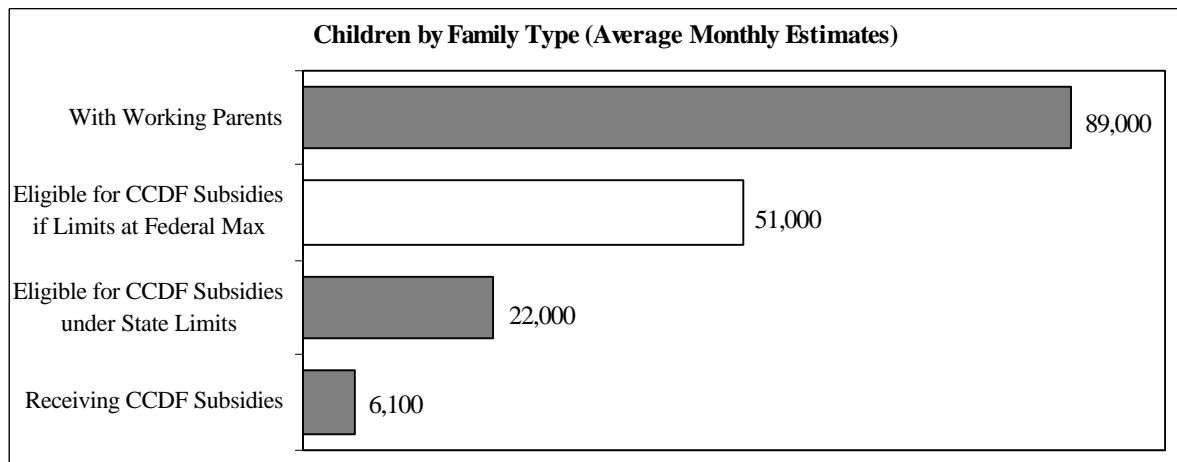


## Child Care in Delaware: A Short Report on Subsidies, Affordability and Supply

This report summarizes recent child care information for the state of Delaware. The first section provides new information on child care subsidies, based on eligibility estimates generated by the Urban Institute and state administrative data reported to the U.S. Department of Health and Human Services (HHS). The second two parts, on affordability and supply, draw on state and local data collected by the Urban Institute during the summer of 1999 under contract with HHS. A companion document to the national report entitled “Access to Child Care for Low-Income Working Families,” the Delaware report is one in a series of nine state reports.

### I. Child Care Subsidies

**Figure 1. Child Care and Development Fund (CCDF) Eligibility and Receipt in Delaware**

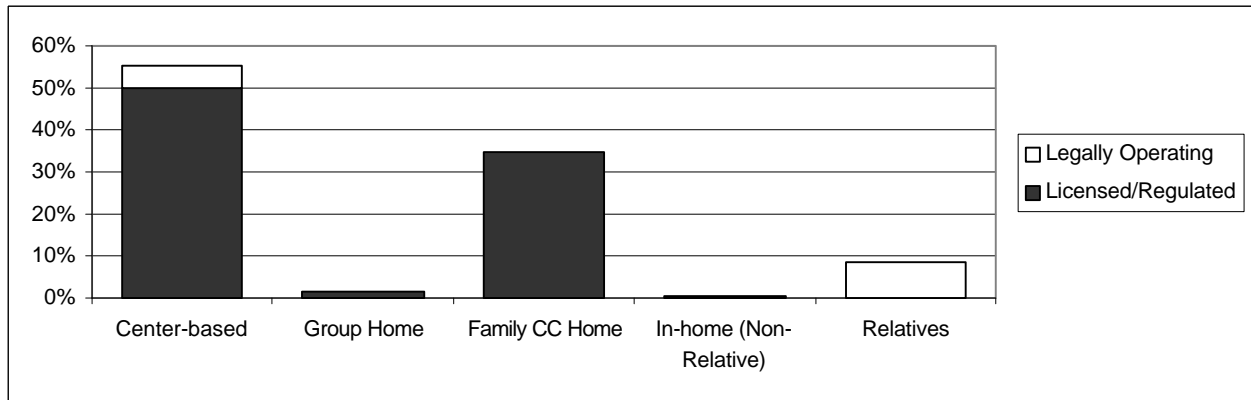


Sources: Urban Institute simulations and state administrative data reported to the Child Care Bureau.

- ❑ **89,000** children under age 13 (or under age 18 if disabled) live in families where the family head (and spouse if present) is working or is in an education or training program, as shown in Figure 1. Children across all family income levels are included in this estimate. Most of these children (84,000) are under age 13 and living with working parents.<sup>1</sup>
- ❑ **22,000** of these children, and 12,000 families, are estimated to meet Delaware’s income guidelines for child care assistance under the Child Care and Development Fund (CCDF) October 1997 state plan. The eligibility estimate would be even higher – **51,000** children – if Delaware raised income eligibility limits to 85 percent of State Median Income, the maximum level allowed under Federal law.<sup>2</sup>
  - To be eligible under Delaware’s October 1997 state plan, a family of 3 had to have income below **\$20,124**, or **56** percent of State Median Income.
  - Nearly all eligible children (98 percent) live in families with annual income below 200 percent of the Federal poverty threshold and over half (56 percent) are living in poverty. About 16 percent live in families that report receiving cash welfare.
  - Most (19,000) eligible children are under age 13 with working parents; the remaining children have parents in education/training programs or are disabled youth under 18.

- ❑ **6,100** children in Delaware received child care subsidies funded by CCDF in an average month in 1998. This estimate suggests that 28 percent of the eligible population under state limits (and 12 percent of children who would be eligible under the Federal maximum limits) were served with CCDF funds. In addition, Delaware’s state administrative data system indicates that about 3,800 children were served with other Federal and state funds.<sup>3</sup>
  - In Delaware, over half (55 percent) of child care settings receiving funds from CCDF in 1998 were center-based settings, as shown in Figure 2. The next most common settings were family child care homes (35 percent). The remaining settings include care by relatives (8 percent), care in group homes (1 percent) and in-home care by non-relatives (less than 1 percent).<sup>4</sup>

**Figure 2. Child Care Settings Subsidized by CCDF in Delaware**



Source: State administrative data for April-September 1998 reported to the Child Care Bureau.

- ❑ The Child Care and Development Fund (CCDF) is the major source of Federal funding allocated to states to subsidize the child care expenses of low- and moderate-income families so they can work, or attend education or training programs. Using CCDF dollars along with state funds, Delaware has designed its own child care program within broad parameters specified under federal law. CCDF-funded subsidies, and the number of children that the state reported were served with these subsidies, are highlighted in this report because CCDF is a primary source of funding in most states. Also, CCDF administrative data is the most comparable source of child care data across states. It should be noted, however, that Delaware, like many other states, also uses other funding sources to provide child care subsidies.
- ❑ **No waiting list** for government subsidies has been maintained since 1993-94. All families who currently apply receive subsidies. However, state staff believe that there are eligible families that do not apply for subsidies.<sup>5</sup>

## **II. Affordability**<sup>6</sup>

- ❑ Prices for child care vary considerably, by such factors as geographic area, type of provider and age of child. Figure 3 shows the average monthly prices for child care in Delaware. Given that these are average prices, it is clear that many families pay more or less than this amount.
- ❑ Centers in Delaware charge an average of **\$390** per month for preschool care and **\$473** per month for infant care, as shown in Figure 3. This means that a family with \$15,000 in

income and one preschool child in an average-priced center would spend close to one-third (31 percent) of its total monthly income on child care expenses. Average-priced infant care would represent an even higher share (38 percent) of monthly income for a family earning \$15,000.

- Accredited care costs even more, **\$444** per month for a preschooler in center-based care, or about 36 percent of family income for families with \$15,000 in income.\* Families with an infant in an accredited center would pay **\$553**, or about 44 percent of family income for families earning \$15,000.
- Family child care homes in Delaware charge an average of **\$353** for preschool children and **\$385** per month for infants. This means that a family with \$15,000 in income and one child in an average-priced family child care home would spend 28 percent of its monthly income on care for a preschool child or 31 percent of income for an infant.

**Figure 3. Child Care Prices and Co-Payments for a Hypothetical Delaware Family of Three Earning \$15,000 with One Child in Care**

	WITHOUT SUBSIDY		WITH SUBSIDY	
	Average Monthly Prices (Full Time Care)	% of Income (Family Income of \$15,000 Annually)	Monthly Co-Payments* (If receive subsidy)	% of Income* (Family Income of \$15,000 Annually)
<b>INFANT (1 year)</b>				
Center-based	\$473	37.8%	\$98	7.8%
Accredited center-based	\$553	44.2%	\$98	7.8%
Family child care home	\$385	30.8%	\$75	6.0%
<b>PRESCHOOLER (4 years)</b>				
Center-based	\$390	31.2%	\$81	6.5%
Accredited center-based	\$444	35.5%	\$81	6.5%
Family child care home	\$353	28.2%	\$74	6.0%

\* State policy does not prevent providers from charging parents additional amounts, above the co-payment, if the providers' rates exceed the state reimbursement level.

Source: Data collected by the Urban Institute from The Family and Workforce Connection, a statewide child care resource and referral agency in Delaware, summer 1999.

- Families who receive child care subsidies usually pay much smaller monthly **co-payments** rather than the full market rate. Such co-payments are established under a sliding fee schedule, and are based on family size, income and the cost of care. The official fee in Delaware ranges from 1 percent to 46 percent of the cost of care up to certain state-set maximum rates.
- For example, a family with \$15,000 in income and one preschooler in an average-priced center in Delaware would be charged a monthly co-payment of \$81, or 6.5 percent of monthly income, as shown in Figure 3.

\* Providers are accredited by national organizations based on criteria designed to measure quality. Accreditation is one indication that a provider has a demonstrated commitment to providing quality care.

- In Delaware, a co-payment is not charged to families with income below 40 percent of the poverty level, families receiving cash welfare assistance, and families receiving protective services.
- State policy does not prevent providers from charging parents additional amounts, above the co-payment, if the providers' rates exceed the state reimbursement level. For example, the maximum CCDF rate for infant center care in the New Castle region of Delaware is \$426 per month<sup>7</sup>, which is \$47 less than the \$473 average price shown in Figure 3. If the \$47 differential is paid by the family, the total cost to the family is \$145 per month, more than the official co-payment of \$98 shown in Figure 3. If the fee is not charged to the family, the provider loses \$47 per month for providing service to a subsidized child. The differential could be much larger than \$47 for some child care centers, including accredited centers and other centers with higher than average rates.

### III. Gaps in Child Care Supply<sup>8</sup>

- Not all providers in Delaware accept children who receive subsidies. Of the providers registered with The Family and Workforce Connection, a statewide child care resource and referral agency, 68 percent of centers, 54 percent of family child care homes, and 41 percent of group child care homes accept subsidies. It is harder to find accredited providers who serve subsidized children; 45 percent of accredited centers and 40 percent of accredited family homes accept subsidized children.
  - According to the state plan for 1997-1999, maximum reimbursement rates in Delaware are capped at the 75<sup>th</sup> percentile of market rate, based on a 1996 market rate survey. Providers may be unwilling to accept subsidized children, or may limit their enrollment, when the state reimbursement rates are lower than their prices (see the example in section II). As a result, families receiving subsidies may have limited choices of caregivers.
- Staff from the resource and referral agency report shortages in the supply of many types of care in Delaware. Staff believe that the most severe areas of need are for infant care, school-age care, care during odd hours and care for children who have special needs or are ill. Specifically:
  - **Infant care** is hard to find in Delaware because many child care centers begin caring for children at the age of two years. Some centers accept infants, but not those who receive a subsidy. In particular, there are critical shortages of infant care in the City of Wilmington and in areas with many corporate employers.
  - In 1998, there were no centers providing **care for sick children** registered with the statewide child care resource and referral agency in Delaware, down from four in 1996.
  - **School-age care** is available through school-based programs in only 59 percent of public schools in Delaware. Some school districts do not have any programs. School-based programs tend to target elementary grades, while middle school children are more likely to be left home alone. In areas where care is available, school districts will not transport children from schools without after-school programs to off-site programs.
  - **Care during odd hours** is particularly needed in Wilmington, Dover, and Sussex County, Delaware, where employees have rotating or split shifts in poultry plants or banks.

---

## Sources

<sup>1</sup> Estimate based on microsimulations using the Urban Institute's TRIM3 model, guidelines in the state's 1997-99 CCDF state plan, and three years of Current Population Survey data (calendar years 1995-97).

<sup>2</sup> *Ibid.*

<sup>3</sup> Estimates based on state administrative data reported to the Child Care Bureau and adjusted to reflect children funded through CCDF only. 1998 figures based on April-September 1998.

<sup>4</sup> *Ibid.*

<sup>5</sup> Waiting list data were obtained and compiled by the Urban Institute from the Delaware Division of Social Services, the state child care agency.

<sup>6</sup> Information in this section was obtained and compiled by the Urban Institute from the Delaware Division of Social Services and The Family and Workforce Connection (a statewide child care resource and referral agency).

<sup>7</sup> State maximum rates were obtained and compiled by the Urban Institute from the Delaware Division of Social Services, summer 1999.

<sup>8</sup> Information in this section was obtained and compiled by the Urban Institute from The Family and Workforce Connection (a statewide child care resource and referral agency).