



## Early Child Care Budget Update June 2022

### What Happened?

Delaware's Joint Finance Committee has voted to add \$20.07 million to [Delaware's Purchase of Care program](#) in Fiscal Year 2023—a substantial increase in funding. They added to the governor's proposed increase—both to **increase the rates paid to child care providers by 15 percent**, and to include a \$1.1 million “door opener” to fund enrollment growth. That means as more families enroll in POC, the state budget will grow to be sure they are served. These funds will be **ongoing, in the operating budget**, rather than contingent or one-time, as has been provided previously.

Advocates including [First State Pre-K](#) and [deaeyc](#) thank legislators for catalyzing the **largest increase in recent decades**—and for listening to parents, educators, and voters who have been [calling on the state](#) to address the [growing crisis for](#) families, [employers](#), and [long-term state needs](#).

*[What is Purchase of Care? [Find out more here.](#)]*

### What Will This Mean?

Providers will be paid for children that are eligible for subsidized child care at 85% of the 75<sup>th</sup> percentile of the [2021 Market Rate Study](#) beginning July 1, 2022 (this is an increase from 70% of the 75<sup>th</sup> percentile). According to a [recent cost estimation report](#) conducted by DSS, the state pays only a percentage of the actual cost to provide the state requirements—and much less than the true cost of care.

These increases will mean continued care for the **12,000 families currently enrolled in POC**.

For providers who accept POC, this funding will allow them to keep up with rising minimum wage, and—we hope—offer more slots to families, especially those with infants. The investment will allow providers to pay better salaries to employees, helping to reduce turnover and provide stability for children and families.

It could also enable more providers to accept POC families since it inches reimbursement rates closer to the actual cost of care.

### What Happens Next?

The Joint Finance Committee reviewed and voted on funding priorities for the fiscal 2023 operating budget in late May. Legislative budget staff will write the final budget bill by June 22, which must be approved by the entire General Assembly by June 30.

We appreciate the governor and General Assembly continuing to prioritize early learning—including action this session to [provide workers with one-time bonuses](#) and [bills to support the workforce](#).



However, our work is far from over. Our advocates know that [POC rates should reflect at least the federal benchmark, an investment we think will take at least \\$40 million in the budget](#) this year—and long term, the [true cost of care](#). We look forward to working with lawmakers to:

- increase the state's rates over time,
- increase eligibility for families who don't qualify for POC, but still can't afford child care—just this year, with inflation and minimum wage increases, many families are not eligible since eligibility is still capped at 185% of the federal poverty limit, which is below Head Start and SNAP
- gain equity of rates across county lines, as Kent and Sussex providers are reimbursed at 40% less per child than New Castle County
- increase funding to support fair wages for the workforce

For now, this serves as a reminder that **advocacy works**. Remind your friends, family and networks that [Delaware voters of all background support](#) our ideas. [Join our coalition](#). And [thank legislators](#) for their **leadership on this issue!**