



SPONSOR: Rep. Hilovsky & Rep. Ross Levin & Rep. Harris & Sen. Buckson  
Reps. Gray, Morrison, Wilson-Anton, Burns, Snyder-Hall; Sen. Pettyjohn

HOUSE OF REPRESENTATIVES  
153rd GENERAL ASSEMBLY

HOUSE BILL NO. 387

AN ACT TO AMEND TITLE 31 OF THE DELAWARE CODE RELATING TO CHILD CARE SUBSIDIES TO INCREASE ELIGIBILITY THRESHOLDS OVER FIVE YEARS.

1 WHEREAS, Delaware faces a childcare crisis with high costs averaging \$15,607 annually for infant care and  
2 regulatory barriers limiting provider expansion, impacting workforce participation and family stability; and

3 WHEREAS, the current Purchase of Care (POC) program entry eligibility at 200% of the Federal Poverty Level  
4 (FPL) leaves many working families ineligible despite affordability challenges, with phase out to 300% FPL providing  
5 limited relief; and

6 WHEREAS, gradually and temporarily increasing POC eligibility to 275% FPL over 5 years will support  
7 moderate-income families, reduce benefits cliffs, and allow for evaluation of long-term impacts; and

8 WHEREAS, Delaware's labor force participation rate of 59.4% in late 2025 remains the lowest in the Mid-  
9 Atlantic region and well below the national average of 62.9%, limiting economic productivity and growth; and

10 WHEREAS, expanded childcare subsidies in states like North Carolina have reduced employee turnover and  
11 absenteeism, contributing to \$5.65 billion in avoided annual economic losses from childcare disruptions, while boosting  
12 labor force participation among parents; and

13 WHEREAS, similar expansions in Michigan have increased workforce stability, with 82% of participating  
14 families reporting sustained employment and 81% achieving career goals, leading to higher job satisfaction and reduced  
15 absenteeism; and

16 WHEREAS Kentucky's childcare investments, including subsidies for workers, have improved employee  
17 retention by 15-20% in participating businesses, enhancing productivity and reducing turnover costs estimates at \$9,350 per  
18 parent annually nationwide; and

19 WHEREAS, these reforms could elevate Delaware's 29<sup>th</sup> ranking in CNBC's America's Top States for Business  
20 2025 by fostering small business viability through lower absenteeism and higher retention, while supporting corporate  
21 growth via a more reliable workforce; and

22 WHEREAS, by alleviating childcare concerns, such measures enhance job performance, reduce stress-related  
23 productivity losses, and raise the standard of living for young families, mirroring gains in states where childcare access has  
24 increased household earnings and economic output by up to 1.09% annually; and

25 WHEREAS, a sunset clause after 5 years ensures fiscal responsibility and opportunity for legislative review based  
26 on program outcomes.

27 NOW, THEREFORE:

28 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF DELAWARE:

29 Section 1. Amend Title 31 of the Delaware Code by making deletions as shown by strike through and insertions as  
30 shown by underline as follows:

31 § 3903. Eligibility for childcare subsidies

32 (a) A family is eligible for childcare subsidies under the Purchase of Care program if the family's gross income  
33 does not exceed 200% of the following percentages of the Federal Poverty Level (FPL), adjusted annually:

34 (1) For the period beginning October 1, 2026 through June 30, 2027, 225% of the FPL;

35 (2) For the period beginning October 1, 2027 through June 30, 2029, 250% of the FPL;

36 (3) For the period beginning October 1, 2029 through June 30, 2031, 275% of the FPL.

37 (b) Families exceeding the entry threshold at redetermination may continue subsidies up to the following for 12  
38 months, with copayment capped at 7% of income:

39 (1) For the period beginning October 1, 2026 through June 30, 2027, 325% of the FPL;

40 (2) For the period beginning October 1, 2027 through June 30, 2029, 350% of the FPL;

41 (3) For the period beginning October 1, 2029 through June 30, 2031, 375% of the FPL.

42 (c) The Department of Health and Social Services shall administer this section and report annually on enrollment,  
43 costs, and demographics by FPL brackets.

44 Section 2. Sunset Clause. The amendments made by Section 1 of this Act shall expire on June 30, 2032, unless  
45 extended by further act of the General Assembly. Upon expiration, eligibility shall revert to 200% of the FPL, subject to  
46 any subsequent legislation.

47 Section 3. This Act takes effect upon enactment, with eligibility changes effective October 1, 2026.

SYNOPSIS

This Act temporarily addresses Delaware's childcare crisis by gradually increasing Purchase of Care eligibility from 200% to 275% FPL over 5 years starting July 1, 2026, reducing benefit cliffs and supporting moderate-income families. It includes a sunset clause expiring June 30, 2031, to allow evaluation and ensure fiscal sustainability, with annual reporting on impacts.