	<b>1,652,198</b>
<b>NET PROFIT</b>	<b>-511,644</b>
<b>65 Children ages 1-5</b>	
Costs are allocated as part of Kingswood Community Center	



# Cost Per Class: Toddlers vs. Pre-K

## 2-year-old Class of 8 Children

- Teacher making \$45,600/yr and Assistant Teacher making \$38,000 with full benefits
- **Cost per child: \$40,974**
- **Early Head Start (federal \$) covers: \$12,498**
- **POC covers: \$12,852**
- **Gap: \$15,624 per child**

## Pre-K Class of 15 Children

- Teacher making \$50,000/yr and Assistant Teacher making \$38,000 with full benefits
- **Cost per child: \$22,184**
- **ECAP covers: \$14,508**
- **POC covers: \$6,426**
- **Gap: \$1,250 per child**



# SPECIAL NEEDS COST ESTIMATION

Budget	Year
<b>Provider payments – tiered rates*</b> Proposed tiers: Basic (20%), Intensive (30%), and Complex (50%)	\$3,860,000
<b>Special Needs Unit**</b>	\$225,461
<b>System Updates</b>	\$250,000
<b>Supplemental payments</b>	indeterminable
<b>Total</b>	\$4,335,461

\* Assumes 17% of kids greater than three and kids less than three is at 5%.

\*\* this is a low estimate.



# POC SPENDING DATA

Fund Type	FY2019	FY2020	FY2021	FY2022	FY2023	FY2024
<b>Total State</b>	\$39,405,780	\$43,424,870	\$45,760,761	\$42,158,526	\$44,529,981	\$65,738,652
<b>CCDF Mandatory</b>	\$4,975,418	\$4,157,487	\$6,418,898	\$3,959,633	\$6,754,841	\$4,641,464
<b>CCDF Matching</b>	\$3,129,620	\$4,558,537	\$6,109,205	\$3,237,820	\$8,950,726	\$5,995,455
<b>CCDF Discretionary</b>	\$1,341,274	\$21,136,874	\$13,465,667	\$16,615,048	\$13,496,265	\$8,335,069
<b>Social Services Block Grant (SSBG)</b>	\$905,937	\$1,450,358	\$36	\$1,423,846	\$1,131,696	\$1,108,261
<b>SNAP E&amp;T</b>	\$90,920	\$122,184	\$0	\$0	(\$20,392)	\$0
<b>TANF Contingency</b>	\$2,722,667	\$4,169,860	\$3,722,435	\$3,574,244	\$2,263,491	\$7,023,967
<b>TANF Direct</b>	\$18,163,741	\$6,365,662	\$10,613,219	\$4,901,072	\$13,076,556	(\$355,672)
<b>Cares Act COVID</b>	\$0	\$0	\$5,031,683	\$1,750,292	\$582,466	\$5,586,395
<b>COVID Relief Fund</b>	\$0	\$0	\$2,075,161	\$0	\$0	\$3,937,134
<b>Total Federal</b>	\$31,329,576	\$41,960,962	\$47,436,303	\$35,461,955	\$46,235,649	\$36,272,073
<b>Total Expenditures</b>	\$70,735,356	\$85,385,832	\$93,197,064	\$77,620,481	\$90,765,630	\$102,010,725



\* Providers received an additional \$98 million through stabilization funds during COVID-19 pandemic reimbursements

# 2025 POLICY CHANGES

- POC rates increased to the 50<sup>TH</sup> percentile of the statewide rate based on the 2024 Market Rate Survey
- Initial Eligibility expanded from 185% FPL to 200% FPL
- Continuing Eligibility expanded to 215% eligibility
- Family copays eliminated for families earning less than 150% FPL, and set at 7% of gross family income
- Paid absent days increased to 10 per month





# 2025 POLICY CHANGES: FISCAL IMPACT

## Increased Spending for July and August Services

	Policy Change	July	August
1	Change to 200% FPL. New Children Served ( 7/24=100 8/24=86)	<b>\$80,100</b>	<b>\$68,886</b>
2	Rate increase to 50 <sup>th</sup> percentile of 2024 MRS	\$1,371,079.00	\$1,348,657.58
3	Copays eliminated for families below 150% FPL and limited to 7% of gross income.	\$470,983.00	\$509,066.45
4	Cost of Additional 5 absent day policy – total of 10 days	\$394,516.77	\$422,146.80
	Total	\$2,316,678.77	\$2,348,756.83



# ELIMINATE COPAYS FOR FAMILIES $\geq$ 150%FPL

Case Level	Number of Cases
<b>Before:</b> Total Number of Distinct Cases that had Copay during June	3,261
<b>After:</b> Total number of distinct Cases with a Copay starting July 1, 2024 (FPL above 150%)	1,914

Authorization/Enrolled	Number of Cases
<b>Before:</b> Total number of Children who had Copay during June	4,071
<b>After:</b> Total number of Children who have Copay starting July	1,763

Attendance	Number of Cases
<b>July:</b> Number of Children/Families who paid a copay	1,357
<b>August:</b> Number of Children/Families who paid a copay	1,372

# COPAYS AMOUNTS PAID BY FAMILIES

July 2024 Copay Distribution		Aug 2024 Copay Distribution	
Copay AMT	# of Children	Copay AMT	# of Children
< \$1.00	10,911	< \$1.00	10,982
\$1.01 - \$51.00	33	\$1.01 - \$51.00	42
\$51.01 - \$101.00	45	\$51.01 - \$101.00	38
\$101.01 - \$151.00	24	\$101.01 - \$151.00	24
\$151.01 - \$201.00	297	\$151.01 - \$201.00	277
\$201.01 - \$251.00	475	\$201.01 - \$251.00	486
\$251.01 - \$301.00	301	\$251.01 - \$301.00	304
> \$ 301.01	164	> \$301.01	173
<b>Total Children</b>	<b>12,250</b>	<b>Total Children</b>	<b>12,326</b>



# FUTURE AND EXPECTED POLICY CHANGES

- Changes to verification of a special need; link to IEP or FSP
- Payments linked to level of intervention/accommodation needed for children identified with special needs
- Paying for enrollment instead of by attendance ~ **\$21.4M**
- Paying for services prospectively – **(Costs TBD)**



# HOW DO YOU PLAN TO ENSURE WE'RE NOT PAYING FOR FAMILIES WHO AREN'T USING THE SERVICE?

States can discontinue payments when there are:

excessive unexplained absences despite multiple attempts to contact the family and provider, including prior notification of possible discontinuation of assistance



# COST TO INCREASE THE ENTRY FPL

<b>Additional cost to state at 250% FPL</b>	\$17.9 M
<b>Additional cost to state at 275% FPL</b>	\$28.2 M
<b>Additional cost to state at 300% FPL</b>	\$38.5 M



# Return on Investment

Every dollar invested in early childhood education yields **up to \$8.60 in return\***



Savings include:

- Special Education services
- Remedial programs (particularly in literacy and math)
- Alternative secondary education programs (i.e., GED)
- Greater earning potential later in life
- Increased workforce participation
- Lower involvement with the criminal justice system



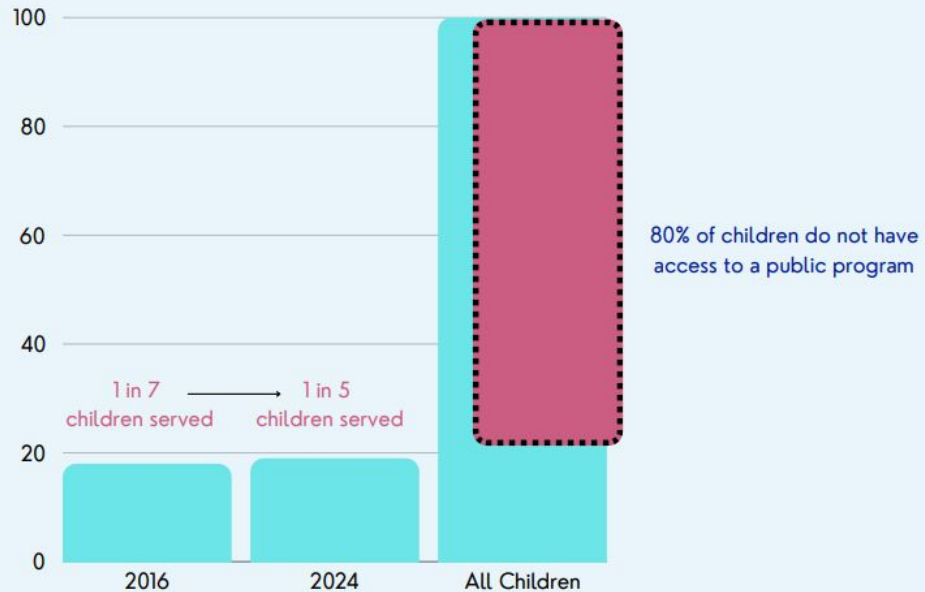
\*White House Fact Sheet: "Invest in US: The White House Summit on Early Childhood Education," December 10, 2014

# WE STILL HAVE A LONG WAY TO GO

**We are only serving 1 in 5 children** (10,091 of 59,000) under age 5 in state-funded pre-K, and we still rank 42nd nationally in 3- and 4-year-olds served

Delaware has made incremental strides and now needs to look for **transformational investments** to get to a more **universal system of high-quality early care and education** for all children and families

"Expanding our pre-k program has **provided funding to pay our teachers a fair wage** and ensure all our children leave ready for kindergarten."  
- Julie Bieber, Kingswood Community Center







THANK YOU

# APPENDIX

# Delaware is Behind on Family Eligibility for Child Care

## 2024 Eligibility for Purchase of Care by State

Neighboring states provide child care to more families than Delaware

\*\*Delaware Purchase of Care is at 215% and ECAP is at 135%.

These numbers reflect exit eligibility—the most you can make before you lose benefits. Entry requirements range from 135 – 200%.

