

Explaining Purchase of Care in Delaware

WHAT IS PURCHASE OF CARE?

Purchase of Care (POC) is a state subsidy for child care that helps low-income parents who work, are enrolled in training or school, or have a medical need.

Through POC, Delaware Covers:



Purchase of Care is funded by federal and state investments (see right), and the amount that makes its way to providers is driven in part by the Market Rate for child care (see below).

EXPLAINING MARKET RATE

The state surveys public and private childcare providers about what they charge families. This is the “**Market Rate**” and is typically low because:

The average Market Rate at a Delaware childcare center for infants through age 4 is about \$10,759 per year.



Providers don't charge the full cost of care. Parents can't afford to pay higher fees.



On average, early childcare workforce is paid **below the poverty level** (\$9-10/hour).



The survey **represents lower-cost providers who accept POC.** Providers who charge the most and do not accept state subsidy are not required to participate in this study.

HOW DOES POC WORK TODAY?

Invested Funding

\$41M

Federal Funding to Delaware

+

\$47M

Delaware's Invested Funding

=

\$85M

Total Invested Funding

Allocated Funding



Families apply to the state to qualify for childcare assistance.



Licensed providers who accept POC agree to take the state payment rate, which is comprised of the state and federal investment.

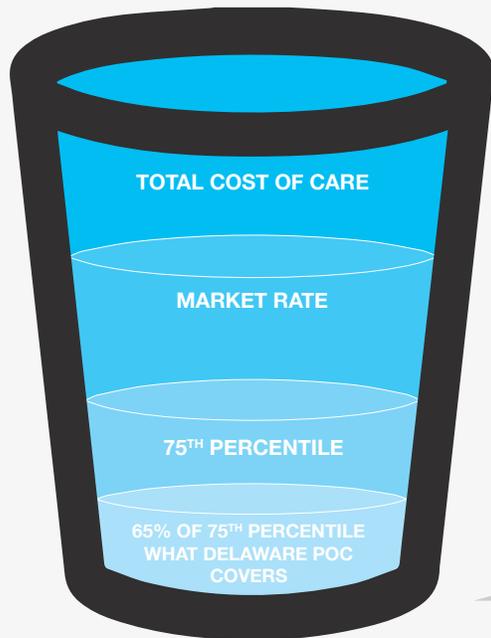
Because we're underinvesting in the subsidy system, providers choose not to accept POC or to decrease the number of children they can accept, leaving limited choices and geographical challenges for families seeking quality care.

We Are Underinvesting In Our Youngest Learners



Preparing our students for a lifetime of success

There are not enough funds to pay providers the average cost of care or the market rate and to cover all eligible families.



The state aims to invest at the 75th percentile of the market rate—the minimum recommended by federal guidelines.*

Delaware invests 65% of the 75th percentile—which means providers are getting less than half of the (already depressed) market rate.

This low rate contributes to low salaries for early learning professionals (\$9 - \$10 per hour).

We are underinvesting in our youngest learners, during the time in which is where the greatest brain development happens.

Comparison of care rates. Delaware spends:



UPDATES FOR FISCAL YEAR 2021

What was new? The Fiscal Year 2021 budget requires the state conduct a cost of child care study to determine the true cost of care.

What are we expecting? Delaware Health and Social Services will work with providers and experts to develop a cost study and estimation tool by June 2021.

Where is there opportunity? Use the cost of quality care to set state rates for child care that provide adequate funding to support child development and a living wage to the early learning workforce.

* Providers can receive tiered reimbursement payments to bring them up to 80%, 93%, and 102% when they achieve Stars levels 3,4, and 5.

HOW SHOULD IT WORK?

Delaware should calculate the cost of care and reimburse at that rate.

A cost of care study estimates the cost of

Staff salaries

+

Staff benefits

+

Occupancy expenses

(rent, utilities, insurance, maintenance)

+

Materials

(classroom and office supplies, food)

+

Other costs

(marketing, technology)

to determine a per-pupil rate.

These rates can vary based on the size (number of classrooms) and type (family, center-based) of a center—and depends heavily on the assumptions made about quality (for example, child:adult ratios and staff salaries).

DELAWARE CAN HELP FAMILIES AND PROVIDERS BY:

Increasing state investment in POC to fund the cost of care rather than a percentage of the market rate.

Making eligibility and enrollment easier for families so that children don't lose access to child care.

For a list of sources, visit bit.ly/VCPOCSources

www.visioncoalitionde.org