



# COMMONWEALTH of VIRGINIA

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November 24, 2020

The Honorable Ralph S. Northam  
Governor of Virginia  
Patrick Henry Building, Third Floor  
1111 East Broad Street  
Richmond, Virginia 23219

The Honorable Janet D. Howell  
Chair, Senate Finance and Appropriations  
Committee  
Pocahontas Building  
P.O. Box 396  
Richmond, Virginia 23218

The Honorable Luke Torian  
Chair, House Appropriations Committee  
Pocahontas Building  
900 E. Main Street  
Richmond, Virginia 23219

Dear Governor Northam, Delegate Torian, and Senator Howell:

We are pleased to submit the enclosed copy of the updated Child Care and Development Fund (CCDF) Transition Plan as required by [Item 137.K of the Appropriation Act](#).

The Plan provides updated information regarding plans for and progress toward the transition of child care licensing, subsidy, and quality improvement functions from the Virginia Department of Social Services (VDSS) to the Virginia Department of Education (VDOE). Transition activities are outlined across three phases with detailed personnel, fiscal, and programmatic impacts for each phase. The Plan also provides an update on state efforts to support the child care field during the COVID-19 pandemic.

Please direct questions to Rebecca Ullrich, Coordinator for Early Childhood Policy and Planning by email at [Rebecca.Ullrich@doe.virginia.gov](mailto:Rebecca.Ullrich@doe.virginia.gov).

Sincerely,

A handwritten signature in black ink that reads "James F. Lane".

Dr. James F. Lane  
Superintendent of Public Instruction

JFL/RU/lh

## EXECUTIVE SUMMARY

In order to increase access, strengthen quality and improve school readiness outcomes of its birth to five early childhood care and education (ECEC) system, Virginia must establish a single, durable point of accountability within the Virginia Board of Education and the Virginia Department of Education.

Chapters 860 and 861 of the 2020 Acts of Assembly:

- Establish the Virginia Board of Education (BOE) and Virginia Department of Education (VDOE) as responsible for oversight and administration of early care and education out of the home to create a single point of accountability for school readiness, effective July 1, 2021.
- Transition the Child Care and Development Block Grant (CCDBG) and Head Start State Collaboration Office to the VDOE in phases with transition fully complete by July 1, 2021.
- Create an Early Childhood Education Advisory Committee to the BOE, which will serve as the state's Early Childhood Advisory Committee (ECAC) as required for federal grants and will vet policies and regulations and advise the Board of Education on related matters.

This document provides an update on implementation of the Transition Plan submitted to the General Assembly on August 15, 2020 as required by Chapters 860 and 861 of the 2020 Acts of Assembly. While the coronavirus pandemic has created significant challenges for the early childhood field--and has contributed to some delays in our initial timelines--transition activities remain on track. Since August, VDOE and VDSS have worked to:

- Execute a Memorandum of Agreement (MOA) to transition child care licensing functions to VDOE effective July 1, 2021;
- Execute a MOA to lay out the process for transferring Maximum Employee Level (MEL) and federal funding to support FY21 hiring at VDOE ahead of the transition;
- Identify child care licensing staff that will transition to VDOE in FY 22 and begin conversations regarding the transition;
- Issue a Request for Quote (RFQ) for a contractor to help build the new licensing platform;
- Draft the Virginia Child Care Licensing Steering Committee Charter to govern the development of the new licensing system;
- Update the federal Office of Child Care on transition activities and incorporate their recommendations into the working draft of the child care subsidy MOA;
- Hire two additional staff at VDOE: one to provide grants management support for the Child Care Quality and Professional Development unit and the other to manage day-to-day activities associated with building, testing, and implementing the child care licensing platform;
- Hire an Associate Director for the Child Care and Early Childhood Development section at VDSS to assist with the transition and management of the Child Care Subsidy Program post-transition.
- Host a series of listening sessions and presentations with child care providers and advocates across the Commonwealth regarding the child care transition and new uniform rating and improvement system, with additional sessions forthcoming in December 2020.

At the same time, VDOE and VDSS have continued to respond to the changing context for ECEC providers due to the coronavirus pandemic. The respective agencies worked together to update and disseminate guidelines to providers lifting group size restrictions and reinforcing the use of facial coverings and other public health mitigation strategies; identify strategies for disseminating personal protective equipment to the field; and provide ongoing financial support to programs facing higher operating costs due to the pandemic.

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**FREQUENTLY USED ACRONYMS**

The following list includes acronyms that are frequently used throughout the document:

- BOE means the Virginia Board of Education.
- CCDF means the Child Care and Development Fund, which is currently managed by VDSS.
- CCSP means the Child Care Subsidy Program.
- ECAC means Early Childhood Advisory Council.
- ED4 means Executive Directive 4, which was issued by Governor Ralph Northam in July 2019.
- FERPA means Family Education Rights and Privacy Act, a Federal law that governs access to educational information and records by public entities.
- FTE means Full Time Equivalent.
- GF means General Funds.
- HHS means the United States Department of Health and Human Services.
- HSSCO means the Head Start State Collaboration Office.
- LDSS means Local Departments of Social Services.
- MOA means Memorandum of Agreement.
- NGF means Non-General Funds.
- OAG means the Office of the Attorney General for Virginia.
- PDG means the Preschool Development Grant Birth through Five, which is managed by VDOE. This grant has been extended to run through 2023 and will include multiple cohorts of community participants.
- VDSS means Virginia Department of Social Services.
- VDOE means Virginia Department of Education.
- VPI means Virginia Preschool Initiative.

**SUMMARY OF TRANSITION TIMELINE AS OF 12/1/2020**

<b>Month</b>	<b>Key Activities and Milestones</b>
<b>April 2020</b>	<ul style="list-style-type: none"> <li>• VDSS and VDOE develop MOA for transitioning Quality staff</li> <li>• VDOE begins hiring transition staff (as needed)</li> </ul>
<b>June 2020</b>	<ul style="list-style-type: none"> <li>• All Quality and Head Start Collaboration staff at VDOE by 7/1</li> </ul>
<b>July 2020</b>	<ul style="list-style-type: none"> <li>• Collaborative design of new licensing platform begins</li> </ul>
<b>August 2020</b>	<ul style="list-style-type: none"> <li>• Plan for CCDF transition due (8/15)</li> <li>• VDSS and VDOE finalize MOA for transitioning Quality staff</li> <li>• Review of CCDF Quality contracts to identify changes needed for Practice Year</li> </ul>
<b>November 2020</b>	<ul style="list-style-type: none"> <li>• VDSS and VDOE finalize MOA for transitioning Licensing</li> <li>• VDSS and VDOE finalize MOA for mid-year hiring</li> <li>• Recruitment for Early Childhood Advisory Council (ECAC) begins</li> </ul>
<b>December 2020</b>	<ul style="list-style-type: none"> <li>• VDSS and VDOE finalize MOA for transitioning oversight of Child Care Subsidy Program to be administered by VDSS and CCDF Lead Agency responsibilities (12/1)</li> <li>• Update on transition due to General Assembly (12/1)</li> <li>• VDOE begins hiring for expected vacancies (i.e., VDSS staff that are NOT going to transition) for a start dates in early 2021</li> </ul>
<b>March 2021</b>	<ul style="list-style-type: none"> <li>• First ECAC meeting</li> </ul>
<b>April—May 2021</b>	<ul style="list-style-type: none"> <li>• Draft guidelines for unified measurement system practice year and review with ECAC</li> </ul>
<b>June 2021</b>	<ul style="list-style-type: none"> <li>• Quality contracts aligned for Practice Year</li> <li>• Licensing staff move to VDOE on 6/29-6/30 (as appropriate)</li> </ul>
<b>July 2021</b>	<ul style="list-style-type: none"> <li>• Transition of licensing and oversight of subsidy as of 7/1</li> <li>• VDOE becomes CCDF Lead Agency as of 7/1</li> </ul>
<b>December 2021</b>	<ul style="list-style-type: none"> <li>• Update on transition due to General Assembly (12/1)</li> </ul>

## PHASE I: TRANSITION QUALITY AND HEAD START OFFICES AND BEGIN BUILD OF UNIFORM MEASUREMENT AND IMPROVEMENT SYSTEM

### *Timeframe*

4/1/2020 – 12/31/2020

### *Objectives*

In Phase I, the state seeks to achieve the following:

- Complete the first year with community pilots (PDG Cohort 1);
- Expand to include more community pilots (PDG Cohort 2);
- Begin design of uniform measurement system; and
- Transition CCDF Quality staff, HSSCO Director, and related contracts from VDSS to VDOE.

As of July 1, 2020, the transition of CCDF Quality staff and the HSSCO Director is complete. VDOE and VDSS executed an MOA laying out the agreements for the transition in mid-August (see Appendix B). The remaining objectives are on track to be completed by 12/31.

### *Personnel, Programmatic and Fiscal Impact*

#### *Personnel Summary on Phase I*

- Quality and Head Start staff moved to VDOE as of July 1, 2020.
  - 6 personnel joined the Division of School Readiness at the VDOE, reporting to the Director of Early Childhood (Erin Carroll).
  - VDOE used 1 FTE vacancy that transitioned from VDSS to hire a Quality grants manager. The new hire will start in December 2020.
  - HSSCO Director joined the Division of School Readiness at the VDOE, reporting directly to the Chief School Readiness Officer who reports to the State Superintendent. All required materials were submitted to Head Start.
- Staff are working virtually until it is safe to return to the Monroe building in-person. In the meantime, the team has been and will remain productive in the virtual context. Discussions are underway with the Division of General Services (DGS) to identify space that will accommodate all early childhood personnel, including staff that will transition over on July 1, 2021.

The transition of child care quality functions and the Head Start office was completed without any unexpected costs. Please see Appendix C for tables with cost impact for both VDOE and VDSS. Long-term cost efficiencies and/or savings are anticipated when quality contracts are renegotiated in FY22.

#### *Programmatic Detail on Phase I*

- As of July 1, 2020, VDOE is responsible for managing the implementation of Virginia's quality initiatives for VPI and CCDF as well as professional development initiatives for child care providers. Six FTE Quality staff transitioned to the VDOE, including a quality manager, 2 program consultants, and 3 training and education consultants. An additional vacant quality position transitioned to VDOE on October 1, 2020 to support grants management of the quality contracts. This individual is expected to begin in December 2020. In FY21, key objectives are to integrate quality measurement and improvement efforts across functions (e.g., pre-k, child care) as well as use data from the field to develop a strategy to align quality initiatives, which will

likely include procurement activities for FY22. Note that most of these FTEs participated in ED4 activities in summer 2019 in which the interagency team comprehensively reviewed all current efforts related to quality measurement and improvement in Virginia. Staff are part of the Division of School Readiness in the Office of Early Childhood and report to the Director of Early Childhood, who reports to the Chief School Readiness Officer. Transitioned staff are well-positioned to work closely with colleagues who support quality measurement and improvement in school-based preschool such as VPI or early childhood special education as well as the PDG core team.

- As part of the MOA, VDOE agreed to fulfill a subrecipient role in relation to CCDF child care quality and professional development activities through FY21 and act, as requested, as a collaborator by: providing deliverables and meeting obligations under federal CCDF law and relevant components of the current state plan; completing monitoring requirements such as the annual quality progress report; providing access to files or records as needed to meet federal reporting requirements; actively participating in the development of the state child care plan; and actively participating in monthly calls with Office of Child Care (OCC) Region III staff. The VDOE and VDSS are attending weekly meetings to monitor the progress of the quality contracts. The VDOE prepares a weekly agenda to address outstanding items. This group has been expanded to address the transition of the prior CCDF administrator.
- VDSS submitted an amendment to the CCDF state plan on 9/30/2020 to reflect VDOE's role in quality improvement activities under the block grant.
- The transition of all quality-related IT systems and websites are in process and included in the Virginia Interactive contracts. The Child Care Scholarship program site ([www.vaccscholarship.com](http://www.vaccscholarship.com)) transitioned to Virginia Interactive in early October, as did the Virginia Quality and IMPACT Registry websites.
- There were no significant programmatic changes to quality contracts in FY21. As noted above, staff will focus on analyzing Virginia data from FY20 to determine how to strengthen and better align quality improvement activities in future years. This work will help determine long term cost efficiencies and/or savings.
- VDOE is processing payments to contract vendors as of October 1, 2020 and no problems have been encountered. Details on how to process invoices that were submitted for time periods surrounding the transition have been addressed. VDOE staff are hosting quarterly meetings with Quality contractors to keep them updated on transition activities.
- As of July 1, 2020, VDOE is responsible for managing the HSSCO and for planning and collaboration initiatives with Head Start providers in Virginia. One existing FTE, the HSSCO Director, transitioned to the VDOE from VDSS. The Director reports directly to the Chief School Readiness Officer, who reports to the State Superintendent. The Director is well-positioned to collaborate closely with team members who support state pre-K, early childhood special education, and ultimately child care, as well as to establish linkages with K-12 education at the VDOE.
- The first year of the PDG has been completed. Ten pilot communities from cohort 1 completed an initial year of coordinated work across publicly-funded programs--including private providers, school-based programs, and Head Start--within their region. These communities coordinated enrollment, measured classroom quality, and supported professional recognition across a

diverse field of early childhood providers. In summer 2020, 8 additional communities joined as part of cohort 2, now providing the opportunity for PDG participation to over 60% of the Commonwealth's publicly-funded programs. The work of these pilot communities will lay the foundation for the forthcoming unified measurement and improvement system. VDOE has hired an Associate Director of Quality Measurement and Improvement to support the development of the unified measurement system through PDG B-5 activity funds.

- The work on the uniform quality measurement and improvement system began this fall. The first webinar on the new system took place on October 28th. During this webinar, VDOE provided an overview of the timeline and process for developing Virginia's new unified quality measurement and improvement system. A survey to gather stakeholder feedback as well as several follow-up presentations will be conducted in November and December. VDOE is also reviewing and modeling current Virginia quality data. This data, along with stakeholder feedback and national research will be used to develop a proposed set of measures.

#### *Fiscal Detail on Phase I*

- The transition of CCDF Quality functions and the HSSCO was completed without any unexpected costs. Long-term cost savings are anticipated when quality contracts are renegotiated in FY22.
- VDSS and VDOE established a MOA to address quality initiatives, including staff and contracts/grant awards (see Appendix B for the final MOA, including the FY21 budget). VDSS will remain CCDF Lead Agency and contract with VDOE to manage quality initiatives through FY21. VDOE was added to quality contracts via a joinder agreement, allowing VDOE to make payments to grant recipients and vendors starting October 1 and invoice VDSS for these costs. Note that while all 19 quality-related vehicles are “contracts” at VDSS, VDOE categorizes 14 of them as grant awards and 6 as vendor contracts.
- There were no significant changes to the \$10.8 million in 19 quality-related contracts and grant awards funded with NGF that support Virginia Quality, Impact Registry, Infant and Toddler Specialist Network, Resource and Referral, and other statewide efforts as well as the necessary information technology systems. Quality staff will continue to directly administer the Child Care Scholarship Program, which dedicates \$600,000 for child care staff and family day home providers to complete coursework at an approved college or university.
- Transition of the HSSCO impacted \$175,000 in NGF, including approximately \$70,000 in contracts. These contracts also cover the necessary information technology systems (e.g., Head Start Association website).



## **PHASE II: PREPARE FOR TRANSITION OF LICENSING, SUBSIDY OVERSIGHT, AND CCDF LEAD AGENCY RESPONSIBILITY**

### *Timeframe*

7/1/2020 to 6/30/2021

### *Objectives*

In Phase II, the state seeks to achieve the following:

- Prepare for the transition of Child Care Licensing from VDSS to VDOE;
- Develop new licensing system;
- Prepare the transition of CCDF Lead Agency responsibilities and Child Care Subsidy Program oversight and policy responsibility from VDSS to VDOE;
- Scale Pilots (PDG Cohort 3);
- Launch Early Childhood Advisory Council (ECAC); and
- Establish guidance and align supports for statewide “practice year” of uniform measurement and improvement system.

### *Personnel, Programmatic and Fiscal Impact of Phase II*

#### *Personnel Summary on Phase II*

- 6.5 new FTEs will be required at VDOE to support a seamless transition.

An estimated \$400,000 in transition costs at VDOE are anticipated to cover expenses related to preparing for facilities-related needs and moving staff from VDSS to VDOE on July 1, 2021. FY21 GF appropriation was provided in the current Chapter 1289 budget.

Funding for the licensing system was removed from the FY21 and FY22 budgets and re-proposed for the upcoming GA session.

Please see Appendix D for tables with updated cost impact estimates for both VDOE and VDSS.

At this time, an estimate of any potential savings during the transition period cannot be determined with any rate of accuracy. However, actions accomplished during this phase will enable a smooth transition in the last week of June/first week of July of 2021.

### *Programmatic Detail for Phase II*

- VDSS and VDOE executed two MOAs in November 2020: one to lay out the details and contractual arrangements for the transition of child care licensing (see Appendix E) and the other for the transition of Maximum Employment Level (MEL) and federal funding to hire staff at VDOE ahead of the transition (see Appendix F).
- A fifth and final MOA describing the contractual arrangements for the transition of CCDF Lead Agency and Child Care Subsidy Program oversight responsibilities and laying out a financial and performance agreement to inform the ongoing relationship between the two agencies is near-final. This MOA will be completed in the coming weeks to allow for adequate time to report to

the General Assembly and address any unexpected costs for FY22 that may be realized in time for the Governor's Budget.

- VDOE will hire 6.5 FTE including two FTE human resources staff in the Office of Human Capital, one FTE fiscal specialist in the Office of Budget and Finance, and three additional FTE in the Office of Early Childhood: a Director of Child Care Licensing; a CCDF fiscal policy analyst; and a CCDF strategic communications specialist. These new hires would start between January 1, 2021 and March 30, 2021 to be in place to support transition activities leading up to July 1, 2021. See Appendix F for additional details.
- VDOE is also actively recruiting for the Early Childhood Advisory Committee (ECAC) to vet policies and regulations and advise the Board of Education on related matters. The application period was announced in a superintendent's memo on Friday, November 6 and the Office of Early Childhood is also sharing the application through its various dissemination channels. The Coordinator for Early Childhood Policy and Planning will manage this entity and begin advising the ECAC and Board of Education in preparation for the transition.
- The ECAC will begin meeting in March to review policies and proposals in advance of the Board of Education. The Board of Education will review a proposal for the Unified Rating and Improvement System prior to July 1, 2021. The Board of Education will also review the newly developed Birth-Five Early Learning Development Standards in November 2020 and January 2021.
- Existing VDSS Division of Licensing Programs staff will support the planning work related to the transition of the licensing function, many of whom will transition to VDOE in FY2022. VDSS identified and notified staff that will transition to VDOE in October 2020 (see Appendix E for a list of transitioning staff titles). The two agencies are working together to host monthly meetings with licensing staff to ensure they are up-to-date on the transition process and have opportunities to raise questions and concerns. The first meeting was held in September to gather initial questions and the next will be held in November for transitioning staff only.
- VDSS and VDOE staff will work collaboratively with a contractor on the design and build of the new licensing platform that can be used with both adult and child centers starting in FY22. The goal is to build two discrete applications on a shared state platform that enables both functions to adapt the technology to meet user needs over time. This will likely require new devices in the field which will be funded with NGF and GF based on approved cost allocation methodologies. Devices used for child care licensing and VITA charges for application hosting would transition with staff to VDOE after July 1, 2021. VDSS has proposed for this development project to be funded with NGF and GF included in the FY21 budget as funds were previously removed from the budget during the special session. VDSS has existing staff to support this endeavor. VDOE will use both existing staff and a new project manager/system administrator (hire in progress). These staff will also develop a "Plan B" on how to use the Dolphin application if needed after July 1, 2021 across the agencies (i.e., creating a copy) and existing devices would transition with staff.

*Fiscal Detail for Phase II*

- As part of the MOA process, VDOE and VDSS will address any transition costs beyond the \$400,000 in GF in the proposed budget. It is expected that personnel costs related to the transition may be covered with NGF.
- VDSS estimates that costs to develop the new licensing software will total around \$9.6 million. These expenses need to be funded with NGF and GF included in the FY21 budget. Once the system is built, annual costs software licenses for VDOE will total roughly ~\$500 million. The DOLPHIN platform will be retired after FY22 and the new system will result in greater efficiencies (e.g. no, online applications) for staff and providers.

### PHASE III: COMPLETE TRANSITION OF LICENSING, SUBSIDY OVERSIGHT, AND CCDF LEAD AGENCY RESPONSIBILITY

#### *Timeframe*

7/1/2021 to 6/30/2022

#### *Objectives*

In Phase III, the state seeks to achieve the following:

- Complete transition of child care licensing oversight, policy development, and operations;
- Transfer the responsibility and funds of CCDF from VDSS to VDOE whereby VDOE is the official “Lead Agency” as recognized by the federal Department of Health and Human Services and contracts back with VDSS for the operations of the child care subsidy program;
- Establish new measurement and improvement system regulations; and
- Complete statewide “practice year” for the new Quality system in which all publicly-funded programs (VPI, child care subsidy, and Head Start) must participate; results are for learning purposes with no consequences or financial incentives.

#### *Personnel, Programmatic and Fiscal Impact of Phase III*

##### *Personnel Summary on Phase III*

- At least 125 FTEs at VDOE (113 of whom were transferred from VDSS)
  - In addition to the 6.5 new FTEs from Phase II, VDOE will need at least 6 new central office FTE positions to support child care licensing, subsidy, and CCDF administrative activities. Additionally, VDOE will need to name a CCDF Administrator.<sup>1</sup>
  - Based on current staffing levels, child care licensing would require 113 FTEs at the VDOE with 85 inspectors and 28 administrators, directors, and central office staff such as consultants, IT administrators, fiscal and policy staff.
- 148 FTEs at VDSS
  - To sustain the CCDF subsidy operations at VDSS, approximately 26 FTEs will remain at VDSS including personnel in administration (2 FTE and 1 Wage), business systems (3 FTE), operations (7 FTE and 3 Wage), subsidy-general (2 FTE), regional subsidy (5 FTE), local staff training (2 FTE and 1 Wage) and Child Care Subsidy vendor relations (5 FTE and 2 Wage).
  - An estimated 83 FTEs will be needed to sustain licensing for adult living facilities as well as the Child Welfare Unit, which includes 155 child placing agencies, 25 children’s residential facilities, 4 child caring institutions, and 1 independent foster home. This includes 38 inspectors and 45 administrators, directors and central office staff such as consultants, IT administrators, fiscal and policy staff. The additional GF needed to support these staff is discussed in the fiscal detail below.
  - To sustain criminal background check operations at VDSS, approximately 39 FTES will remain at VDSS.
  - Cost allocation for certain administrative personnel at VDSS will be adjusted to account for the transfer of CCDF Lead Agency responsibility and oversight of the grant; this will

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<sup>1</sup> At present, all existing child care subsidy staff at VDSS are expected to remain. If, over the course of developing the MOA, it is decided that some subsidy staff will transition to VDOE, all will be covered by NGF.

not significantly affect these staff. The additional GF needed to support these staff is discussed in the fiscal detail below.

*Programmatic Detail on Phase III:*

- As of July 1, 2021, VDOE will be the official lead state agency for CCDF which pays for subsidizing the cost of child care for low-income households and improving the quality of child care. The CCDF funds will come to VDOE from the federal Department of Health and Human Services and the Governor's introduced budget reflects this shift in FY22.
- As Lead Agency, existing Quality contracts and subgrants that are still in effect will transfer to VDOE under the joinder agreements previously executed with the same pricing and other terms and conditions until termination. However, transferring contracts will need to have fully approved purchase orders by VDOE in eVA. Transferring subgrants will need to be set up for reimbursement in VDOE's grants management system, OMEGA. For subsequent procurements or subgrant award processes occurring on or after July 1, 2021, VDOE will conduct those processes and be the sole agency as a party on the contract or the Lead Agency grantee issuing the subgrant awards. Commonwealth and VDOE agency-specific requirements will be followed in awarding contracts and subgrants.
- As of July 1, 2021, VDOE will be responsible for the development and promulgation of policy and regulations related to the child care subsidy program, the quality standards and quality programming for early childhood education, and the implementation of health and safety licensing standards for child care facilities.
- Child care licensing regulations and child care subsidy regulations will move over in their current form from the State Board of Social Services to the Board of Education, effective July 1, 2021.
- As noted in Phase II, VDOE will enter into a MOA with VDSS for the administration of the child care subsidy program. The MOA will lay out roles and responsibilities for VDOE and VDSS in detail. However, administrative responsibilities for VDSS will include, at a minimum: 1) the allocation of funds to and training and oversight of local departments of social services to continue to perform eligibility determination, counseling, and case management to low-income families; 2) managing child care providers by approving their participation in the program, reimbursing for services delivered, and providing call center services for their interaction with the state; and 3) coordinating with the Department of Health to promote participation of child care subsidy providers in the Child and Adult Care Food Program to increase healthy meals provided to low-income children to reduce food insecurity. This arrangement will minimize disruption for both families and providers. This also enables Virginia to maintain the ~\$12 million of local funds contributed by local governments for staff and operations at local departments of social services which is used as matching funds for CCDBG. The MOA will also cover all information technology needs including the case management software, website, and technology needed to do eligibility and make payments to providers. VDSS and VDOE will work collaboratively to produce all necessary reports, ensure quality assurance, address potential fraud and prepare for any audits or external reviews.
- The responsibility for regulating child care providers will move from the State Board of Social Services to the State Board of Education. VDOE will be responsible for implementation of the licensing regulations and managing the licensing inspectors that inspect more than 6,000

licensed child care providers, training of child care providers, and taking the appropriate action when a child care provider fails to meet licensing laws and regulations. VDOE will also be responsible for health and safety inspections of the approximately 600 unlicensed child care providers who receive child care subsidy. Note that all of these programs that take public funding would also be part of the state's new uniform measurement and improvement system under VDOE.

- Based on current staffing levels, child care licensing would require at least 113 FTEs at the VDOE with 85 inspectors and 28 administrators, directors, and central office staff such as consultants, IT administrators, fiscal and policy staff. These existing positions will be transferred from VDSS. Licensing inspectors housed throughout the Commonwealth in various buildings with different lease arrangements will maintain their current office space and the current shared cost allocation of those leases until each respective lease comes due. With the new licensing system, it is anticipated that most licensing inspectors in the field will telework to increase efficiency and reduce costs.
- The key functions for licensing personnel will remain the same in FY22 as the regulations will transfer over as-is. However, it is anticipated that responsibilities and expectations will evolve over time as VDOE implements the uniform measurement and improvement system for all publicly-funded programs, uses all health, safety and quality data to inform and align improvement supports, and seeks to achieve efficiencies across the Division of School Readiness. VDOE expects to provide training, coaching, and other professional development supports to staff in out-years to drive this change management.
- As part of the Licensing MOA, VDOE will contract with VDSS for the administration of the criminal background checks for child care providers as of 7/1/2021 in order to comply with recent changes to federal law to require a specific set of background checks for child care employees.
- VDSS will continue to license child placing agencies, children's residential facilities, child-caring institutions, independent foster homes, and adult living facilities. For detail, see Appendix H.
- VDOE will need to inform HHS, establish a new cost-allocation agreement, and amend the state child care plan to account for the transition. As of July 1, 2021, VDOE will be solely responsible for the state child care plan and all reporting required by HHS as well as reports required by the General Assembly.

#### *Fiscal Detail on Phase III*

- As of July 1, 2021, CCDF funds will come to VDOE from HHS. VDOE expects to transfer between \$167.5 million and \$190.5 million to VDSS to run the child care subsidy program, including payments to child care providers, NGF for VDSS staff and systems, as well as local staffing.<sup>2</sup>

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<sup>2</sup> This amount reflects potential increased enrollment in the Child Care Subsidy program associated with eliminating the wait list in FY21. While increasing numbers of parents will need child care as they return to work, COVID conditions, school reopening patterns, and child care provider closures make it challenging to estimate cost. VDOE and VDSS will negotiate a firmer transfer amount in the Child Care Subsidy MOA.

- VDOE will use an estimated \$18,415,956 in CCDF (NGF) to support the licensing of child care facilities and inspection of subsidy providers.
- The VDOE contract with VDSS for the administration of the criminal background checks for child care providers as of July 1, 2021 will require an estimated \$2.3 million (but no more than \$4 million) in NGF (CCDF).
- VDOE expects to use NGF funding to cover new back-office costs directly related to CCDF and to enter into a new cost-allocation agreement with the Feds to cover indirect and administrative expenses.
- To sustain adult licensing activities, VDSS requires an additional \$2,130,394 in General Funds. These funds were initially appropriated in Chapter 1289 of the 2020 Acts of Assembly, then unallotted by Governor Northam's Amendment 93, removed from the budget during the Special Session, and not re-allotted in the final budget. Ensuring that VDSS has the funds it needs to sustain adult licensing is a priority for the 2022 legislative session.
- VDSS will also require an additional \$3,055,524 in GF to cover administrative expenses incurred to support core functions at the agency, previously covered through the CCDF cost allocation agreement. These funds were not included in the FY21 conference report. They were supplanted with CCDF discretionary funds.

## **APPENDIX A: IMPLICATIONS OF THE CORONAVIRUS PANDEMIC FOR CHILD CARE QUALITY, LICENSING, AND SUBSIDY**

On March 12, Governor Northam issued a state of emergency across the Commonwealth in response to the continued spread of the novel coronavirus, or COVID-19. In the days and weeks that followed, VDSS and VDOE mobilized to support early care and education providers and the families that rely on them. As the pandemic persists, the early care and education market--which is largely comprised of private, fee-based programs--continues to grapple with higher operating costs and lower revenues due to decreased enrollment, increased demand from families of school-age children in light of virtual instruction, and staffing challenges.

Key staff within VDSS and VDOE continue to work closely with the administration, including the Virginia Department of Health (VDH), the Virginia Department of Emergency Management (VDEM), and the COVID-19 taskforce--along with local partners and stakeholders--to update and implement emergency procedures for child care providers that remain open during the pandemic. These procedures and corresponding guidance have evolved over time as Virginia moved from Phase I to Phase III of "reopening" while maintaining the dual goals of 1) protecting the health and safety of children and child care providers; and 2) continuing to facilitate access to high-quality child care.

Most recently, Virginia lifted group size restrictions that had been in place since Phase I of the reopening process. This change allowed providers to return to group sizes allowable under their licenses or subsidy vendor agreements, reflecting feedback from child care providers, limited outbreaks among child care programs in the Commonwealth, and emerging data and research about best practices in mitigating spread in child care settings. Updated guidance reminded programs that staff are required by Department of Labor and Industry Regulations to wear facial coverings indoors, encouraged the use of facial coverings among children ages 2 and older, and reinforced the importance of other mitigation strategies such as cleaning and sanitation procedures, regular health screenings, and strong illness policies. VDSS and VDOE are monitoring shifts in transmission rates, outbreak data, and emerging research and will evaluate and update the guidance as necessary.

Coordination between the two agencies regarding pandemic response activities is more important than ever in the days leading up to and following the transition. VDOE and VDSS will continue to work collaboratively to implement needed policy changes--both temporary and permanent--following the transition. VDOE recommended budget language to provide the agency with the same level of flexibility granted to VDSS while the COVID pandemic continues to ensure that it is similarly well-positioned to be responsive to the changing needs of the field.

This Appendix provides an update on the operational status of the child care sector; financial relief and supply distribution for providers; and new or ongoing policy changes for subsidy vendors. VDOE and VDSS will continue to solicit feedback from the field and pursue resources and policy changes to be responsive to providers' needs during this time.

### **Operational status of child care programs in Virginia**

As of November 19, 69 percent of child care providers are open and operational. 1,856 remain closed, representing a loss in capacity of over 140,000 slots. Of all provider types, family day homes are least likely to be closed (16 percent). Comparatively, 42-45 percent of child day centers, certified pre-schools, and religious-exempt child day centers remain closed. There are roughly 50 fewer child care providers in



the licensing system in mid-November relative to late March, primarily representing a loss in voluntarily registered family day homes.

### **Financial relief and supply distribution for the child care sector: Updates since August 2020**

#### *CARES Act funding*

Virginia received \$70.8 million in CARES Act funding for child care through CCDBG. Roughly 65 percent of these funds are being administered to providers via an emergency grant program in an effort to offset some of the financial losses that programs are experiencing due to reduced enrollment. Eligible facilities include existing licensed family day homes, voluntarily registered family day homes, licensed child day centers, religiously exempt child day centers, licensed family day systems, certified preschools, unlicensed child day programs that are approved subsidy vendors, and local ordinance approved family day homes. Providers were required to certify that they are providing or are willing to provide care for children during the grant period (April, May, and June for round one; July, August, and September for round two). Monthly grant awards were based on capacity.

A total of 2,573 providers received the first round of grants. As of November 16, more than 3,000 providers were approved for the second round.

In late October, Governor and First Lady Northam announced \$65.8 million\* in funding to support child care providers amid the COVID pandemic. This funding will continue to support the direct grants to child care providers. A portion of funds will be used to support providers who applied for but did not receive round two grants. A third round of grant funds will also be provided.

#### *Child Care Grants for School-Age Children*

Through executive action taken in late October and the final budget passed during the Special Session, VDSS is anticipating \$20.6 million\* in funding to support child care for school-age children who are participating in virtual instruction. VDOE and VDSS are working collaboratively to identify strategies for disseminating these funds including working through the Smart Beginnings Coalitions to act as intermediaries for developing these new child care services.

#### *Personal Protective Equipment (PPE) Distribution*

With the support of the Governor's Office, the Virginia Department of Emergency Management (VDEM) is dedicating \$26.9 million to provide PPE, including facial coverings, hand sanitizer, and cleaning and sanitation supplies to child and adult care facilities. VDSS is collaborating with Child Care Aware of Virginia to collect contact and delivery information about open child care programs across the state. VDEM will then make deliveries directly to child care providers. Each program will receive a package that contains:

- Cloth masks (125 adult; 230 child)
- Adult surgical masks (1,200)
- Non-contact/infrared digital thermometers (2)
- Nitrile gloves (22,400, assorted sizes)
- Vinyl exam gloves (9,600, assorted sizes)
- Bleach (4 gallons)
- 8 oz bottles of sanitizer (15)

Shipments will begin in late November and run through December.

*\*Note: These amounts were accurate as of early November. The final Appropriations Act approved during the 2020 Special Session provided up to \$76.6 million in Coronavirus Relief Funding (CRF) for ECCE: \$60 million in stabilization payments and \$16.6 million for school-age child care.*

**Policy changes for subsidy providers**

Approximately one-quarter of subsidy-participating child care providers remain temporarily closed due to the pandemic as of November 19, a majority of which are center-based programs.

Using both regular CCDF and CARES Act dollars, VDSS implemented a number of modifications to Child Care Subsidy Program policies in order to assist families and providers during the pandemic. The following policies remain in effect (designated with \*) or have been newly implemented since August:

- School-age children designated for part-day care are eligible for full-day care during virtual instruction.
- The requirement for a face-to-face interview for initial eligibility remains temporarily suspended.\*
- Increased maximum reimbursable rates for unlicensed child care providers in the Subsidy program through FY22 to encourage these typically small providers to remain in business and serve parents desiring smaller group settings for their children during COVID-19.\*
- Support efforts to reduce the child care subsidy wait list during the pandemic to assist all families in need of child care services. The waitlist decreased by 28% since the start of the pandemic and is currently at 962 children as of October 30, 2020.
- Increased reimbursement rate of \$10.00 per hour for in-home child care providers as they care for virtual learners.

**APPENDIX B: EXECUTED MEMORANDUM OF AGREEMENT (MOA) BETWEEN VDSS AND VDOE FOR THE TRANSFER OF THE CHILD CARE QUALITY FUNCTIONS OF THE CHILD CARE AND DEVELOPMENT BLOCK GRANT (CCDBG)**

Starts on next page.

**Memorandum of Agreement between the Virginia Department of Education (VDOE) and the Virginia Department of Social Services (VDSS) for the transfer of the Child Care Quality Functions of the Child Care and Development Block Grant (CCDBG)**

This Memorandum of Agreement (hereinafter referred to as MOA) is made between the Virginia Department of Social Services, hereinafter referred to as VDSS, and the Virginia Department of Education, hereinafter referred to as VDOE. It addresses the management and execution of the child care quality functions of the Child Care and Development Block Grant, hereinafter referred to as CCDBG.

House Bill 1012 and Senate Bill 578 direct the Board of Education to establish a statewide unified public-private system for early childhood care and education in the Commonwealth to ensure that every child has the opportunity to enter kindergarten healthy and ready to learn.

The VDSS and VDOE have determined to begin the transfer with a 12-month agreement to transfer management and execution of the child care quality and professional development functions of CCDBG to the VDOE in advance of the complete transfer of functions on July 1, 2021.

In consideration of their respective undertakings, the VDSS and VDOE agree to the following terms:

PERIOD OF AGREEMENT: July 1, 2020 through June 30, 2021, noting that beginning July 1, 2021 the VDOE will have full oversight of the CCDBG, including the child care quality functions.

**I. Purpose**

State management and execution of the child care quality and professional development functions will be transferred from VDSS to VDOE. This would allow for a streamlined alignment of state-managed quality supports and services for all early learning programs within the Commonwealth of Virginia. Further, this transfer would support the goals and timeline outlined in Chapters 860 and 861 of the 2020 Acts of Assembly, which determines that the following must take place by July 1, 2021:

□ **22.1-289.03.** *Early childhood care and education system; establishment.*

*A. The Board shall establish a statewide unified public-private system for early childhood care and education in the Commonwealth to ensure that every child has the opportunity to enter kindergarten healthy and ready to learn. Such system shall be administered by the Board, the Superintendent, and the Department and shall be formed, implemented, and sustained through a structure that engages and leverages both state-level authority and regional-level public-private partnership assets.*

*B. It is the intent of the General Assembly that the system established pursuant to subsection A shall (i) provide families with coordinated access for referral to early childhood education programs, (ii) provide families with easy-to-understand information about the quality of publicly funded early childhood care and education programs, (iii) establish expectations for the continuous improvement of early childhood care and education programs, and (iv)*

*establish shared expectations for early childhood care and education programs among the Department of Education, the Department of Social Services, local school divisions, and state and regional stakeholders.*

*C. The system established pursuant to subsection A shall consist of a combination of programs offered through (i) the Virginia Preschool Initiative, pursuant to § 22.1-289.09, or any other school-based early childhood care and education program; (ii) licensed programs, pursuant to Article 3 (§ 22.1-289.010 et seq.); and (iii) unlicensed programs, pursuant to Article 4 (§ 22.1-289.030 et seq.).*

On July 1, 2020, the Head Start State Collaboration Office will also transfer from VDSS to VDOE with 1 staff member, a separate Head Start grant, and two contracts. For the purpose of this MOA, however, child care quality and professional development functions primarily refer to programs and activities carried out by the CCDBG-funded staff members which have historically worked in the Child Care Quality and Professional Development Unit at VDSS to fulfill the quality and professional development requirements of 45 CFR Part 98 - Child Care and Development Fund; the state child care plan; requests and directives from the federal Office of Child Care (OCC), the Virginia General Assembly, the VDSS Commissioner, VDSS Deputy Commissioner, and CCDF Administrator, and the State Board of Social Services; as well as any contracts, grant awards, or other work streams described in existing staff's employee work profiles.

## **II. Background**

The Child Care Quality and Professional Development Unit (hereinafter referred to as the CCQPD Unit) is a part of the Division of Child Care and Early Childhood Development within VDSS. The unit includes 6 filled CCDBG-supported positions. The CCQPD Unit works to enhance the quality of child care available to Virginia's families. The responsibilities of the Unit include but are not limited to implementing a quality rating and improvement system for center-based and home-based child care programs; providing a professional development system and training for the child care workforce; educating parents about the characteristics of high quality child care; and collaborating with early care and education partners for a better coordinated early childhood network in Virginia.

The CCQPD Unit fulfills several key functions outlined in the CCDBG and the state child care plan and ensures compliance with federal and state regulations through performance-based contracting and performance monitoring.

## **III. Scope of the MOA**

Regarding the transfer of the child care quality and professional development functions from VDSS to VDOE, VDSS shall:

- Transfer CCQPD unit staff and related work activities as of July 1, 2020 (see Appendix A and Appendix B for details)
- Transfer outstanding invoices or deliverables resulting from related contractual agreements, outlined in Appendix B

- Continue serving as Child Care and Development Fund Lead Agency, administering the CCDBG, through June 30, 2021, including the submission of all necessary reports and communications to the U.S. Department of Health and Human Services (HHS)
- As the Child Care and Development Fund Lead Agency, submit an amended state plan to the Administration for Children and Families no later than September 1, 2020 to reflect the subrecipient relationship between VDSS and VDOE and the child care quality and professional development functions VDOE will perform on behalf of VDSS
- Provide transferred staff with access to VDSS records and files necessary to continue executing their tasks and responsibilities
- Facilitate ongoing communication between any impacted contractors or grant award recipients with contract managers once transitioned to VDOE
- Continue any ongoing Institutional Review Board Monitoring for ongoing projects that have been reviewed as of July 1, 2020 (details in Appendix E)
- Maintain ongoing communication with the VDOE regarding ongoing activity within the CCQPD Unit on a no-less than monthly basis
- Designate an individual to serve as the primary VDSS point of contact for matters related to this MOA including but not limited to communications, reports, invoices, data, funding, technology and software, and monitoring of VDOE performance under the MOA
- Monitor VDOE activities and compliance under this MOA through reports, meetings, and expenditure tracking. VDSS will hold weekly status calls or meetings with VDOE and require a written monthly compliance report in a format determined by VDSS. The calls and reports will address: overall status of MOA implementation; key performance measurement indicators for Virginia Quality, Infant & Toddler Specialist Network, IMPACT Registry, training provided through Penn State and Child Care Aware, Community College Workforce Alliance, Child Care Provider Scholarship Program, Low Interest Loan Program, and other areas; significant accomplishments; problem areas including performance or expenditure issues with contractors and corrective action; anticipated contract modifications; and fiscal status of contracts; and other elements as determined by VDSS. A draft template for the written monthly report which addresses tasks to be performed, schedule for completing tasks, indicators to assess performance, and budget information is contained in Appendix G. Report content will be finalized by VDSS prior to VDOE submission of the first monthly report in August for the month of July.

Regarding the transfer of the child care quality and professional development functions from VDSS to VDOE, VDOE shall:

- Accept transfer of CCQPD unit staff and related work activities as of July 1, 2020
- Accept CCDBG federal funds on a reimbursement basis as a subrecipient, as outlined in Appendix C
- Direct the work of the CCQPD staff to ensure compliance with child care quality, professional development and training provisions and activities related to 45 CFR Part 98

- Child Care and Development Fund; the state child care plan; requests and directives from the federal Office of Child Care, the Virginia General Assembly (including participating with VDSS in the development of legislative assessment statements and budget impacts as needed), the VDSS Commissioner, VDSS Deputy Commissioner, and CCDF Administrator, and the State Board of Social Services; as well as any contracts, grant awards, or other work streams described in existing staff's employee work profiles
- Carry out all contract management, administration, review, and renewal activities including maintaining regular contact with contractors, providing technical assistance as needed, monitoring and measuring contractor performance to ensure satisfactory delivery of services and products, monitoring contractor expenditures to ensure accuracy and appropriateness, implementing corrective actions as needed, completing a subrecipient monitoring plan per VDSS requirements and required reviews in a timely manner, and preparing contract modification, deobligation, and renewal documents as may be needed. VDSS and VDOE shall coordinate procurement for any subrecipient agreements or contracts expiring prior to July 1, 2021, subject to applicable laws and regulations, including the requirements of Virginia Code § 2.2-4304 and the Department of General Services policies for Joint and Cooperative Procurement
  - Provide data as requested by VDSS for federal and other reporting needs including but not limited to VDSS key indicator reports, ACF 800 and 801 reports, and the annual Quality Progress Report (ACF 218) required by OCC. VDOE shall plan, collect all required data, and complete the Quality Progress Report in a timely manner to be approved by VDSS and submitted by VDSS to the OCC
  - Review the [www.childcareva.com](http://www.childcareva.com) website to identify quality, professional development, and consumer education information to be added to, amended, or removed from the site and identify links that are not functioning. Reviews should be conducted proactively and at least monthly. VDOE should provide the VDSS point of contact the site updates and modifications in writing and in the form of grammatically correct, complete, and ready-to-publish text and links, instructions for where to post, and timeframe for posting.
  - Participate fully and as requested by VDSS in any federal CCDBG reporting, communication, or monitoring activity, including but not limited to participating in the development of Virginia's state child care plan and participation in OCC technical assistance projects
  - Notify VDSS of needed quality, professional development, and consumer education updates to the state CCDF plan in a timely manner and in the format and style required by VDSS
  - Maintain complete records and documentation to fully support work activities and contracts, and provide timely access to these records as requested by VDSS or federal or state auditors
  - Provide subject matter expertise on behalf of VDSS as needed on federal and state committees or work groups

- Lead ongoing communication with VDSS regarding ongoing activity within the CCQPD Unit
- Participate in weekly status calls or meetings with VDSS and provide written monthly compliance reports in a format determined by VDSS

#### **IV. Federal Funding Transfer**

Drawdowns of the CCDBG will be managed by VDSS during state fiscal year (SFY) 2021. VDOE will have a subrecipient relationship with VDSS during state SFY 2021, pursuant to this MOA. VDOE will be added to the contracts and subrecipient agreements in Appendix B through the execution of joinder agreements and process payments to those vendors on behalf of VDSS. The parties expect this to be completed no later than October 1, 2020. As the Lead Agency, VDSS shall address disputes related to those agreements. VDSS and VDOE shall coordinate procurement for agreements expiring prior to July 1, 2021 through procedures for joint procurement. This excludes any contracts and grant awards from the Head Start State Collaboration grant.

Process and procedure for cash management, supporting documentation, indirect cost, and reconciliation agreements can be found in Appendix C (Standard Operating Procedures for Transfer of Quality Unit).

#### **V. Technology**

Regarding the transfer of the CCQPD Unit from VDSS to VDOE, VDSS shall:

- Provide technical assistance to VDOE regarding the integration of technology-based functions
- Permit the use of VDSS issued personal computers for a period of up to 90 days following the transition, or when VDOE personal computers become available, whichever takes place first
- Refer to Appendix D for additional details of the Technology Transfer Plan

#### **VI. Compliance with CCDBG Requirements**

VDSS will maintain responsibility and oversight of the CCDBG during the period of this MOA. VDSS will continue to act as the lead point of contact with OCC.

VDOE will fulfill a subrecipient role in relation to the CCDBG, and will act, as requested, as a collaborator in the following ways:

- Providing deliverables and meeting obligations outlined in 45 CFR Part 98 - Child Care and Development Fund and the current state child care plan as related to the CCQPD unit which may be found at [https://www.dss.virginia.gov/files/division/cc/state\\_plans/State\\_Child\\_Care\\_Plan.pdf](https://www.dss.virginia.gov/files/division/cc/state_plans/State_Child_Care_Plan.pdf)
- Completing monitoring requirements, including but not limited to the annual Quality Progress Report which reflects many of the activities within the CCQPD unit



- Providing access to any files or records as needed in order to meet requirements related to 45 CFR 98.90(c)
- Actively participate in the development of the state child care plan, and any relevant public engagement
- Actively participate in monthly calls with OCC Region III staff

**VII. Integration and Modification**

This MOA constitutes the entire understanding of the Parties as to the matters contained herein. No alteration, amendment or modification of this MOA shall be effective unless in writing and signed by the duly authorized officials of VDSS and VDOE.

**VIII. Invalidity of Particular Portions**

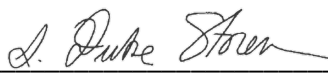
If any term or provision of this MOA shall, to any extent, be held invalid or unenforceable, the remainder of this MOA shall not be affected thereby, and each term and provision of this MOA shall be valid and enforceable to the fullest extent permitted by law.

**IX. Assignment, Subcontracting and Transfer**

Neither party shall assign, subcontract, or transfer this MOA, or any right, obligation, or liability under this MOA, without the prior written consent of the duly authorized officials of VDSS and VDOE.

In Witness Whereof, VDOE and VDSS have respectively caused this MOA to be executed by their duly authorized representatives.

**Virginia Department of Social Services**

By:   
(Signature)

S. Duke Storen  
(Type or Print Name)

Title: Commissioner

Date: August 14, 2020

**Virginia Department of Education**

By:   
(Signature)

James F. Lane, Ed.D.  
(Type or Print Name)

Title: Superintendent of Public Instruction

Date: August 12, 2020

**Appendix A: Personnel Coordination**

The following CCDBG-supported staff positions will transfer from VDSS to VDOE as part of the CCQPD Unit on July 1, 2020:

<b>Position #</b>	<b>Position Role Name</b>	<b>Working Title</b>
W0140	Prog Admin Specialist II	Program Development Consultant
W5141	Prog Admin Specialist II	Program Development Consultant
W1089	Prog Admin Specialist II	Training & Education Consultant
W4114	Prog Admin Specialist II	Training & Education Consultant
W0049	Prog Admin Specialist II	Training & Education Consultant
W4108	Prog Admin Manager III	Program Manager

A seventh vacant CCDBG-supported quality position will transfer from VDSS to VDOE on October 1, 2020.

Regarding the transfer of the CCQPD Unit from VDSS, VDOE shall:

- Accept transfer of staff to support CCQPD Unit on July 1, 2020
- Identify specific office space, equipment and support needs for staff by July 1, 2020. Office space will be located for the staff as close as possible to existing staff for the Office of Early Childhood within the VDOE.
- Provide HR orientation and necessary program training to transferring staff
- Provide team facilitation to foster team cohesiveness for transferring and existing VDOE Office of Early Childhood team members, to include facilitated strategic planning in August 2020

VDSS shall transfer to VDOE the complete personnel files of any and all appropriate staff.

**Appendix B: Existing Quality Contracts and Grant Awards**

The following contracts and subrecipient agreements will be included in the CCQPD Unit Transfer:

Contract Number	Subrecipient or Procurement Type (per VDSS)	Commodity/ Service Type	Contractor	Current Contract Start Date	Current Contract End Date	Contract Amount For FY 20-21
OECD-19-014	Contractor - MOA	Virginia Health and Safety Child Care Preservice Training	Pennsylvania State University/Better Kids Care Program	7/1/2020	6/30/2021	\$ 187,114
OECD-18-033	Contractor - No cost MOA	Quality Rating and Improvement System	Virginia Early Childhood Foundation	11/1/2020	10/31/2021	No cost
OECD-16-099	Subrecipient	Online Child Care Development	Community College Workforce Alliance (CCWA)	7/1/2020	6/30/2021	\$25,000.00
OECD-19-092	Subrecipient - DGS approved Sole Source	Resource & Referral Services, Training Services	Child Care Aware of VA	7/1/2020	6/30/2021	\$1,175,000
CCECD-18-012	Subrecipient	Child Care Financing Program	Virginia Department of Small Business and Supplier Diversity, Virginia Small Business Financing Authority	7/1/2017	6/30/2022	\$3,730,750.00 Revolving Fund, No Annual Payment Amount
CCECD-19-119	Subrecipient	Partnership for People with Disabilities	Virginia Commonwealth University	11/5/2020	6/30/2021	\$ 50,000.00
OECD-17-052	Subrecipient	Virginia Infant and Toddler Specialist Network	Child Development Resources	7/1/2020	6/30/2021	\$5,347,379.36
OCED-18-113	Subrecipient -DGS approved Sole Source	Virginia Early Childhood Foundation-Quality Rating and Improvement System	Virginia Early Childhood Foundation	8/1/2020	7/31/2021	\$309,748.20
OECD-19-047-01	Subrecipient	Virginia Quality Rating and Improvement System	ChildSavers - Memorial Child Guidance Clinic	7/1/2020	6/30/2021	\$472,976.81
OECD-19-047-02	Subrecipient	Virginia Quality Rating and Improvement System	Fairfax County NCS/ Office for Children	7/1/2020	6/30/2021	\$768,196.09
OECD-19-047-03	Subrecipient	Virginia Quality Rating and Improvement System	Sentara RMH Medical Center/ Family Connection	7/1/2020	6/30/2021	\$305,420.05
OECD-19-	Subrecipient	Virginia Quality Rating	Smart Beginnings	7/1/2020	6/30/2021	\$389,089.41

Contract Number	Subrecipient or Procurement Type (per VDSS)	Commodity/ Service Type	Contractor	Current Contract Start Date	Current Contract End Date	Contract Amount For FY 20-21
047-04		and Improvement System	Rappahannock Area			
OECD-19-047-05	Subrecipient	Virginia Quality Rating and Improvement System	Smart Beginnings Virginia Peninsula	7/1/2020	6/30/2021	\$383,49.11
OECD-19-047-06	Subrecipient	Virginia Quality Rating and Improvement System	Tidewater Community College	7/1/2020	6/30/2021	\$490,830.48
OECD-19-047-07	Subrecipient	Virginia Quality Rating and Improvement System	United Way of Roanoke Valley	7/1/2020	6/30/2021	\$458,066.09
OECD-19-047-08	Subrecipient	Virginia Quality Rating and Improvement System	United Way of Southwest Virginia	7/1/2020	6/30/2021	\$432,351.83
OECD-16-074	Contractor	Virginia Quality	Virginia Interactive	4/18/2020	4/17/2021	\$14,400
OECD-17-025	Contractor	IMPACT Registry	Virginia Interactive	4/18/2020	4/17/2021	\$12,000
VA-190906-VIPN	Contractor	Scholarship Application Hosting and Enhancements	Virginia Interactive	7/17/2020	7/16/2020	\$39,465.50*
<b>Note: Two contracts for the Head Start Collaboration Office are included below. These are funded through the Head Start State Collaboration Grant, NOT the Child Care and Development Block Grant.</b>						
OECD-17-037	Contractor - MOA	Head Start Collaboration Office Implementation Support	Virginia Commonwealth University	10/1/2019	9/30/2020	\$ 24,737.80
OECD-17-044	Subrecipient - DGS approved Sole Source	Virginia Head Start Association Collaboration with Head Start Collaboration Office	Virginia Head Start Association	10/2/2019	9/30/2020	\$ 46,300

\*Contract amount in FY 20-21 includes a one-time enhancement cost of \$19,596. Beginning in FY 21-223, contract amount will be \$16,911.50.

**Appendix C: Standard Operating Procedures for Transfer of Quality Unit**

**Virginia Department of Social Services and Virginia Department of Education Payment Processing and Cash Transfers from Federal Child Care and Development Block Grant (CCDBG) Fund Procedures**

<b>Purpose of Topic:</b>
Effective June 25, 2020, the Child Care Quality and Professional Development (CCQPD) Unit, which includes six CCDBG-funded staff, will transfer from the Virginia Department of Social Services (VDSS) to the Virginia Department of Education (VDOE). This appendix documents the procedures for payment processing by VDSS and the transfer of funding from VDSS to VDOE from CCDBG funding as a result of the transfer of the CCQPD Unit.  The Quality Unit also includes one (1) staff person funded by the Head Start State Collaboration Grant. It is anticipated that lead agency status for the Head Start State Collaboration Grant will transition to VDOE by July 1, 2020. These procedures do not apply to any costs associated with the Head Start State Collaboration Grant as they will be handled solely by VDOE in FY 2021.
<b>Governing Regulations (Federal, State, including CAPP, Agency):</b>
XXXX 2 CFR 200; Title 45, Parts 74 and 92 XXXX
<b>Last Updated (05/06/2020):</b>
<b>Last Review (mm/dd/yyyy):</b>

**1. Cash Management**

Drawdowns of the federal CCDBG funds from the U.S. Department of Health and Human Services (HHS) will be managed by the Virginia Department of Social Services (VDSS) for the first year of the block grant transition to the Virginia Department of Education (VDOE), during state fiscal year 2021. VDOE will have a subrecipient relationship with VDSS for receipt of CCDBG funds during fiscal year 2021, pursuant to this Memorandum of Agreement (MOA). Drawdowns of the grant funds must:

- Be limited to the minimum amounts needed to cover allowable costs as defined in the MOA between VDOE and VDSS.[1]
- Be timed in accordance with the actual immediate cash requirements of carrying out the approved expenditures.

- Not be made to cover future expenditures.

There will be three primary categories where expenditures will occur during the transition of the CCDF grant from VDSS to VDOE. Those primary cost categories will include:

- Payroll expenditures
- AP vendor payments for related contracts and other non-personal expenditures[2]
- Routine non-personal expenditures of staff paid with CCDF funds (i.e., travel, office supplies, VITA charges, etc.).

VDOE will provide VDSS with supporting documentation for any expenditures requiring a drawdown from the block grant. VDOE will be able to forecast and predict payroll expenditures for each pay cycle and communicate to VDSS the amount to draw down in support of personal services expenditures. A calendar will be developed that aligns with the payroll service bureau calendar to ensure that funding is available within VDOE on the payroll processing date. This will allow drawdowns to occur by VDSS from the grant and maintain compliance with the federal Cash Management Improvement Act (CMIA) and maintenance of federal cash within VDOE that also complies with CMIA. VDOE should not receive funds in advance of 3 business days of the release of payroll funds to employees. For purposes of monitoring and reconciling payroll, VDOE will perform a quarterly reconciliation of all personal services/payroll expenditures to ensure the amounts communicated during the payroll periods within the quarter accurately reflect actual payroll transactions and provide a copy of the reconciliation to VDSS.

## **2. Supporting Documentation for Cash Management**

For purposes of processing payments in each of the major expenditure categories, the following are examples of adequate supporting documentation that shall be provided by VDOE to VDSS for audit purposes and in support of a grant drawdown.

### **Personal Services Expenditures (Payroll)**

Effective June 25, 2020, VDSS CCDBG-funded CCQPD staff will transition to VDOE. The July 1, 2020 payroll for these staff will be posted to the financial records of VDSS because it covers the pay period June 10-June 24. The July 16, 2020 payroll will be the first payroll for these staff to be posted to VDOE's financial records as it covers the pay period June 25-July 9.

A transfer will be requested to the Department of Budget and Planning (DPB) to move 7 Maximum Employment Level (MEL) from VDSS to VDOE for the transition of the Quality and Head Start Collaboration teams.

Specifically, to facilitate the transfer of staff, VDSS shall initiate a budget execution adjustment in DPB's Performance Budgeting (PB) System to transfer six full time classified positions for Quality and one additional full time classified position for the Head Start State Collaboration Office to VDOE for a total of seven (7) positions. VDOE shall initiate a budget execution adjustment in the PB system to receive the

transfer of these 7 classified positions from VDSS. Budget execution adjustments shall be entered into the PB system within five days of the MOA being signed by both agencies.

VDSS shall advance the cash for the total payroll costs for the six CCDBG-funded employees that were transferred for the July 16<sup>th</sup> payroll based on the amount paid on the July 1<sup>st</sup> payroll. A copy of the MOA between the two agencies shall be attached for documentation. It is understood that there may be some differences between the two payroll amounts, but that difference will be true-up on a calendar quarter basis via an Agency to Agency Transfer (ATA).

After each payroll run is processed, VDOE shall forward a copy of report U033, from the Reportline system, to verify the amount of payroll costs actually processed for the six transferred Full Time Equivalents (FTEs). That amount will be the amount of the next advance provided by VDSS to VDOE. This process will be repeated each payroll period through FY 2021. The last Reportline report needed will be the report for the July 1, 2021 payroll, which will be used to true up the payroll amounts for the final time.

Payroll will be reconciled quarterly to ensure that the drawdowns align with actual payroll activity. Payments on these transactions will not be made by VDOE until funds are received from VDSS.

In summary, for each pay period, VDOE will provide VDSS the following supporting documentation for processing of a drawdown and for audit purposes:

- Payroll Service Bureau approved certification for the pay period
- Copy of approved timesheet/time reporting from the Time and Attendance reporting system, TAL, for the pay period
- U033 report from Reportline to verify payroll costs processed

#### **Accounts Payable – Contracts and Non-Routine Non-Personnel Costs**

In recognition of the applicable Federal regulations and the parties' mutual desire to transition the management and execution of the quality function to the VDOE to the greatest extent allowed by law, contracts will be processed in the following manner effective July 1, 2020 through September 30, 2020, pending the execution of joinder agreements. Upon execution of the joinder agreements, VDOE will complete the necessary procedures to process payments to those vendors on behalf of VDSS through the Commonwealth's vendor payment system.

- VDOE Quality staff will review and approve invoices received for payment in accordance with the related Quality contract;
- VDOE Quality staff will forward within five business days of receipt the approved invoice electronically to the VDSS Child Care unit (Attention: Lakeisha Harris, Accountant);

- VDSS Child Care will approve and process within five business days of receipt and forward the invoice and supporting documentation to VDSS Division of Finance electronically for payment;
- VDSS Division of Finance will process the payment within 15 business days in compliance with Prompt Payment requirements in the Virginia Code, when applicable.

Upon execution of the joinder agreements and the transition of payment processing to VDOE, contracts will be processed in the following manner effective October 1, 2020:

Payables will be processed to ensure compliance with prompt pay requirements and federal cash drawdown compliance requirements. Payments on these transactions will not be made by VDOE until funds are received from VDSS.

For existing contracts transferring to VDOE: in time for the established vendor pay date complying with Prompt Pay, VDOE shall invoice VDSS for each vendor invoice for the upcoming pay date. Multiple vendor invoices would be batched if due dates are close together. Quality staff, housed at VDOE, will review and manage the contracts and validate invoices for VDOE and VDSS. VDOE shall submit invoices, POs/receiving, payment vouchers, etc. and a summary spreadsheet as supporting documentation. VDSS shall draw the CCDBG funds and transfer them to VDOE in time for the pay date in compliance with CMIA by both VDSS and VDOE.

Specifically, for any invoice needing to be paid using CCDBG funds, VDOE must submit a copy of the invoice showing the name of the individual approving the invoice and the date, and a purchase order (if one is available). Ideally, such invoices should be batched and submitted to VDSS no more often than weekly, and preferably on the first day of the workweek. Contract and non-routine non-personnel expenditures shall be processed to ensure compliance with prompt pay requirements.

In summary, for Accounts Payable invoices and contractual payments, VDOE will provide VDSS the following supporting documentation for processing of a drawdown and for audit purposes:

- Copy of eVA purchase order, vendor invoice, receiving record and AP Vouchers
- Copy of contract, if applicable
- Copy of SPCC transaction, if applicable
- Summary Spreadsheet

### **Routine Non-personnel Costs**

Routine non-personnel costs for the Quality staff, which include charges like office supplies, routine travel, VITA charges, etc., shall be paid by VDOE beginning on June 25, 2020. Due to the relatively small/sporadic nature of these costs, payments for these transactions will be made through VDOE and a reimbursement will be requested from VDSS with CCDF federal funds via VDOE Invoice. For any invoice needing to be reimbursed using CCDF funds, VDOE must submit a copy of the invoice and a purchase



order (if one is available). VDOE shall provide VDSS the following supporting documentation for processing of a drawdown and for audit purposes:

- Copy of Invoice, eVA PO, and receiving record, as applicable
- Copy of SPCC transaction, if applicable
- Payment Vouchers
- Copy of Pre-approved travel documentation and finalized travel expense voucher
- Summary Spreadsheet

### **3. Indirect Cost**

**VDOE will calculate indirect cost on a quarterly basis and submit a request to VDSS for processing. The indirect cost will be based on the restricted rate defined in the Indirect Cost Agreement issued by VDOE's cognizant agency (i.e., U.S. Department of Education) [3] approved for each state fiscal year.**

VDSS shall reimburse VDOE indirect costs at the approved VDOE Restricted rate for FY21 to the extent that additional funds are appropriated to VDOE for this purpose. Modified Total Direct Costs include direct costs excluding equipment, capital expenditures, participant support cost, pass-through funds, and the portion of each subaward over \$25,000[4]. Indirect costs will be added to the reimbursement of payroll expenses for the six (6) quality staff transferred to VDOE, the reimbursement of subaward invoices up to \$25,000, and any true-up expenses reported during the quarterly reconciliation.

VDOE is audited annually by the Auditor of Public Accounts (APA) for Comprehensive Annual Financial Reporting (CAFR) and Single Audit Act requirements. The CAFR is a set of U.S. government financial statements comprising the financial report of the Commonwealth of Virginia that complies with the accounting requirements promulgated by the Governmental Accounting Standards Board (GASB). The Single Audit is published by the APA and reported in accordance with 2 CFR 200, Subpart F for all Commonwealth of Virginia entities.

APA audit reports for current and prior years are available on APA's published website as follows:  
[http://www.apa.virginia.gov/APA\\_Reports/Reports.aspx](http://www.apa.virginia.gov/APA_Reports/Reports.aspx).

### **4. Reconciliation Requirements**

**A monthly reconciliation that will detail the expenses submitted by VDOE to VDSS and the payments transferred from VDSS to VDOE shall be completed by each agency. VDSS and VDOE shall work together to resolve any reconciling items and to meet all obligations related to the CCDBG.**

Any adjusting ATAs needed to true up the payroll amounts paid will be done on a calendar quarterly basis. If the amount of the difference is less than \$10.00, the difference will be carried over to the next calendar quarter. A final true-up entry will need to be posted prior to closing the FY 2021 financial statements.

## **5. Appropriation Transfer**

To facilitate the transfer of Quality operations to VDOE, VDSS shall transfer in the PB system federal appropriation of CCDBG and Head Start Collaboration funds in accordance with the agreed upon budget for those amounts already included in the VDSS budget.

## Appendix D - Technology Transfer Plan

To facilitate a transfer of the CCQPD Unit, there will be three key sections of the technology transfer plan.

1. Transfer of technology based applications
2. Provision of Hardware and Software Required for Unit Functions
3. Storage of data and files

### 1. Transfer of Technology Based Applications.

There are four web-based SaaS applications that are currently managed by the CCQPD Unit.

<b>Application</b>	<b>Description and Considerations</b>	<b>Plans for Transfer</b>
<p><b>Access Virginia Quality (VQ)</b></p> <p>Currently accessed at <a href="https://www.virginiaquality.com/">https://www.virginiaquality.com/</a></p>	<p>Virginia Quality is supported by the Access Virginia Quality (VQ) automated system. C# .Net/SQL Server application is hosted in the Virginia Interactive (VI) data center, through a contract with VI. VI supports development activities and infrastructure as well as general maintenance such as content management.</p> <p>VQ interfaces with the VaCMS to export facility rating data as needed for monthly ACF 801 federal reporting as well as to support the planned tiered reimbursement of subsidy vendors. VQ also interfaces with the VDSS public website to include VQ ratings.</p> <p>Virginia Quality Hosting OECD-16-074 current renewal period April 18, 2020- April 17, 2021. Three renewals remain as needed.</p>	<p>System is operational with no reported issues. The contract with VI will be moved to VDOE with the Quality transition.</p> <p>Required staff members will work with VDSS licensing staff to access any required reports to verify status of participating child care centers.</p>
<p><b>IMPACT Registry</b></p> <p>Currently accessed at <a href="https://www.vaimpactregistry.org/">https://www.vaimpactregistry.org/</a></p>	<p>Application which provides a means for child care practitioners/trainers to document their professional development activities. C# .Net/SQL Server application is hosted in the Virginia Interactive (VI) data center. VI supports development activities and infrastructure as well as general maintenance such as content management.</p> <p>Interfaces with email server for outgoing emails. Uses a VDSS email distribution list for support.</p> <p>Impact Registry Hosting OECD-17-025 current renewal period 4/18/2020 - 4/17/2021. Four renewals remain as needed.</p>	<p>System is operational with no reported issues. The contract with VI will be moved to VDOE with the Quality transition.</p> <p>Small scale enhancement has been estimated on the previous contract, and will be carried over with current assigned staff.</p> <p>Interfaced VDSS email will be revised to a VDOE email in July.</p>
<p><b>Scholarship Program</b></p>	<p>Application which allows child care</p>	<p>Contract with VI will transition to</p>

<b>Application</b>	<b>Description and Considerations</b>	<b>Plans for Transfer</b>
<p>Currently accessed at:  <a href="https://dss-scholarships.dss.virginia.gov/">https://dss-scholarships.dss.virginia.gov/</a></p>	<p>practitioners/students to apply for scholarships to take classes which contribute to the professional development and credentials. C# .Net/SQL Server application is hosted on the DCSE application/database servers.</p> <p>Contract established in July 2020 to move the application to the VI data center and for some small enhancements that improve usability and resolve defects. A new domain name has been procured to support this transition.</p> <p>Interfaces with email server for outgoing emails. Uses a VDSS email distribution list for support. A phone line has been assigned to this contract for support.</p> <p>Scholarship runs based on a cycle of applications. There is an open application period from June 15-August 1, covering the time of transition.</p>	<p>VDOE with the Quality transition. Due to the open application period (June 15-August 1), the CCQPD Unit will continue to access the Scholarship application through the VDSS server until August 31, 2020. At this time, the scholarship application will fully transition to being hosted through the VI contract.</p> <p>Interfaced VDSS email will be replaced with a VDOE email no later than August 31, 2020. A VDOE phone line will replace the VDSS phone line no later than August 31, 2020.</p>
<p><b>TIPS (Training Information for Provider Success) Calendar</b></p> <p>Currently accessed at:  <a href="http://www.dss.virginia.gov/family/cc_providertrain/tips.cgi">www.dss.virginia.gov/family/cc_providertrain/tips.cgi</a></p>	<p>Website that displays a calendar of upcoming training events for early childhood practitioners. Events can be added to the calendar by trainers and there is also an administrative access with capabilities to edit and add events.</p> <p>Perl code with Postgres database.</p> <p>LDAP authentication is required for administrative access.</p>	<p>A plan to migrate the TIPS calendar to an alternate host will be developed before July 2021.</p> <p>Application will continue to be accessed on VDSS database server with LDAP access provided for required staff through July 2021, or whenever transition takes place.</p>

## 2. Provision of Hardware and Software.

VDOE will:

- Procure VITA issued laptops and standard office setups (monitor, peripherals, docking station, webcam) for all members of the CCQPD Unit.
- Initiate new VITA VDOE accounts, permitting access to a VDOE email and related systems log-ins.
- Procure any additional software required for completing standard job functions for newly issued technology.

VDSS will:

- Permit the use of current VDSS issued laptops for a period of up to 90 days, or the arrival of VDOE issued laptops.

- Secure permission for 30 - 90 days of access to VDSS email account to allow for transition and appropriate forwarding.

### 3. **Storage of Data and Files**

Staff from the CCQPD Unit will transition copies of necessary electronic files needed to complete ongoing job duties no later than July 30, 2020. Files will be transitioned manually, and additional space will be provided on the VDOE share drive for storage.

## **Appendix E - Institutional Review Board Approval**

Institutional Review Board (IRB) approval is required of all research projects involving human subjects, including secondary analysis of data on human subjects, being conducted under the authority of the Virginia Department of Social Services (VDSS) and the Virginia Department of Education (VDOE). IRBs are independent committees established to review proposed human research studies to ensure compliance with federal (45 CFR 46 et seq.) and state (22VAC40-890-10 et seq.) human research regulations. The essence of regulatory compliance is to ensure the protection of the rights, welfare, and wellbeing of clients, staff or others who volunteer to participate in research. This is accomplished through IRB oversight of the research plan and the informed consent process.

Projects that have been reviewed and are currently being monitored by the Virginia Department of Social Services IRB (FWA00010976) will continue to be monitored by the VDSS IRB until completion. Projects currently under review, and any new projects established prior to June 30, 2021 will be reviewed and monitored by the VDSS IRB until completion. New projects beginning after July 1, 2021 will be reviewed by VDOE following Board of Education guidelines established through Virginia Code § 22.1-16.1. VDOE staff who serve as contract administrators for any research contracts are responsible for ensuring compliance with IRB requirements, and will retain those responsibilities throughout the transition period.

**Appendix F - Budget for Transfer**

Category	Object Code	FY '21 Proposed Annual Budget	FY '21 Proposed Adjusted Annual Budget	Notes
<b>Personnel Services</b>				
Salary	1123	462,332	436,063	
Retirement	1111	62,507	59,903	
FICA	1112	35,368	33,895	
Group Insurance	1114	6,057	5,804	
Medical	1115	90,202	86,444	
Retiree Health Insurance	1116	5,409	5,184	
Disability	1117	2,866	2,747	
Deferred Comp Match	1138	3,360	3,220	
<b>Total Personnel Services</b>		<b>668,102</b>	<b>633,259</b>	
<b>Non-Personnel Services</b>				
Employee Training Courses	1224	2,000	2,000	
Employee Travel	1282	1,000	1,000	
Employee Subsistence/Lodging	1285	2,000	2,000	
Employee Supplies	1312	300	300	
Furniture/Equipment/Office Set-up		10,000	10,000	<i>One-time initial set up costs \$10k included. (DOE needs to obtain appropriation.)</i>
Worker's Comp./PSB charge backs		1,500	1,500	
Building Rent		N/A	N/A	<i>Quality staff will occupy current VDOE office space during FY21; FY21 agency rent already paid.</i>
Indirect Cost		72,313	72,313	<i>Indirect Cost Rate covers (DOE needs to obtain appropriation)</i>
VITA Monthly Telecom & Infrastructure (i.e., phone, laptops, mailbox, peripherals)		19,189	19,189	
Quality Contracts	1452	8,145,395	8,145,395	<i>Assumes Quality Contracts transition to DOE on 10/01/2020.</i>
Child Care Scholarship Program	1452	600,000	600,000	
<b>Total Non-Personnel Services</b>		<b>8,853,697</b>	<b>8,853,697</b>	
<b>Total Personnel &amp; Non-Personnel Services</b>		<b>9,521,799</b>	<b>9,486,956</b>	

**Appendix G - Monthly Compliance Report Template**

**Template - Child Care Quality Monthly Compliance and Monitoring Report for: *(insert report month)***

Date Submitted to VDSS: *(insert date)*

Submitted by: *(insert name)*

\*Submitted to VDSS Point of Contact by the 25<sup>th</sup> of each month

\*Template details will be inserted for each major activity/contract. Some example language is included.

**Overall Status of Quality MOA Implementation**

*Insert below a brief narrative summary of the status of overall MOA implementation. Indicate if implementation is proceeding as planned, significant accomplishments for the reporting period, significant problems encountered, and actions to address significant problems.*

**Child Care Scholarship Program:**

*Insert purpose statement*

<b>Key Performance Measures / Target Dates</b>	<b>Measurement</b>	<b>Comments/Challenges/Corrective Actions</b>
A. B. C.	A. B. C.	Activities proceeding as planned and on track? Y N  Expenditures as planned and on track? Y N  Contractor performance satisfactory? Y N  Explanation if needed:



Operating Detail				
Program Area Details	Team Member Responsible	Goal/Activity	Action Steps	Comments
\$600,000  No Contract  SSI is included in the data base  IRB: No  Date of Risk Matrix Form: NA  Date for FFATA Form: NA  Monitoring Required? No  Phone number: 866-636-1608		Summer invoices processed and paid		Starting amount: \$600,000 Summer invoice - \$ amount: Remaining amount for Fall and Spring application periods:
		Complete Fall Application Period		Target amount for Fall Application Period: # scholarships awarded: 466 \$ amount awarded: \$252,568.23
		Complete SOW for Scholarship VI move		
		Move website from VDSS to VI, scheduled for last week of August (Moving to <a href="http://www.vaccscholarship.com">www.vaccscholarship.com</a> )	Intro/planning call: 7/30/20 Planning call: 8/5/20	
		Verify new info website for scholarship with VI		
		Update the VDSS and <a href="http://childcareva.com">childcareva.com</a> website with new link and contact info once website is moved		
		Issue DOE scholarship email address	Done <a href="mailto:vaccscholarship@doe.virginia.gov">vaccscholarship@doe.virginia.gov</a>	
		Redo Scholarship flier with new contact info and distribute to partners and post on appropriate websites (VDSS and <a href="http://childcareva.com">childcareva.com</a> )		
		Redirect current link to the scholarship program to new URL		

		Decide where the scholarship information is placed on VDOE website		
		Spring Application Period Dec 1	October 15-	# scholarships awarded: \$ amount awarded:
		Spring Invoices		Invoice total: All invoices submitted:
		Summer Application Period 15-April 15	March	# of scholarships awarded: Dollar amount awarded:
		Summer Invoices held and to be charged to FY 2022		

The above format will be repeated for:

- Virginia Health and Safety Child Care Preservice and Update Training (Penn State)
- Quality Rating and Improvement System including 8 regional contracts, Virginia Early Childhood Foundation Quality Rating and Improvement System contract and Virginia Early Childhood Foundation Quality Rating and Improvement System no cost contract
- DOD – Child Care Aware of America Pilot Department of Defense)
- Online Child Care Development (Community College Workforce Alliance)
- Resource and Referral Services, Training Services (Child Care Aware of Virginia)
- Child Care Financing Program (Virginia Department of Small Business and Supplier Diversity, Virginia Small Business Financing Authority)
- Virginia Cross-Sector Professional Development (Partnership for People with Disabilities, Virginia Commonwealth University)
- Virginia Infant and Toddler Specialist Network (Child Development Resources)
- Strengthening Business Practices State Pilot and Hub (Child Care Aware of Virginia)
- Virginia Quality Automated System (Virginia Interactive)
- Impact Registry Automated System (Virginia Interactive)
- Scholarship Application Hosting and Enhancements (Virginia Interactive)
- Childcareva.com updates
- State Calendar Project – TIPS replacement (Child Care Aware of Virginia)
- Early Childhood Mental Health Committee
- Other CCDF Responsibilities including State Child Care Plan (quality, professional development and consumer education sections), monthly OCC calls, and federal performance monitoring activities (Quality Progress Report and others)
- Contractor and Subrecipient Monitoring

Note - Template may be modified as needed and agreed upon by VDSS and VDOE.

**APPENDIX C: PHASE I COST IMPACT**

The following table includes estimated cost impact for both VDOE and VDSS. Note that all funding is NGF unless otherwise indicated.

<b>Estimated Cost Impact for Phase I</b>			
<i>Personnel</i>	<i># of Positions</i>	<i>Transitional (Initial)</i>	<i>Long-Term Annual</i>
Quality Staff Positions	7 FTE <sup>a</sup>	\$633,259	\$668,102
Head Start Collaboration Office	1 FTE	\$104,983	\$104,983
<b>Contracts</b>			
<i>Contracts</i>	<i># of Contracts</i>	<i>Transitional</i>	<i>Long-Term (Annual)</i>
Quality Contracts	19	\$8,145,395 <sup>b</sup>	\$10,837,973
Head Start Collaboration Office	2	\$70,017	\$70,017
<b>Other</b>			
<i>Other</i>		<i>Transitional</i>	<i>Long-Term (Annual)</i>
Child Care Scholarship Program	N/A	\$600,000	\$600,000

<sup>a</sup> Includes one FTE vacancy, which VDOE used to hire a Grants Manager.

<sup>b</sup> Prorated assuming Quality Contracts transition to VDOE on 10/01/2020.

**APPENDIX D: PHASE II COST IMPACT**

The following table includes estimated cost impact for both VDOE and VDSS. Note that all funding is NGF unless otherwise indicated.

<b>Estimated Cost Impact for Phase II</b>			
<i>Personnel</i>	<i># of Positions</i>	<i>Transitional (Initial)</i>	<i>Long-Term (Annual)</i>
New Staff Positions at VDOE	6.5 FTE <sup>a</sup>	\$398,110	\$1,272,373
– Assistant Superintendent of Human Capital (OHC)		(\$330,912 in NGF)	(\$868,344 in NGF)
– HR Specialist (OHC)			
– CCDF Fiscal Specialist (OBF)			
– CCDF Fiscal Policy Analyst (OEC)			
– Director of Child Care Licensing (OEC)			
– Strategic Communications Specialist (OEC)			
– IT Trainer (OEC; .50 FTE)			
<i>Contracts</i>	<i># of Contracts</i>	<i>Transitional (Initial)</i>	<i>Long-Term (Annual)</i>
	N/A		
<i>Other</i>		<i>Transitional (Initial)</i>	<i>Long-Term (Annual)</i>
Move-related costs prior to 7/1/2021 (e.g., moving personnel, setting up office space and/or computers, etc.)		\$400,000 (GF)	\$0
Licensing system development; operations and maintenance		\$9,620,134 (\$7,400,000 NGF)	\$487,607 <sup>b</sup>

<sup>a</sup> These 6.5 positions will be hired between January and March 2021 and equal 2.5 FTE in FY21.

<sup>b</sup> Reflects costs for VDOE Salesforce licenses only, which will be covered with CCDF funds.

**APPENDIX E: Executed MOA between VDOE and VDSS for the transfer of Child Care Licensing Functions**

Starts on next page.

**Memorandum of Agreement between the Virginia Department of Education (VDOE) and  
the Virginia Department of Social Services (VDSS) for the transfer of Child Care  
Licensing Functions**

This Memorandum of Agreement (hereinafter referred to as MOA) is made between the Virginia Department of Social Services, hereinafter referred to as VDSS, and the Virginia Department of Education, hereinafter referred to as VDOE. It addresses the transition of child care licensing functions, including regulations, staff, and funds to support ongoing operations at both VDSS and VDOE.

Chapters 860 and 861 of the 2020 Acts of Assembly direct the Board of Education (BOE) to establish a statewide unified public-private system for early childhood care and education in the Commonwealth to ensure that every child has the opportunity to enter kindergarten healthy and ready to learn.

In consideration of their respective undertakings, VDSS and VDOE agree to the following terms:

PERIOD OF AGREEMENT: Date of execution through June 30, 2022.

**I. Purpose**

State management and execution of the child care licensing functions will be transferred from VDSS to VDOE. This will allow for a single, sustained point of accountability for the full array of publicly funded programs that support school readiness. Further, this transfer would support the goals and timeline outlined in Chapters 860 and 861 of the 2020 Acts of Assembly, which determines that the following must take place by July 1, 2021:

□ **22.1-289.03**. *Early childhood care and education system; establishment.*

*A. The Board shall establish a statewide unified public-private system for early childhood care and education in the Commonwealth to ensure that every child has the opportunity to enter kindergarten healthy and ready to learn. Such system shall be administered by the Board, the Superintendent, and the Department and shall be formed, implemented, and sustained through a structure that engages and leverages both state-level authority and regional-level public-private partnership assets.*

*B. It is the intent of the General Assembly that the system established pursuant to subsection A shall (i) provide families with coordinated access for referral to early childhood education programs, (ii) provide families with easy-to-understand information about the quality of publicly funded early childhood care and education programs, (iii) establish expectations for the continuous improvement of early childhood care and education programs, and (iv) establish shared expectations for early childhood care and education programs among the Department of Education, the Department of Social Services, local school divisions, and state and regional stakeholders.*

*C. The system established pursuant to subsection A shall consist of a combination of programs offered through (i) the Virginia Preschool Initiative, pursuant to □ **22.1-289.09**, or any other school-based early childhood care and education program; (ii) licensed programs, pursuant to Article 3 (□ **22.1-289.010** et seq.); and (iii) unlicensed programs, pursuant to Article 4 (□ **22.1-289.030** et seq.).*

## II. **Background**

The Division of Licensing Programs (DOLP) within the Virginia Department of Social Services protects children and vulnerable adults cared for in day and residential facilities. Division responsibilities include but are not limited to developing and promulgating policy and regulations related to health and safety licensure standards for child and adult care facilities; implementing and enforcing licensure regulations; managing licensure inspectors; and conducting health and safety inspections for unlicensed child care providers that participate in the Child Care Subsidy Program. Strong health and safety standards are essential for child care quality.

Several licensing functions will remain within VDSS, including those related to adult day and residential facilities and those associated with the child welfare system. All child day care related functions will transfer to VDOE.

## III. **Scope of the MOA**

Regarding the transfer of the child care licensing functions from VDSS to VDOE, VDSS shall:

- Transfer child care licensure staff and related work activities as of June 25, 2021, including initiating the process with the Department of Planning and Budget (DPB) to transfer Maximum Employment Level (MEL) to support the timely transfer of such staff as described in Appendix A;
- Provide transferred staff with access to VDSS records, files, and, on a temporary basis, personal computers necessary to continue executing their tasks and responsibilities;
- Transfer outstanding invoices or deliverables resulting from related contractual agreements as outlined in Appendix B;
- Facilitate ongoing communication between any impacted contractors or grant award recipients with contract managers once staff and contracts transfer to VDOE;
- Accept CCDBG federal funds on a reimbursement basis as a subrecipient, as outlined in Appendix C;
- Support VDOE in federal CCDBG reporting, communication, or monitoring activities as requested, including but not limited to participating in the development of Virginia's state child care plan and participation in OCC technical assistance projects;
- Support VDOE in the implementation of new technologies, develop process maps, and sharing of technology-based systems as outlined in Appendix E;
- Continue to administer contracts related to child care licensing technology functions in FY 22 as outlined in Appendix E;
- Provide technical assistance to VDOE regarding the sharing of technology-based systems from the VDSS environment to the environment specified by VDOE;
- Support the transition of complaint and appeals oversight as outlined in Appendix F;
- Continue to operate the Office of Background Investigations, handle all background investigations for child care providers, and participate in regular monitoring activities as described in Appendices G and H;

- Designate an individual to serve as the primary VDSS point of contact for matters related to this MOA, including but not limited to internal and external communications, reports, invoices, data, funding, and technology and software; and
- Other responsibilities as laid out in this MOA.

Regarding the transfer of the child care licensing functions from VDSS to VDOE, VDOE shall:

- Accept transfer of child care licensure staff and related work activities as of July 1, 2021;
- Accept transfer of outstanding invoices and deliverables resulting from related continuing contractual agreements, outlined in Appendix B;
- Cooperate with VDSS and the Division of Real Estate and Facilities Management, Bureau of Real Estate (BRES) to allocate lease expenses for each office prorated based upon the number of VDOE and VDSS staff assigned to each office;
- Act as Lead Agency for the Child Care and Development Block Grant (CCDBG), which is the primary funding source for child care licensing functions; manage drawdowns of the block grant; and reimburse VDSS for allowable expenses effective July 1, 2021 as outlined in Appendix C;
- Accept transfer of oversight for complaints and appeals related to licensure as outlined in Appendix F;
- Monitor background investigation activities for child care providers as outlined in Appendices G and H;
- Initiate the transfer or adoption of regulations related to standards for licensed child day programs, family day systems, and voluntarily registered family day homes; general procedures and information for licensure; background checks; and fees for licensure with the Division of Legislative Services (see Appendix I);
- Maintain transferred VDSS records and files necessary for smooth transition and execution of services and transferred staff support;
- Designate an individual to serve as the primary VDOE point of contact for matters related to this MOA; including but not limited to internal and external communications, reports, invoices, data collection, funding, technology, and software; and
- Other responsibilities as laid out in this MOA.

#### IV. **Federal Funding Transfer**

Effective state fiscal year (SFY) 2022, VDOE will manage drawdowns of the block grant as CCDBG Lead Agency. VDSS will have a subrecipient relationship with VDOE pursuant to this MOA.

Process and procedure for cash management, supporting documentation, and reconciliation agreements can be found in Appendix C (Standard Operating Procedures for Transfer of Child Care Licensing).

#### V. **Technology**

Regarding the transfer of the child care licensing functions and personnel from VDSS to VDOE, both agencies shall collaborate in the design and implementation of technology-based systems



through the Licensing Platform Work Group and Steering Committee. VDOE shall also participate in the Virginia Case Management System (VaCMS) Work Group and Steering Committee beginning July 1, 2021, reflecting VDOE's ongoing stake in ensuring connections between child care subsidy data and the child care licensing system. Additional details of the Technology Transfer Plan are available in Appendix E.

**VI. Integration and Modification**

This MOA constitutes the entire understanding of the Parties as to the matters contained herein. No alteration, amendment or modification of this MOA shall be effective unless in writing and signed by the duly authorized officials of VDSS and VDOE.

**VII. Invalidity of Particular Portions**

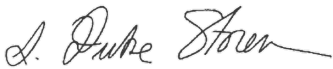
If any term or provision of this MOA shall, to any extent, be held invalid or unenforceable, the remainder of this MOA shall not be affected thereby, and each term and provision of this MOA shall be valid and enforceable to the fullest extent permitted by law.

**VIII. Assignment, Subcontracting and Transfer**

Neither party shall assign, subcontract, or transfer this MOA, or any right, obligation, or liability under this MOA, without the prior written consent of the duly authorized officials of VDSS and VDOE.

In Witness Whereof, VDOE and VDSS have respectively caused this MOA to be executed by their duly authorized representatives.

**Virginia Department of Social Services**

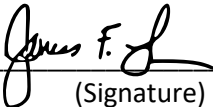
By:   
(Signature)

S. Duke Storen  
(Type or Print Name)

Title: Commissioner

Date: 11/25/2020

**Virginia Department of Education**

By:   
(Signature)

James F. Lane, Ed.D.  
(Type or Print Name)

Title: Superintendent of Public Instruction

Date: 11/23/20

**Appendix A: Personnel Coordination**

*Vacant positions at DOLP and VDOE hiring*

Up to 28 vacant positions in DOLP will transfer from VDSS to VDOE. VDOE will use some or all of these vacancies to hire new staff. The process for requesting MEL from DPB and reimbursement from the CCDBG for personnel expenses prior to July 1, 2021 will be detailed in a separate MOA.

*Staff transferring from VDSS to VDOE*

The CCDBG-supported staff positions listed in Table 1 will transfer from VDSS to VDOE as part of the child care licensing division on June 25, 2021.

**Table 1. Staff positions transferring to VDOE and office location**

<b>Position Role Name</b>	<b>Number of Positions</b>	<b>Office location (home or field)</b>
Associate Director, Senior--Regional Field Operations	2	1 – Home Office 1 – Assigned to Home Office but primarily works out of the Western Regional Office
Licensing Administrator	9	9 – Various field offices
Licensing Inspector	85	85 – Various field offices
Licensing Consultant, Senior	1	1 – Home Office
Consultant	5	5 – Home Office
Program Support Technician	8	7 – Various field offices 1 – Home Office
Administrative/HR	2	2 – Home Office
Fiscal Technician, Senior	1	1 – Home Office
HB 1570 vacancies	16	Not yet assigned

Regarding the transfer of licensure staff from VDSS, VDOE shall:

- Accept transfer of staff to support child care licensing on June 25, 2021;
- Transfer staff into a comparable role and the same pay band they are in as of June 24, 2021;
- Ensure staff are fully onboarded as VDOE employees, with VDOE badges, email addresses, etc.;
- Procure materials and equipment necessary for child care field staff;
- Provide HR orientation and necessary program training to transferring staff; and
- Provide team facilitation to foster team cohesiveness for transferring and current VDOE Office of Early Childhood team members, to include facilitated strategic planning in August 2021.

VDSS shall:

- Transfer to VDOE the complete personnel files of any and all appropriate staff; and
- In the 30 days leading up to the transition, conduct informal debrief with relevant VDOE staff on personnel files regarding employee performance for any transferring staff on probation or with disciplinary actions.

**Appendix B: Existing Child Care Licensing Contracts and Grant Awards**

Table 2 identifies the contracts related to child care licensure currently held with VDSS. VDSS will extend Contract LIC-17-057, set to end on March 31, 2021, through the end of June. VDOE will go through a procurement process to enter into new contracts for these services, subject to applicable laws and regulations, including the requirements of Virginia Code § 2.2-4304.

**Table 2: DOLP Child Care Contracts Transitioning to VDOE**

Contract Number	Subrecipient or Procurement Type (per VDSS)	Commodity/ Service Type	Contractor	Current Contract Start Date	Current Contract End Date	Annual amount
LIC-18-116	Contract; Sole source	DOLP Medication Administration Training Program MAT	Medical Home Plus	7/1/2020	6/30/2021	\$214,903.00
LIC-17-057	Contract; Sole source	FDH Voluntary Registration Program	Capital Area Partnership Uplifting People	4/1/2020	3/31/2021	\$6,000.00
LIC-21-012	Contract; Sole source	FDH Voluntary Registration Program	ChildSavers	10/1/2020	6/30/2021	\$12,500.00
LIC-21-013	Contract; Sole source	FDH Voluntary Registration Program	ReadyKids, Inc.	10/1/2020	6/30/2021	\$12,500.00

VDSS also has contracts with BRES for field office facilities across the Commonwealth. A list of facilities and lease terms is detailed in Table 3. VDSS and VDOE work with BRES to allocate lease expenses for each office prorated based upon the number of VDOE and VDSS staff assigned to each office or alternate terms agreed upon in writing by the parties and approved by BRES.

**Table 3. Field office locations, staff distribution, and lease expiration dates**

Licensing Office Location	Annual Lease Costs for Child and Adult Staff	Staff Count			Lease Expiration	Notice Due to End Lease
		Total	VDSS	VDOE		
Western (Abingdon)	\$73,049	9	5	4	4/30/2029	10/30/2028
Eastern (Norfolk)	\$119,240	16	6	10	6/28/2023	8/31/2022
Fairfax	\$362,825	43	5	38	8/31/2029	11/30/2028
Central (Richmond)	\$248,280	33	19	14	6/30/2025	6/30/2024
Peninsula (Newport News)	\$33,308	11	4	7	2/28/2023	8/31/2022
Piedmont (Roanoke)	\$77,319	14	5	9	9/30/2026	3/31/2026
Northern (Warrenton)	\$149,764	14	2	12	3/31/2025	9/30/2024
<b>TOTAL</b>	<b>\$1,063,784</b>	<b>140</b>	<b>46</b>	<b>94</b>		

*Note: Annual lease costs are rounded to the nearest dollar.*

DOLP also leases space for an eighth field office located in Fishersville, which houses 11 additional staff (7 VDOE; 4 VDSS). This lease term ends on July 31, 2021 and will not be renewed.

**Appendix C: Standard Operating Procedures for Transfer of Child Care Licensing Unit**

**Virginia Department of Social Services and Virginia Department of Education Payment Processing and Cash Transfers from Federal Child Care and Development Block Grant (CCDBG) Fund Procedures**

<b>Purpose of Topic:</b>
Effective July 1, 2021, child care licensing functions and the Child Care and Development Block Grant, which largely funds these functions, will transition from VDSS to VDOE. This appendix documents the procedures for payment processing for personnel and non-personnel expenses by VDOE and the transfer of funding from VDOE to VDSS from CCDBG funding as a result of the transfer of the Child Care and Development Block Grant and licensing functions.
<b>Governing Regulations (Federal, State, including CAPP, Agency):</b> Chapters 860 and 861 of the 2020 Acts of Assembly
<b>Last Updated (mm/dd/yyyy):</b> 11/20/2020
<b>Last Review (mm/dd/yyyy):</b>

**1. Personnel Services Expenditures Transfer (Payroll)**

Effective June 25, 2021, VDSS CCDBG-funded child care licensure staff will transfer to VDOE. The July 1, 2021 payroll for these staff will be posted to the financial records of VDSS because it covers the pay period June 10-June 24. VDSS will ensure that funds for this pay period are drawn down prior to July 1. The July 16, 2021 payroll will be the first payroll for these staff to be posted to VDOE’s financial records as it covers the pay period June 25-July 9.

A transfer will be requested to the Department of Budget and Planning (DPB) to move Maximum Employment Level (MEL) from VDSS to VDOE for the transfer of the Licensure team.

Specifically, to facilitate the transfer of staff, VDSS shall initiate a budget execution adjustment in DPB’s Performance Budgeting (PB) System to transfer up to 113 full-time classified positions for Licensure. VDOE shall initiate a budget execution adjustment in the PB system to receive the transfer of these 113 classified positions from VDSS. Budget execution adjustments with an effective date of June 25, 2021

shall be entered into the PB system within five days of DPB's deadline to submit transactions for FY 2021.

## **2. Cash Management**

Drawdowns of the federal CCDBG funds from the U.S. Department of Health and Human Services (HHS) will be managed by VDOE beginning state fiscal year (SFY) 2022 (July 1, 2021). VDSS will have a subrecipient relationship with VDOE for receipt of CCDBG funds effective SFY 2022, pursuant to this MOA. Drawdowns of the grant funds must:

- Be limited to the minimum amounts needed to cover allowable costs as defined below;
- Be timed in accordance with the actual immediate cash requirements of carrying out the approved expenditures; and
- Not be made to cover future expenditures.

VDSS can be reimbursed with grant funds to cover AP vendor payments for allowable costs, defined as:

- Development and maintenance of the new licensure system, not to exceed \$3.7 million in FY22 without prior approval;
- Salesforce program licenses, not to exceed \$488,000 in FY22 without prior approval;
- Maintenance of the DOLPHIN system, not to exceed \$287,000 in FY22 without prior approval; and
- Final payments for FY21 activities related to contracts in Appendix B, with written approval from VDOE.

## **3. Supporting Documentation for Cash Management**

For purposes of processing payments for expenditures, the following are examples of adequate supporting documentation that shall be provided by VDSS to VDOE for audit purposes and in support of a grant drawdown.

### *Accounts Payable – Expenditure Reimbursements or Expenditures*

With the transition of payment processing to VDOE, Accounts Payable reimbursement requests and expenditures will be processed in the following manner effective July 1, 2021:

VDOE will process VDSS invoices within 10 days of receipt to ensure cash is received by VDSS in time to cover payments in compliance with prompt pay and federal cash drawdown compliance requirements. Payments on these transactions may not be made by VDSS until funds are received from VDOE.

For any contractual agreements remaining at VDSS that VDOE will reimburse using CCDBG, VDSS shall invoice VDOE for each vendor invoice for the upcoming pay date in time for the established vendor pay date complying with Prompt Pay. Multiple vendor invoices would be batched if due dates are close together. VDSS shall submit invoices, POs/receiving, payment vouchers, etc. and a summary spreadsheet as supporting documentation. VDOE shall draw the CCDBG funds and transfer them to VDSS in time for the pay date in compliance with CMIA by both VDSS and VDOE.

Specifically, for any invoice needing to be paid using CCDBG funds, VDSS must submit a copy of the invoice showing the name of the individual approving the invoice and the date, and a purchase order (if one is available). Ideally, such invoices should be batched and submitted to VDOE no more often than weekly, and preferably on the first day of the workweek. Accounts Payable reimbursement requests and expenditures shall be processed to ensure compliance with prompt pay requirements.

In summary, for Accounts Payable invoices and contractual payments, VDSS will provide VDOE the following supporting documentation for processing of a drawdown and for audit purposes:

- Copy of eVA purchase order, vendor invoice, receiving record and AP Vouchers
- Copy of contract, if applicable
- Copy of SPCC transaction, if applicable
- Summary Spreadsheet

#### **4. Reconciliation Requirements**

A monthly reconciliation that will detail the expenses submitted by VDSS to VDOE and the payments transferred from VDOE to VDSS shall be completed by each agency. VDSS and VDOE shall work together to resolve any reconciling items and to meet all obligations related to the CCDBG.

Any adjusting ATAs needed to true up the amounts paid will be done on a calendar year quarterly basis. If the amount of the difference is less than \$10.00, the difference will be carried over to the next calendar quarter. Because VDSS processes cost allocation on a quarterly basis, the final true up entry for each fiscal year will not be completed and posted to Cardinal until the following fiscal year.



## Appendix D: Budget for Transfer

All FY21 costs are associated with mid-year staffing and will be outlined in a separate MOA. Table 4 outlines current estimates for FY22 expenses related to transition activities.

**Table 4. FY22 Proposed Annual Budget**

Category	VDOE	VDSS	Notes
<b>Rent/Facilities</b>	\$732,227.76	\$331,556.28	Annual rent allocation based on the number of staff in each field office. Final amounts will be determined per process outlined in Appendix B.
<b>Salesforce Licenses for Licensing System*</b>	\$487,607.03	\$372,731.50	Expenses include Unlimited Service Cloud licenses, Salesforce Shield, Community Logins, and My Trailhead.
<b>Licensing System Development*</b>	\$3,700,000	\$1,100,000	Expenses related to the development of the licensing system are planned for FY21 while VDSS maintains oversight of CCDBG, but may be incurred in FY22 if project timelines are delayed. In such instances, VDOE will reimburse VDSS for related costs using the processes laid out in Appendix C. This estimate assumes that at least half of budgeted expenditures are incurred during FY21.
<b>DOLPHIN Maintenance*</b>	\$286,266	\$31,807	These values assume a 90/10 split of the DOLPHIN contract in FY22 based on historical cost allocations for child vs. adult licensing functions within DOLP.
<b>Payments to FieldPrint for Background Check Functions</b>	\$2,344,813		This estimate is based on historical expenditures associated with criminal background checks for child care providers since January 2018. VDOE is authorized to expend up to \$4 million per year to cover costs associated with background checks.
<b>Total</b>	<b>\$7,550,913.79</b>	<b>\$1,836,094.78</b>	

\*Indicates that expenses will be shared by VDOE and VDSS. VDSS will hold contracts and VDOE will reimburse for the amount indicated in the budget, as described in Appendix C.

## **Appendix E - Technology Transfer Plan**

To facilitate a transfer of the child care licensing functions and personnel, VDOE and VDSS will execute the plan described in this Appendix, including:

1. Development and transfer of the licensing software
2. Plan for temporary use of DOLPHIN after July 1, 2021
3. Provision of hardware and software required for licensing functions
4. Data sharing
5. Storage of data and files
6. Contract administration related to child care licensing technology functions in FY22

### **1. Development and transfer of licensing software**

VDSS and VDOE will work collaboratively to develop a new licensing system using the Salesforce Lightning Platform. Development of the new system will begin in FY21 using CCDBG funds while VDSS has responsibility over the block grant. VDOE will co-lead the steering committee and participate in all working groups associated with the system development and transfer. This appendix provides a high-level overview of the plan to develop the system, copy it, and transfer child care cases to VDOE. The team will work towards a goal of completing system development and transfer to VDOE by July 1, 2021. However, additional time will likely be necessary. Section 2 of the Technology Transfer Plan outlines the agreement for VDOE to temporarily use the existing DOLPHIN system until the new platform is complete.

#### *Architectural approach*

The new licensing system will be hosted on Salesforce Lightning, a Platform as a Service (PaaS). Salesforce is cloud-based, which will allow users to develop, run, and manage applications without the complexity of building and maintaining the infrastructure. Users will not need to have programming experience to effectively use the system.

#### *Project governance structure*

The development and implementation of the new licensing platform will be led by the Virginia Licensing System IT Steering Committee (Steering Committee). The purpose of the Steering Committee is to ensure the effective and efficient use of technology in enabling VDOE and VDSS to achieve legislative mandates within acceptable levels of risk. The Steering Committee is accountable for ensuring that technology services deliver business value and an excellent customer experience.

The Steering Committee will adhere to the concepts and frameworks for Project Portfolio Management (PPM), which is the continuous process of identifying, selecting and managing a portfolio of projects in alignment with key performance metrics and strategic business objectives. The Steering Committee will make decisions by discussing issues and coming to consensus agreement.

The Steering Committee is comprised of leaders from both VDOE and VDSS:

- VDOE Assistant Superintendent of Data, Research, Technology (co-chair), Dave Myers

- VDOE Coordinator for Early Childhood Planning and Policy, Rebecca Ullrich
- VDOE Director of Technology and Decision Analytics, Paul Corbett
- VDSS Deputy Commissioner for State Programs, Craig Burschem (co-chair)
- VDSS Director, Division of Licensing Programs, Tara Ragland
- VDSS Deputy Commissioner for Technology / Chief Information Officer, Roland Rivera
- VDSS Director, Enterprise Business Solutions, Deborah Vaughn

The Steering Committee will commission various working groups as needed. These subordinate working groups will operate under the authority of the Steering Committee and may include, but are not limited to:

- Business-IT project prioritization
- Enterprise architecture (EA) and standards management
- Project management office
- Financial management
- Information security and risk management
- Data governance

The Steering Committee will meet on a semi-monthly basis to ensure the project is on scope, schedule, and budget. At 120 days prior to the transition, the Steering Committee shall meet and determine whether more frequent meetings or other steps are needed to expedite project implementation in order to ensure a smooth transition on July 1, 2021. The Steering Committee shall update the Commissioner of Social Services and State Superintendent of Public Instruction at that time.

#### *User application testing and approval*

The initial overall architectural approach will be to replicate and improve upon the existing processes within DOLPHIN. Improvements will include but are not limited to better user interface (UI), easier and more intuitive process flows, documentation of data maps and process flows, and comprehensive reporting for all levels of the organization. The Office of Background Investigations will also be consulted to consider opportunities for coordinating processes and data associated with background checks with the licensing platform.

- The initial requirements will be developed by VDSS utilizing staff both in the office and in the field to ensure that all existing requirements and desired improvements are fully captured.
- All requirements, existing reporting, and proposed enhancements will be reviewed and approved by VDOE personnel from both the Office of Early Childhood and the Office of Technology as appropriate.
- As application modules are developed, their overall objective and process will be reviewed with both field and office personnel from VDSS to ensure that the module meets both the technical/data needs as well as usability requirements.
- Any module that has been approved by VDSS will then be reviewed with both the VDOE Offices of Early Childhood and Technology. All data requirements and data flows will be reviewed with the Office of Technology and any modules involving reporting will be reviewed with the Office of Early Childhood.

- A module is only considered to be “complete” once it has received approval from all of the following (or their approved designee)
  - a. VDSS Office - Head of Early Childhood Licensure
  - b. VDSS Office - Head of Technology
  - c. VDSS and VDOE (after July 1, 2021) Field - designated tester for the site-inspectors
  - d. VDSS and VDOE (after July 1, 2021) Field - designated tester for the field manager
  - e. VDOE Office - Head of Early Childhood Licensure
  - f. VDOE Office - Head of Technology

*Transferring systems and data*

VDSS and VDOE will jointly develop a replacement system as defined in the above sections. VDSS will copy the system and transfer the child care components to VDOE when the replacement system is fully functional as well as support data flow and transfer as needed for any non-migrated environments. Any reporting requirements and templates will be made available to VDOE by VDSS and all such reporting will be reviewed by VDSS personnel to ensure proper and complete transfer of knowledge and expertise. Child care cases will be transferred within 12 months of completion unless the parties agree otherwise.

Additionally, VDSS will support VDOE in the development of process maps and supporting technical documentation of existing and newly developed processes including, but not limited to, user interface, process dependencies, reporting, ledger reconciliation as well as data flow, storage, governance, and expunging as appropriate.

*Operations and maintenance models*

VDSS and VDOE will agree on an operations and maintenance (O&M) model and will identify required staffing and skill levels before working with the vendor to support necessary training and skill development prior to contract termination. These O&M models will begin on July 1, 2021 and will include both O&M models for the current DOLPHIN system (should it be necessary to bridge the gap) as well as the newly developed system. Staffing and knowledge support will include the areas of in-field inspectors, in-field managers, office support staffing, reporting, data storage, data transfer, budgeting, finance reconciliation, and any other needs later identified by VDOE for which they do not have either adequate knowledge, expertise, or staffing to sustain.

**2. Temporary use of DOLPHIN after July 1, 2021**

In the event the child care licensing replacement system is not available within the prescribed time frame, VDSS will:

- Provide VDOE the required access to DOLPHIN until the replacement is completed; and
- Provide online training for all new VDOE users on DOLPHIN to complete necessary tasks and job functions.

### **3. Provision of hardware and software required for licensing functions**

VDOE will:

- Procure VITA-issued laptops and standard office setups (monitor, peripherals, docking station, webcam) for members of the licensing staff, as appropriate, and VITA-issued tablets for field staff;
- Initiate new VITA VDOE accounts, permitting access to a VDOE email and related systems log-ins; and
- Procure any additional hardware and software required for completing standard job functions for newly issued technology.

VDSS will:

- Permit the use of current VDSS issued laptops for a period of up to 90 days, or the arrival of VDOE issued laptops;
- Work with procurement staff to transfer the child care DOLPHIN MicroPact licenses to VDOE or allow for use of the licenses under the existing VDSS contract; and
- Secure permission for 30 - 90 days of access to VDSS email account to allow for transition and appropriate forwarding.

### **4. Data sharing**

VDSS and VDOE will enter into a data sharing agreement between licensing and subsidy functions. The data sharing agreement will address linkages between VaCMS, DOLPHIN, the background information system, the new child care licensing system, the public website for child care searches, LinkB5, and Virginia Quality. The data sharing agreement will cover:

- Points of contact for each agency
- Core areas of data that need to be passed and directionality
- Frequency with which data will be shared
- Security protocols
- Roles and responsibilities for public or mandated reporting; reports to meet business needs
- Secure method of transfer

### **5. Storage of data and files**

VDSS DOLP staff have a number of electronic and paper files--including data maintained on the DOLPHIN system--that will need to be archived and/or transferred to VDOE, both for historical records and ongoing job functions.

Regarding the storage and transfer of data and files:

- Licensing staff will transfer all necessary paper and electronic files needed to complete ongoing job duties no later than September 30, 2021. Files will be transferred manually and additional space will be provided on the VDOE share drive for storage.
- In partnership with IT and procurement, VDSS will archive a copy of or preserve existing DOLPHIN data as of the date that the new licensing platform is complete and migrate it to a designated location within VDOE share drive.

- Licensing staff will transfer logs of archived documents and notify the Library of Virginia that VDOE is now the agency of record for those documents effective July 1, 2021.

**6. Contract administration related to child care licensing technology functions in FY22**

For the duration of FY22, VDSS will continue to administer contracts related to:

- Development and maintenance of the new licensing platform;
- Salesforce program licenses; and
- Maintenance of the DOLPHIN system.

VDOE will reimburse VDSS for AP vendor payments for such services using CCDBG funds as outlined in Appendices C and D. VDOE and VDSS will negotiate a new MOA regarding IT contract management for FY23 and beyond prior to the expiration of this MOA on June 30, 2022.

## **Appendix F. Transition of pending enforcement sanctions and/or appealed cases**

As of June 1, 2021, any matter involving a child day program or family day system that is the subject of enforcement proceedings, including but not limited to first and second step reviews, issuance of a Notice of Intent, issuance of a Notice of Summary Suspension, injunctive relief, appeals (whether for an informal conference, a formal hearing, or judicial review) and issuance and enforcement of special orders or final orders, will be assigned to licensing staff who are transferring to VDOE on June 25, 2021. Any and all such matters will transition to VDOE as of July 1, 2021 for further handling.

No later than 30 days prior to the transition, transferring enforcement team staff will work with the Chief School Readiness Officer and any staff she designates to discuss outstanding cases that are expected to transition.

In addition, any communications or complaints received by VDSS staff regarding child care providers after July 1, 2021 will be forwarded to or otherwise shared with VDOE within 48 hours. VDSS will alert VDOE of any serious complaints of abuse, neglect, or other concerns that pose a threat to children's health and safety within 12 hours.

### **Appendix G. Performance agreement for background checks**

Federal and Virginia laws generally require background checks for child care providers and their staff.

Background investigations must include criminal history checks through the National FBI Fingerprint database and the Virginia State Police as well as checks against the NCIC National Sex Offender Registry, the Virginia Sex Offender Registry, and the Virginia Child Abuse and Neglect Registry.

The Commonwealth of Virginia’s Information Technologies Agency (VITA) contracts with FieldPrint to collect applications and process fingerprints for individuals that require criminal background checks. FieldPrint electronically transmits the fingerprints to the Virginia State Police, which conducts the national FBI fingerprint check and the search of the Virginia criminal registry, NCIC National Sex Offender Registry, and the Virginia Sex Offender Registry. State Police then notifies the VDSS Office of Background Investigations (OBI) of the results. OBI’s Criminal Unit makes a determination as to whether the provider is qualified to offer care.

Criminal background checks are subject to a fee of \$59 per staff. Since the implementation of the background check requirements in January 2018, these costs have been covered using CCDBG funds, not to exceed \$4 million per year. Criminal background check expenditures have fluctuated significantly from year to year. VDSS and VDOE estimate that on average, CCDBG covers roughly \$2.3 million in criminal background check costs annually. FieldPrint collects these fees, keeps a portion for its own administrative costs, and distributes the remainder to Virginia State Police, the FBI, and OBI for services rendered. See Table 1 below for a breakdown of how fees are distributed to relevant parties.

**Table 1. Criminal Background Check Fees**

	<b>Employees</b>
FBI	\$13.25
VSP	\$13.75
OBI	\$23.28
FieldPrint	\$8.72
<b>TOTAL FEE</b>	<b>\$59</b>

OBI’s Central Registry unit concurrently conducts a check against the state child abuse and neglect registry. Applications for a central registry check are received and processed by OBI. Central registry checks are subject to a fee of \$10 per individual and providers are responsible for payment.



*Performance agreement after the July 1, 2021 transition*

Following the transition of child care licensing functions on July 1, 2021, VDSS's Office of Background Investigations (OBI) will continue to perform mandatory background check investigations for the child care field. Central Registry checks will be completed in 10 days or less as required by state law. Criminal background investigations will be completed in 45 days or less as required by federal law.

VDOE will monitor OBI compliance with such regulations through regular reports and meetings as requested. OBI will use the templates in Appendix H to report on background check investigation activities on a monthly basis. Should VDOE receive complaints from providers regarding turnaround time or other challenges with background check processes, VDOE will work with OBI to implement a mutually agreed upon performance improvement plan. OBI will also provide specific detail on all cases that exceed the timelines provided for in state and federal law if applicable. VDOE reserves the right to audit OBI activities for timeliness and accuracy.

VDOE will execute a Statement of Work (SOW) as part of VITA's statewide contract with FieldPrint, allowing VDOE to continue to cover the costs of criminal background checks for child care providers following the transition using CCDBG funds. VDSS's SOW will be limited to ongoing functions that remain at the agency. OBI will continue to receive payment from FieldPrint for its services in the background investigation process.

This performance agreement is valid until the expiration of the MOA on June 30, 2022. A new MOA will be executed effective July 1, 2022 regarding the ongoing relationship between VDOE and OBI.

**Appendix H. Template for monthly reporting requirements on background check investigations**

<b>OBI Monthly Report to VDOE</b>		<b>Report period:</b>
<b>CRIMINAL BACKGROUND CHECKS</b>		
Total number of criminal background investigations completed for:		
	Religious-exempt child day center or preschool	
	Child day centers	
	Family day homes	
	Family day systems	
	Licensed ordinance homes	
	Unlicensed family day homes	
	Voluntarily registered family day homes	
	Household members in family day homes	
	Total for MONTH	
	YTD Total	
At date of reporting, number of cases that are:		
	Pending	
	Delayed	
	Incomplete	
Number of individuals determined ineligible due to criminal history		
	Most common disqualifying crime	
Number of cases that did NOT receive a determination within 45 days		
<b>CENTRAL REGISTRY CHECKS</b>		
Total number of central registry investigations completed for:		
	Child day center employee	
	Family day home provider	

	Total for MONTH	
	YTD Total	
Number of days to complete central registry investigations and alert individuals or employers of their determinations		
	Average (mean)	
	Median	
	Minimum	
	Maximum	
Number of cases that did NOT receive a determination within 10 days		
Number of individuals determined ineligible due to a history of child abuse or neglect		

### **Appendix I: Transferring Regulations**

The following regulations will be transferred from the Board of Social Services to the BOE provisions of the Virginia Administrative Code (VAC), renumbered, and amended to reflect changes in reference to the Board or to sections of the VAC.

- 22VAC40-185: Standards for Licensed Child Day Centers
- 22VAC40-111: Standards for Licensed Family Day Homes
- 22VAC40-180: Voluntary Registration of Family Day Homes--Requirements for Providers
- 22VAC40-120: Minimum Standards for Family Day Systems

The following regulations are relevant for adult services, which will remain at VDSS, as well as child day programs, which will transfer to VDOE. As a result, they must be present in code for both agencies. These regulations will be newly adopted by the BOE with the necessary modifications to reflect the changes mandated by Chapters 860 and 861 of the 2020 Acts of Assembly.

- 22VAC40-80: General Procedures and Information for Licensure
- 22VAC40-191: Background Checks for Child Welfare Agencies
- 22VAC60-160: Fees

In partnership with the Registrar in the Division of Legislative Services, VDOE will initiate the transfer or adoption and amendment of the above regulations by the BOE under one exempt action. Chapters 860 and 861 of the 2020 Acts of Assembly exempt such actions from Article 2 (§ 2.2-4006 et seq.) of Chapter 40 of Title 2.2 of the Code of Virginia.

**Appendix F: Executed MOA between VDOE and VDSS for the transfer of Maximum Employment Level (MEL) and Federal Funds to Support Mid-year Hiring at VDOE**

Starts on next page.

## **Memorandum of Agreement between the Virginia Department of Education (VDOE) and the Virginia Department of Social Services (VDSS) for Mid-Year Hiring at VDOE**

This Memorandum of Agreement (hereinafter referred to as MOA) is made between the Virginia Department of Social Services, hereinafter referred to as VDSS, and the Virginia Department of Education, hereinafter referred to as VDOE. It addresses the transition of Maximum Employment Level (MEL) and reimbursement of Child Care and Development Fund (CCDF) resources to support mid-year hiring at VDOE during FY 2021 ahead of the transition effective July 1, 2021.

Chapters 860 and 861 of the 2020 Acts of Assembly direct the Board of Education to establish a statewide unified public-private system for early childhood care and education in the Commonwealth to ensure that every child has the opportunity to enter kindergarten healthy and ready to learn.

In consideration of their respective undertakings, the VDSS and VDOE agree to the following terms:

PERIOD OF AGREEMENT: date of execution through June 30, 2021.

### **I. Purpose**

State management and execution of child care licensing functions will transfer from VDSS to VDOE effective July 1, 2021. As of this date, VDOE will also become Lead Agency for the CCDF and will oversee the Child Care Subsidy Program.<sup>1</sup> This will allow for a single, sustained point of accountability for the full array of publicly funded programs that support school readiness. Further, this transfer will support the goals and timeline outlined in Chapters 860 and 861 of the 2020 Acts of Assembly, which determines that the following must take place by July 1, 2021:

□ **22.1-289.03.** *Early childhood care and education system; establishment.*

*A. The Board shall establish a statewide unified public-private system for early childhood care and education in the Commonwealth to ensure that every child has the opportunity to enter kindergarten healthy and ready to learn. Such system shall be administered by the Board, the Superintendent, and the Department and shall be formed, implemented, and sustained through a structure that engages and leverages both state-level authority and regional-level public-private partnership assets.*

*B. It is the intent of the General Assembly that the system established pursuant to subsection A shall (i) provide families with coordinated access for referral to early childhood education programs, (ii) provide families with easy-to-understand information about the quality of publicly funded early childhood care and education programs, (iii) establish expectations for the continuous improvement of early childhood care and education programs, and (iv) establish shared expectations for early childhood care and education programs among the Department of Education, the Department of Social Services, local school divisions, and state and regional stakeholders.*

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<sup>1</sup> Note that section 63.2-501.D of Chapters 860 and 861 provide for the Commissioner of Social Services and the local departments of social services to administer the Child Care Subsidy Program.

C. The system established pursuant to subsection A shall consist of a combination of programs offered through (i) the Virginia Preschool Initiative, pursuant to [§ 22.1-289.09](#), or any other school-based early childhood care and education program; (ii) licensed programs, pursuant to Article 3 ([§ 22.1-289.010 et seq.](#)); and (iii) unlicensed programs, pursuant to Article 4 ([§ 22.1-289.030 et seq.](#)).

## II. **Background**

VDOE requires additional capacity to support the transfer and ongoing operations of child care licensing functions, CCDF Lead Agency responsibilities, and Child Care Subsidy Program oversight before July 1, 2021. As a result, VDOE requires the transfer of additional MEL and reimbursement for certain personnel expenses from VDSS using CCDF during FY21.

## III. **Scope of the MOA**

Regarding transitional hiring at VDOE, VDSS shall:

- Initiate the process with the Department of Planning and Budget for the transfer of MEL to support the timely hiring of new staff at VDOE so that they are in place by January 1, 2021 (Appendix A); and
- Reimburse VDOE following the process defined in the Standard Operating Procedures (SOPs) for associated payroll and staff expenses, including VITA charges, office supplies, rent, or other related expenses with prior approval through June 30, 2021.

VDOE shall:

- Hire staff identified prior to July 1, 2021 in accordance with the transferred MEL;
- Follow the reimbursement process defined in Standard Operating Procedures (Appendix A) within the MOA to seek reimbursement for associated payroll and staff expenses including VITA charges, office supplies, rent, etc. or other related expenses with prior approval through June 30, 2021;
- Submit an Effort Certification Form to VDSS for staff 100 percent covered by CCDF for the period of January 1, 2021 through June 30, 2021 (see Appendix C);
- Share with VDSS the final Employee Work Profile (EWP) and projected budget for each proposed position before beginning the hiring process; and
- Share with VDSS the final budget for each proposed position once hiring is complete.

## IV. **Integration and Modification**

This MOA constitutes the entire understanding of the Parties as to the matters contained herein. No alteration, amendment or modification of this MOA shall be effective unless in writing and signed by the duly authorized officials of VDSS and VDOE.

## V. **Invalidity of Particular Portions**

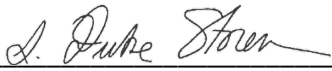
If any term or provision of this MOA shall, to any extent, be held invalid or unenforceable, the remainder of this MOA shall not be affected thereby, and each term and provision of this MOA shall be valid and enforceable to the fullest extent permitted by law.

**VI. Assignment, Subcontracting and Transfer**

Neither party shall assign, subcontract, or transfer this MOA, or any right, obligation, or liability under this MOA, without the prior written consent of the duly authorized officials of VDSS and VDOE.

In Witness Whereof, VDOE and VDSS have respectively caused this MOA to be executed by their duly authorized representatives.

**Virginia Department of Social Services**


By:   
(Signature)

S. Duke Storen  
(Type or Print Name)

Title: Commissioner

Date: November 20, 2020

**Virginia Department of Education**

By:   
(Signature)

James F. Lane, Ed.D.  
(Type or Print Name)

Title: Superintendent of Public Instruction

Date: November 19, 2020



**Appendix A: Standard Operating Procedures for Transitional Hiring at VDOE Using CCDF**

**Virginia Department of Social Services and Virginia Department of Education Payment Processing and Cash Transfers from Federal Child Care and Development Fund Procedures**

<b>Purpose of Topic:</b>
VDOE requires additional capacity to support the transfer and ongoing operations of child care licensing functions, CCDF Lead Agency responsibilities, and Child Care Subsidy Program oversight before July 1, 2021. This appendix documents the procedures for payment processing by VDSS and the transfer of MEL and funding from VDSS to VDOE from CCDF to support hiring and personnel expenses in FY21.
<b>Governing Regulations (Federal, State, including CAPP, Agency):</b>
XXXX 2 CFR 200; Title 45, Parts 74 and 92 XXXX
<b>Last Updated (mm/dd/yyyy):</b>
<b>Last Review (mm/dd/yyyy):</b>

**1. Cash Management**

Drawdowns of the federal CCDF grant from the U.S. Department of Health and Human Services (HHS) will be managed by VDSS during state fiscal year 2021. VDOE will have a subrecipient relationship with

VDSS for receipt of CCDF during fiscal year 2021, pursuant to this MOA. Drawdowns of the grant funds must be related to payroll expenditures and:

- Be limited to the minimum amounts needed to cover approved expenditures, defined as salaries and benefits, as well as rent and other staffing expenditures such as travel, monthly VITA charges, supplies, and equipment.
- Be timed in accordance with the actual immediate cash requirements of carrying out the approved expenditures.
- Not be made to cover future expenditures.

VDOE will provide VDSS with supporting documentation for any expenditures requiring a drawdown from the block grant, as described in Section 2 below.

VDOE will be able to forecast and predict payroll expenditures for each pay cycle and communicate to VDSS the amount to draw down in support of personal services expenditures. A calendar will be developed that aligns with the payroll service bureau calendar to ensure that funding is available within VDOE on the payroll processing date. This will allow drawdowns to occur by VDSS from the grant and maintain compliance with the federal Cash Management Improvement Act (CMIA) and maintenance of federal cash within VDOE that also complies with CMIA. VDOE should not receive funds in advance of 3 business days of the release of payroll funds to employees. For purposes of monitoring and reconciling payroll, VDOE will perform a quarterly reconciliation of all personal services/payroll expenditures to ensure the amounts communicated during the payroll periods within the quarter accurately reflect actual payroll transactions and provide a copy of the reconciliation to VDSS.

## **2. Supporting Documentation for Cash Management**

### *Personnel Expenses*

For purposes of processing payments in each of the major expenditure categories, the following section summarizes examples of adequate supporting documentation that shall be provided by VDOE to VDSS for audit purposes and in support of a grant drawdown for payroll expenses.

Beginning January 1, 2021, VDOE will hire 6.5 FTE positions (6.0 classified and 0.50 wage) to support child care licensing functions, CCDF Lead Agency responsibilities, and Child Care Subsidy Program oversight, which will transition from VDSS on 7/1/2021. Payroll expenditures will be posted to VDOE's financial records upon the hiring of staff.

Upon completion of the signed Child Care Transitional Hiring MOA, VDSS will request a transfer from the Department of Budget and Planning (DPB) to move 6.0 Maximum Employment Level (MEL) from VDSS to VDOE for mid-year hiring of the six planned classified positions. The 0.50 FTE wage position does not require MEL in order to be hired.

Specifically, to facilitate the transfer of staff, VDSS shall initiate a budget execution adjustment in DPB's Performance Budgeting (PB) System to transfer 1 full time classified position for Licensing, 2 full time classified positions for HR, 1 full time classified position for a Fiscal Specialist, 1 full time classified position for a CCDF Fiscal Policy Analyst; and 1 full time classified position for a Strategic Communications Specialist to support the child care transition. VDOE shall initiate a budget execution adjustment in the PB system to receive the transfer of the 6.0 classified positions from VDSS. Budget execution adjustments shall be entered into the PB system within five days of the MOA being signed by both agencies.

In addition to the 6.5 FTE positions that VDOE will hire, the current HR Director will spend a portion of her time (estimated 40 percent) on CCDF activities effective January 1, bringing the total number of positions that VDOE will use CCDF to support to 7.5 FTE. Three of the 7.5 positions will only be partially reimbursed with CCDF (see Appendix B).

After each payroll run is processed, VDOE shall forward a copy of report U033 from the Reportline system to verify the amount of payroll costs actually processed for the 7.5 Full Time Equivalents (FTEs) positions, for their percentage of time spent directly working with the CCDF activities. That amount will be the amount of the next advance provided by VDSS to VDOE. This process will be repeated each payroll period through FY 2021. The last Reportline report needed will be the report for the July 1, 2021 payroll, which will be used to true up the payroll amounts for the final time.

Payroll will be reconciled quarterly to ensure that the drawdowns align with actual payroll activity. Payments on these transactions will not be made by VDOE until funds are received from VDSS.

In summary, for each pay period, VDOE will provide VDSS the following supporting documentation for processing of a drawdown and for audit purposes:

- Payroll Service Bureau approved certification for the pay period
- Copy of approved timesheet/time reporting from the Time and Attendance reporting system, TAL, for the pay period (time sheet must denote the time spent on CCDF grant for those positions not dedicated to CCDF)
- U033 report from Reportline to verify payroll costs processed

If there are any federal disallowances of VDOE expenditures charged to the CCDF grant, VDOE shall make an accounting of these disallowed expenditures and, in the absence of a waiver by either VDOE or VDSS, repay these funds to VDSS within 15 days of notification with documentation of federal disallowance.

#### *Routine Non-personnel Costs*

Routine non-personnel costs for staff, which include charges like office supplies, routine travel, VITA charges, etc., shall be paid by VDOE. Due to the relatively small/sporadic nature of these costs,

payments for these transactions will be made through VDOE and a reimbursement will be requested from VDSS with CCDF federal funds via VDOE Invoice. For any invoice needing to be reimbursed using CCDF, VDOE must submit a copy of the invoice and a purchase order (if one is available). VDOE shall provide VDSS the following supporting documentation for processing of a drawdown and for audit purposes:

- Copy of Invoice, eVA PO, and receiving record, as applicable
- Copy of SPCC transaction, if applicable
- Payment Vouchers
- Copy of Pre-approved travel documentation and finalized travel expense voucher
- Summary Spreadsheet

### **3. Reconciliation Requirements**

A monthly reconciliation that will detail the expenses submitted by VDOE to VDSS and the payments transferred from VDSS to VDOE shall be completed by each agency. VDSS and VDOE shall work together to resolve any reconciling items and to meet all obligations related to the Child Care and Development Block Grant (CCDBG).

Any adjusting ATAs needed to true up the payroll amounts paid will be done on a calendar quarterly basis. If the amount of the difference is less than \$10.00, the difference will be carried over to the next calendar quarter. Because VDSS processes cost allocation on a quarterly basis, the final true up entry for FY 2021 will not be completed and posted to Cardinal until FY 2022.

### **4. Appropriation Transfer**

To facilitate the transfer of child care licensing functions, CCDF Lead Agency responsibilities, and Child Care Subsidy Program oversight to VDOE, VDSS shall transfer in the PB system federal appropriation of CCDF in accordance with the agreed upon budget (Appendix B) for those amounts already included in the VDSS budget. This would apply for positions transferred to and hired at VDOE in advance of the child care transition beginning July 1, 2021.

**Appendix B: Projected FY 2021 Staffing Budget**

*Note that this budget reflects current estimates only. VDOE will submit a final budget for each position after hiring is complete.*

<b>Additional Staff Needed</b>							
<b>Position Title</b>	<b>Grade</b>	<b>Target Hiring Date</b>	<b>Projected Hiring Salary</b>	<b>Projected Salary &amp; Benefits</b>	<b>Annual Technology, VITA, etc.</b>	<b>% of time spent on CCDF activity</b>	<b>For Year 1</b>
Assistant Superintendent of Human Capital	7	1/1/2021	\$140,000	\$190,794	\$10,000	80%	\$80,318
HR Specialist	5	3/1/2021	\$65,000	\$100,026	\$7,500	80%	\$21,505
CCDF Fiscal Specialist	5	1/1/2021	\$80,000	\$118,668	\$7,500	100%	\$63,084
CCDF Fiscal Policy Analyst	5	3/1/2021	\$80,000	\$118,668	\$7,500	100%	\$31,542
Director of Child Care Licensing	6	1/1/2021	\$90,000	\$131,097	\$10,000	100%	\$70,549
Strategic Communications Specialist	5	3/1/2021	\$70,000	\$106,430	\$7,500	100%	\$28,483
IT Trainer (.50 FTE)	5	3/1/2021	\$25,000	\$26,913	\$3,500	100%	\$7,603
<b>FY21 Subtotal for New Employees</b>			<b>\$550,000</b>	<b>\$792,596</b>	<b>\$53,500</b>		<b>\$310,083*</b>
<b>Existing VDOE Staff to be Supported with CCDF</b>							
<b>Position Title</b>	<b>Grade</b>	<b>Date Position Will be Supported by CCDF</b>	<b>Projected Hiring Salary</b>	<b>Projected Salary &amp; Benefits</b>	<b>Annual Technology, VITA, etc.</b>	<b>% of time spent on CCDF activity</b>	<b>For Year 1</b>
Director of Human Capital (Position 00474)	6	1/1/2021	\$106,000	\$137,143	\$2,000	40%	\$27,829
<b>FY21 Total for All CCDF-funded Positions</b>			<b>\$656,000</b>	<b>\$929,739</b>	<b>\$55,500</b>		<b>\$337,912*</b>

*\*Includes an additional \$7,000 in estimated costs for office supplies and furniture.*

## Appendix C. SEMI-ANNUAL EFFORT CERTIFICATION REPORT

This form is to be completed for each classified, P-14, part-time, and contract employee that is 100% dedicated to one particular federal program.

Unit/Office:

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Cost Code:

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Employee Name:

---

Position Title:

---

Position #:

---

Federal Program:

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Time Period                      Jan 1, 2021 thru June 30, 2021

I hereby certify that 100% of my efforts during the time period indicated above have been dedicated to the Federal Program mentioned above.

Employee's Signature: \_\_\_\_\_ Date: \_\_\_\_\_

Supervisor's Signature: \_\_\_\_\_ Date: \_\_\_\_\_  
(or Authorized Person)

Applicable Federal Regulation 2 CFR Part 225 (OMB Circular A-87), Attachment B Section 8.h.3

Where employees are expected to work solely on a single Federal award or cost objective, charges for their salaries and wages will be supported by periodic certifications that the employees worked solely on that program for the period covered by the certification. These certifications will be prepared at least semi annually and will be signed by the employee or supervisory official having first hand knowledge of the work performed by the employee.

**Appendix G: PHASE III COST IMPACT**

The following table includes estimated cost impact for both VDOE and VDSS. Note that all funding is NGF unless otherwise indicated.

<b>Estimated Cost Impact for Phase III</b>			
<i>Personnel at VDOE</i>	<i># of Positions</i>	<i>Transitional (Initial)</i>	<i>Long-Term Annual</i>
General CCDF/Subsidy/ Administrative Staff	At least 7 FTE	\$1,397,181	\$1,397,181
Licensing Staff	At least 113 FTE	\$18,415,956	\$18,415,956
Criminal Background Checks <sup>a</sup>		\$2,344,813	\$2,344,813
<b>Personnel at VDSS</b>			
<i>Personnel at VDSS</i>	<i># of Positions</i>	<i>Transitional (Initial)</i>	<i>Long-Term Annual</i>
Subsidy Staff	26 FTE and 7 wage staff	\$2,307,727	\$2,307,727
Adult Licensing	83 FTE including new GF for 8 FTEs	\$2,130,394 (GF)	\$2,130,394 (GF)
<b>Other at VDSS <sup>b</sup></b>			
<i>Other at VDSS <sup>b</sup></i>		<i>Transitional</i>	<i>Long-Term (Annual)</i>
CCDF Subsidy Pass- Through <sup>c</sup>		\$139,780,654 - \$162,780,654	\$176,828,369
State Supported Local Staff		\$11,312,943	\$11,312,943
Subsidy Non-Personnel Services (e.g., call center)		\$1,211,587	\$1,211,587
Subsidy Program Automated Systems		\$5,865,662	\$5,865,662
Administrative Expenses		\$3,055,524	\$3,055,524

<sup>a</sup> This estimate is based on historical expenditures associated with criminal background checks for child care providers since January 2018. VDOE is authorized to expend up to \$4 million per year to cover costs associated with background checks.

<sup>b</sup> Estimates will be further refined as the CCDBG/CCSP MOA is completed.

<sup>c</sup> Amounts reflect potential increased enrollment in the Child Care Subsidy program associated with eliminating the wait list in FY21. While increasing numbers of parents will need child care as they return to work, COVID conditions, school reopening patterns, and child care provider closures make it challenging to estimate cost.

**APPENDIX H: PRELIMINARY ANALYSIS ON SUSTAINING ADULT LICENSING AT VDSS****Current State**

DSS oversees the registration, licensing, and inspection of nearly 6,700 facilities to ensure the health, welfare, and safety of adults and children who are in out-of-home care. The vast majority of these facilities (91 percent) are children’s facilities. Under the proposed change of the lead agency for child care licensing, VDOE will be responsible for the licensing and inspection of the majority of the child care entities. VDSS will continue to be responsible for the Child Welfare Unit<sup>3</sup> as well as all the adult living facilities.

**Impact on VDSS Adult Program Funding**

DSS has two major sources of funding for licensing services: the federal Child Care and Development Block Grant (CCDBG) and state General Funds (GF). VDSS uses a federally approved cost allocation methodology based on the total number of child care and adult care inspections, resulting in a 90/10 allocation. Thus, CCDBG funds are allocated to help pay for 90% of licensing program expenses. The remaining 10% are paid by GF (e.g., in the Social Services Block Grant (SSBG) and IV-E Foster Care and Medicaid matching funds). Removing federal funding significantly impacts VDSS’s budget and creates the need for GF support.

<b>Expenses and Funding</b>	<b>Current Adult &amp; Child Care Licensing Expenses &amp; Funding</b>	<b>Projected DOLP Expenses &amp; Funding</b>
<b>Expenses</b>		
Personnel	\$15,338,124	\$7,927,051
Non-personnel services	\$935,709	\$676,922
Systems costs	\$318,073	\$372,732
Field leases	\$1,063,781	\$331,557
<i>Total Expenses</i>	<i>\$17,655,687</i>	<i>\$9,308,262</i>
<b>Appropriation</b>		
General Funds	\$3,841,610	\$3,841,610
Federal Funds	\$14,900,000 <sup>a</sup>	\$3,100,473
Special Funds	\$525,000	\$225,000
<i>Total Appropriation</i>	<i>\$19,266,610</i>	<i>\$7,167,083</i>
<b>Additional GF Appropriation Needed</b>		<b>\$2,130,394</b>
<b>Total GF in the Governor’s introduced budget</b>		<b>\$5,972,004</b>

<sup>a</sup> Appropriation was up to \$21M, but the Department of Planning and Budget (DPB) allotted \$14.9M.

<sup>3</sup> The Child Welfare Unit includes 155 child placing agencies, 25 children’s residential facilities, 4 child caring institutions, and 1 independent foster home



## **Appendix I: Transition Work Group Membership**

The following individuals participated in the Transition Work Group:

### ***Cabinet Members***

**Atif Qarni**, Secretary of Education

**Dr. Daniel Carey**, Secretary of Health and Human Resources

**Marvin Figueroa**, Deputy Secretary of Health and Human Resources

### ***Department of Social Services***

**Duke Storen**, Commissioner

**Craig Burshem**, Deputy Commissioner of State Programs

**Nannette Bowler**, Deputy Commissioner of Human Services

### ***Department of Planning and Budget***

**Michael Maul**, Associate Director, Education and Transportation

**Mike Shook**, Associate Director, Health and Human Resources

**Aimie Gindi**, Budget and Policy Analyst, K-12 and Higher Education

**Victoria Baldwin**, Budget and Policy Analyst, DSS

### ***Department of Education***

**Dr. James Lane**, Superintendent of Public Instruction

**Jenna Conway**, Chief School Readiness Officer

### ***Office of the Attorney General***

**Kim Piner**, Senior Assistant Attorney General

**Susan Williams**, Senior Assistant Attorney General

**Jennifer Williamson**, Senior Assistant Attorney General

**Melissa Charnes**, Assistant Attorney General

### ***Board of Education***

**Anne Holton**, Member

### ***Board of Social Services***

**Lou Ali**, Chair

### ***House Appropriations Committee***

**Susan Massart**, Legislative Fiscal Analyst

**Zack Robbins**, Legislative Fiscal Analyst

### ***Senate Finance Committee***

**Mike Tweedy**, Legislative Analyst

**Tyler Williams**, Associate Legislative Analyst