

Step Up To Early Learning PURCHASE OF CARE

- **WHAT POC IS:** Delaware's Purchase of Care (POC) program is a subsidy that supports early childhood and after-school education and care for more than 15,000 children from birth through age 12 who live within 200% of the Federal Poverty Limits.
- **DELAWARE RATES ARE MUCH LOWER THAN THE RATES FOR EQUIVALENT CARE IN OUR SURROUNDING STATES:** The request is to increase the POC budget line item in the FY 2008 budget by **\$5 million** with the purpose of realizing the **goal - 75% of the prevailing market rate - by the 2010 budget cycle.** ****Note:** The Governor's budget calls for no increase. The recent increases have allowed some programs to re-establish slots for POC children or postpone planned cuts. However, it is critical to add more to the POC budget in 2008 to keep up the momentum started in the FY 2006 budget. Current reimbursement rates are between 66% and 75% of the 2005 Market Rate, yet the 2007 Market Rate Study results, just released, show a significant decrease - rates have fallen as low as 57%.
- **THIS IS NOT JUST A "FEEL GOOD" REQUEST BUT RATHER AN INVESTMENT WITH PROVEN HIGH RETURNS:** Numerous studies show impressive returns for lower income children who receive quality early childhood education (ECE) as compared with their peers who do not. For example, there is a 40% drop in grade retention and special education referrals. (Consider the size of Delaware's special education budget and what such a reduction might mean.) There also is a 29% increase in High School graduation rates leading to greater earning power, higher tax payments to the state and federal governments, and less likelihood of needing to receive welfare benefits.
- **RECIPIENTS OF QUALITY EARLY CHILDHOOD EDUCATION ARE 70% LESS LIKELY TO END UP IN THE CRIMINAL JUSTICE SYSTEM:** When Dr. Art Rolnick, Senior Vice President of the Federal Reserve Bank of Minneapolis, studied quality ECE, he found a 16% real (i.e. adjusted for inflation) rate of return on the investment with 12% accruing to society in general and 4% to the individual. Much of the 12% is attributable to the fact that recipients of quality ECE are less disruptive in class and go on to commit fewer crimes. An important point here is that quality ECE correlates with important non-cognitive benefits, i.e. social-emotional functioning. Dr. Rolnick goes on to hypothesize that the studies may understate the positive benefits as they don't consider effects on future generations. **"A chain of poverty may have been broken."**

CONCLUSION: MEMBERS OF THE GENERAL ASSEMBLY ARE URGED TO ALLOCATE \$5 MILLION MORE FOR PURCHASE OF CARE IN FY 2008