

## WHAT IS THE COST OF CARE STUDY?

Prenatal to Five Fiscal Strategies (P5FS) is partnering with the Delaware Department of Health and Social Services, Division of Social Services (DHSS) to conduct a child care cost study. This study includes the updating of a child care cost model that was previously developed in 2022, to help understand what it costs to provide high-quality child care across Delaware. The model will incorporate the impact of licensing and quality requirements as well as different program characteristics to understand variations in cost of care by program type.

The cost study is important for informing future child care financing policy, including child care subsidy rate setting. It can also be used to estimate the future funds needed to support a strong, diverse child care system for all children.

Delaware is using both a *market rate survey* and a *child care cost model* to inform Purchase of Care child care subsidy rates as part of the FY25-FY27 Child Care Development Fund (CCDF) state plan. The market rate survey process involves study administrators calling providers to ask what tuition rates they are currently charging families. However, the state of Delaware recognizes that this data reflects what families can afford, not necessarily the true cost of care. The child care cost study is intended to gather input from child care providers to inform a child care cost model which estimates the true cost to child care providers of offering high-quality care and education. As a result, the state is asking providers to participate in the two different studies, one to gather market rate data and the other to gather data on the true cost of care.

## WHY SHOULD CHILD CARE PROVIDERS PARTICIPATE?

For this cost of care study to be successful, input is needed from the field. It is imperative that we collect data from those doing the work to help policymakers understand what it really costs to provide high-quality child care, and how far current resources go towards covering that cost. We are seeking input from the diversity of child care providers in Delaware, including community-based organizations, small businesses, family child care, school district programs, and Head Start programs.

## WHAT INFORMATION WILL I BE ASKED TO SHARE?

The study will be guided by an advisory workgroup to ensure that the study and model reflect the diversity of child care providers across the state. This workgroup is comprised of state leaders, child care advocates, and provider representatives.

To ensure that child care providers are adequately represented in the study, while minimizing burden on their time, the study will kick-off with several provider input sessions. Sessions will be scheduled in March of 2024. These 1-hour, virtual, input sessions will provide an opportunity to share feedback on:

- the key costs associated with providing high-quality care,
- the compensation needed to recruit & retain educators,
- the barriers to providing quality child care, &
- solutions to address the current broken child care market.

These input sessions are intended for child care program directors, financial managers, and family child care provider/owners. To maintain confidentiality all information is being collected and analyzed P5FS. Only combined information summaries will be shared for the purpose of informing the cost model.

## WHO IS LEADING THIS STUDY?

The study is being conducted by Prenatal to Five Fiscal Strategies, which is led by Jeanna Capito and Simon Workman. Jeanna is a former child care provider with experience serving infants, toddlers, and older children including through private and nonprofit settings and Head Start and Early Head Start funded programs. Simon's career has focused on helping policymakers understand the need for increased public investments in child care and he is also the Board Chair of a nonprofit child care program serving low-income children and families. P5FS has experience working with states across the country to study the true cost of care and support better payment rates for child care providers.

### **MORE DETAILS**

Visit [www.prenatal5fiscal.org/delaware](http://www.prenatal5fiscal.org/delaware) for more information and to sign-up for a provider input session. If you have any questions, please contact P5FS at: [delaware@prenatal5fiscal.org](mailto:delaware@prenatal5fiscal.org)