152nd GENERAL ASSEMBLY
FISCAL NOTE

BILL:	**SENATE BILL NO. 59**
SPONSOR:	**Senator Gay**
DESCRIPTION:	**AN ACT TO ESTABLISH A STATEWIDE RATE OF PURCHASE OF CARE FOR CHILD CARE PROVIDERS.**

Assumptions:

1. This Act becomes effective upon signature by the Governor. Section 1 of the Act takes effect May 1st, following its enactment into law.

2. This Act directs the Department of Health and Social Services (DHSS) to pay a uniform, statewide Purchase of Care (POC) reimbursement rate to all licensed childcare providers that is no less than the New Castle County rate as determined by the 2021 Delaware Local Child Care Market Rate Study.

3. Additionally, this Act requires DHSS to pay childcare providers for April 2023 using the newly designated reimbursement rate. Costs for the remainder of Fiscal Year 2023 are calculated at 85% of the 75th percentile of the 2021 Delaware Local Child Care Market Rate and move the current reimbursement rate to the uniform New Castle County rate for all eligible providers. An average monthly cost of $682,048 is assumed for an additional $2,046,143. It is assumed funding for April, May, and June 2023 will be paid in Fiscal Year 2024.

4. For Fiscal Year 2024 and subsequent years, the Division of Social Services (DSS) calculated costs assumed at 100% of the 75th percentile of the 2021 Delaware Local Child Care Market Rate Study. The DSS reports an additional monthly cost of $1,814,636, annualized at $21,775,632, to move the current reimbursement rate to the uniform New Castle County rate for all eligible providers.

5. POC is a shared cost program between state and federal funding. Per DHSS, the POC federal grant is fully maximized at the current rates. Therefore, the additional reimbursement rates proposed under this Act will be 100% paid by state funds.

6. Based on actual historical POC pandemic expenses and existing policies, future costs are assumed to increase at an annual rate of 5%.

Cost:

Fiscal Year 2024:	$23,821,775
Fiscal Year 2025:	$22,864,414
Fiscal Year 2026:	$24,007,634

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