

**Sole Source
Written Determination - Instructions**

Agency Identification: South Carolina Department of Social Services

Description of the agency need that this procurement fulfills: *(See instructions on last page for guidance)*

The South Carolina Department of Social Services (SCDSS), as the lead agency for the Child Care Development Fund (CCDF), is responsible for administering, managing, and overseeing CCDF in alignment with federal requirements. Under CCDF regulation 45 CFR 98.45, lead agencies must establish childcare rates that ensure eligible children have equal access to care comparable to that available to families not receiving subsidies. Rate setting must be informed by a Market Rate Survey, or an approved Alternative Methodology (cost estimation model) conducted every three years. The Division of Early Care and Education (DECE) worked with Prenatal to Five Fiscal Strategies (P5FS) in 2024 lead the alternative methodology process and developed the cost estimation model and rate setting modeling tool to inform child care rates. P5FS' integral work with the US Office of Child Care (OCC) led to the development of an online tool, Provider Cost of Care Quality Calculator (PCQC) to assist states with understanding the cost of quality child care and using it to inform CCDF rate setting. The PCOC is the only federally approved tool to support alternative methods of child care rate setting. States using the alternative methodology for rate setting must conduct a cost of care study and the study and its methodology must be approved by the OCC. P5FS is currently the only provider to have successfully supported states to move to fully using the results of their alternative methodology for rate setting.

Describe the Market Based on Research Performed: *(See instructions on last page for guidance)*

Current research on childcare rate-setting practices identifies P5FS as the leading innovator in supporting states through the complete Alternative Methodology process, including cost-model development and application for rate setting. They are repeatedly engaged by federal technical assistance centers for their expertise in the childcare market, cost estimation modeling, and rate-setting strategies. P5FS has supported every state or territory that has successfully received federal approval and implemented an alternative methodology and cost estimation modeling for rate setting.

Sole Source Vendor Name: Prenatal to Five Fiscal Strategies

Based upon the following determination, Agency proposes to acquire the supplies, construction, information technology, and/or services described herein from the vendor named above per SC Code Ann § 11-35-1560 and SC Regulation 19-445.2105, Sole Source Procurement.

Description of supplies, construction, information technology, and/or services vendor will provide under the contract: *(See instructions on last page for guidance.)*

The following is a list of work activities that will be provided by P5FS.

- Draft letter to the Administration for Children and Families seeking federal approval to use Alternative Methodology for child care rate setting.
- Work with the DECE to identify constituents to establish the technical workgroup to support work activities to update the alternative.
- Collect data to inform updates to the cost estimation model.
- Update South Carolina's cost estimation model.
- Produce cost estimation model report.
- Support the CCDF Administrator with rate setting informed by cost estimation model.

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Explain why the described solution is the only solution that meets the agency's need and how no other identified solutions were sufficient. (See instructions on last page for guidance)

P5FS has developed a proprietary and specialized cost modeling process that uniquely positions them to support CCDF rate setting. In partnership with the U.S. Office of Child Care (OCC), P5FS played a central role in the creation and ongoing enhancement of the Provider Cost of Care Quality Calculator (PCQC), the only federally approved tool for Alternative Methodology under CCDF. They are the sole external entity contracted at the federal level to expand PCQC functionality and maintain its default data. Engaging P5FS provides continuity, efficiency, and the advantage of building upon the successful work completed for South Carolina in 2024. No other vendor has the expertise, federal endorsement, or technical capability to meet the state's requirements.

Note: Determination is not complete without required signatures and dates

Required Signatures:

Prepared by: _____

Date: __/__/____

Printed Name: Tina McDaniel

Title: Procurement Manager II

Approved by: _____

Approval Date: __/__/____

Printed Name: Susan Roben

Title: Chief Financial Officer

REVIEWED
By Shaneka Oliver at 2:29 pm, Jun 18, 2026