



COMMONWEALTH of VIRGINIA

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November 19, 2021

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 [enactment clause 4 of Chapters 860 and 861 of the 2020 Acts of the General Assembly](#).

The Plan provides updated information regarding the successful 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, Director of Early Childhood Access and Enrollment by email at Rebecca.Ullrich@doe.virginia.gov.

Sincerely,

A handwritten signature in black ink, appearing to read "James F. Lane".

Dr. James F. Lane
Superintendent of Public Instruction

JFL/RU/lh

EXECUTIVE SUMMARY

To increase access and choice, strengthen quality and improve school readiness outcomes of its birth to five early childhood care and education (ECEC) system, Virginia has established 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 December 1, 2021 as required by Chapters 860 and 861 of the 2020 Acts of Assembly.

Since December 2020, key milestones include:

- Five inter-agency memoranda of agreements and a data-sharing agreement related to the transition were finalized;
- The Early Childhood Advisory Committee was launched in March 2021;
- Guidelines for Practice Year 1 of the unified measurement and improvement system, VQB5, were approved by the BOE in June 2021.
- All child care licensing staff transitioned to VDOE on June 24, 2021;
- *American Rescue Plan Act* funding was reallocated to VDOE effective July 1, 2021;
- A contract with Deloitte was executed to design and build the new licensing platform known as New Enterprise Licensing Application (NELA);
- A new organizational structure was implemented in the Division of Early Childhood Care and Education at VDOE;
- New regulations for licensed child day centers were implemented effective October 13, 2021;
- ARPA Child Care Stabilization Grant program launched on November 1, 2021 to provide ~\$440 million in direct cash assistance to child care providers; and
- Notices of intended regulatory action for two child care licensing regulations were brought to the BOE on November 18, 2021.

VDOE and VDSS have continued to work collaboratively to respond to the COVID-19 pandemic. The respective agencies worked together to provide additional updated guidelines to providers to mitigate the spread of COVID-19; support efforts to vaccinate child care educators and families in child care; disseminate a third and fourth round of CARES grants; support the recovery of the Child Care Subsidy Program by temporarily expanding eligibility and covering the cost of copayments; and launch a new Child Care Stabilization Grant Program funded by the *American Rescue Plan Act*.

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FREQUENTLY USED ACRONYMS

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

- ARPA means the American Rescue Plan Act
- 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 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.

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) 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

- Between July 1, 2020 and June 30, 2021, 6 new FTE employees joined the VDOE to support the transition, including:
 - A policy analyst focused on the Child Care and Development Block Grant;
 - A director of the Office of Child Care Health and Safety (OCCHS);
 - A Program Support Technician in OCCHS;
 - An early childhood strategic communications specialist;
 - A grants and reports analyst to support early childhood activities; and
 - A human resources specialist to support the Division of Early Childhood Care and Education.

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 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). The Child Care Licensing MOA was amended in March 2021 and again in June 2021 (see current version in Appendix E).
- 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 was finalized on June 15, 2021 and amended on July 9, 2021 (see Appendix G).
- VDOE successfully launched the Early Childhood Advisory Committee (ECAC) in March 2021. The Committee heard updates and provided feedback on the transition, VDOE’s COVID relief efforts, and issues related to promoting access and parent choice in early childhood programs. The ECAC

voted to endorse VDOE's guidelines for practice year 1 of VQB5 with modifications, which VDOE incorporated into the guidelines before bringing them to the Board in the summer of 2021.

- Contract negotiations on the design and build of a new licensing platform were ongoing through the Spring of 2021.
- In preparation for this and the transition of staff and child care oversight from VDSS to VDOE, the agencies executed a series of MOAs and data sharing agreements related to hardware transfer to VDOE, data sharing, and management of the legacy licensing platform, DOLPHIN.

Fiscal Detail for Phase II

- Phase II did not include any unexpected costs. Costs associated with building out office space for the Division of Early Childhood Care and Education were sufficiently covered with the \$400,000 in transition funding appropriated by the General Assembly, with funding to spare.
- The executed contract for the child care licensing platform put total expected costs at \$11.3 million, with VDOE's \$8 million portion covered by non-general funds and VDSS's \$3.3 million portion covered by general funds. These GF were appropriated with VDSS in the SFY22 budget.

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 guidelines; and
- Complete statewide “practice year” for VQB5, the new Quality system in which all publicly-funded programs (VPI, child care subsidy, and Head Start) must participate by July 2023; results are for learning purposes with no consequences or financial incentives.

Personnel, Programmatic and Fiscal Impact of Phase III

Personnel Summary on Phase III

- Rebecca Ullrich, Director of Early Childhood Access and Enrollment at the VDOE, assumed the role of CCDF Administrator.
- At least 129 FTEs at VDOE (121 of whom were transferred from VDSS)
 - 109 child care licensing staff transferred to VDOE on June 24, 2021, including 77 inspectors; 8 regional administrators and 8 program support techs; and 6 central office staff.
 - 12 vacant positions transferred to VDOE on June 24, 2021. VDOE has advertised to fill all of these positions.
 - 7 additional staff joined the Division of Early Childhood Care and Education in other offices to support communications, grants management activities, and COVID-19 relief efforts.
 - 1 budget analyst was hired to support early childhood work in the Division of Finance and Budget.
- 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 82 FTEs remain at VDSS to sustain licensing for adult living facilities as well as the Child Welfare Unit, which includes 160 child placing agencies, 18 children’s residential facilities, and 2 child caring institutions. This includes 38 inspectors and 44 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 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 became 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 transferred to VDOE under the joinder or novation agreements previously executed with the same pricing and other terms and conditions until termination. For subsequent procurements or subgrant award processes occurring on or after July 1, 2021, VDOE conducted those processes and was the sole agency party to the contract or the Lead Agency grantee issuing the subgrant awards.
- As of July 1, 2021, is 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 were adopted with minor amendments necessary to facilitate the transition by the Board of Education in April 2021 and were effective July 1, 2021.
- VDOE and VDSS executed a MOA related to the administration of the child care subsidy program whereby VDOE sets policy and funding priorities for CCDBG and the CCSP and VDSS administers the subsidy program. 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. VDOE and VDSS are currently working together to identify potential areas for improvement to support streamlined eligibility processes in local offices and minimize financial burdens for participating families.
- The responsibility for regulating child care providers moved from the State Board of Social Services to the State Board of Education. VDOE is now 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 is also responsible for health and safety inspections of the approximately 600 unlicensed child care providers who receive child care subsidy. Inspections are still primarily conducted virtually while the Commonwealth works to mitigate the spread of COVID-19 with the intent of fully returning to in-person inspections by January 1, 2022.

- The Licensing MOA lays out the agreement between VDOE and VDSS for the administration of the criminal background checks for child care providers. This function remains at VDSS as of 7/1/2021.
- VDSS continues 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 worked with federal partners to establish a new cost-allocation agreement and is working to amend the state plan to reflect the transition.
- The contract to build the new licensing platform was signed in July 2021. VDOE and VDSS continue to partner with a contractor to build out NELA. Phase I of NELA is scheduled to go-live in February of 2022. In this Phase child care and adult care providers will be able to submit requests for licenses and exemptions, including any required documentation. In Phase I NELA will also allow providers to apply for background checks. The final go-live date for all of NELA’s features is scheduled for August 2022. Once complete, NELA will handle the entire licensing/registration process for all child care and adult care providers. Until then, VDSS will continue to maintain DOLPHIN, the legacy licensing application.
- Devices used for child care licensing and their related VITA charges for application hosting transitioned with staff to VDOE on July 1, 2021. Since July 2021, portions of the DOLPHIN system related to the inspection process for child care programs have been down. VDOE and VDSS have worked closely with the DOLPHIN vendor to bring it back up. DOLPHIN’s scheduled end-of-life (EOL) is scheduled for September 30, 2022. The goal is to have the new licensing platform’s go-live date well before DOLPHIN’s EOL.
- VDOE and the Office of Background Investigations (OBI) at VDSS work closely to ensure child care workers are properly screened and to find ways to expedite the process. They are currently working to implement background check portability on January 1, 2022. This new process will be handled manually until the launch of Phase I of NELA.

Fiscal Detail on Phase III

- VDOE assumed oversight of CCDF funds as of July 1, 2021, and federal fiscal year (FFY) 2022 grant awards will be issued to VDOE. However, the Administration for Children and Families determined that it could not unallocate previously issued funds from VDSS and reallocate them to VDOE, except for *American Rescue Plan Act* funds, which were allocated in FFY 2021 and VDSS had not yet spent. This means that FFY 2021 mandatory and matching funds and FFY 2019, 2020, and 2021 discretionary funds—including funds authorized by the CARES Act and CRRSA--can only be drawn down by VDSS. VDOE has to request funds be transferred from VDSS before making payments to contractors and subrecipients.
 - VDOE and VDSS executed an amendment to the CCDBG/CCSP MOA to reflect this change in arrangement.
 - This situation is affecting VDOE’s ability to make payments to contractors and subrecipients.

- VDOE and VDSS continue to advocate for an alternative arrangement with federal partners.
- DPB approved an initial administrative appropriation transfer of \$108.7 million in regular CCDBG funding and \$24.5 million in COVID relief funding from VDOE to VDSS in July 2021 to support first quarter expenditures at VDSS. VDOE expects to transfer an additional \$92.8 million in regular CCDBG funding and \$30.6 million in COVID relief funding to support the remainder of the year.
 - Funds transferred will allow VDSS to run the child care subsidy program, including making payments to providers, VDSS staffing and technology systems, and local staffing; pay invoices for the licensing system development; and cover costs associated with COVID relief-funded activities.
- 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 agreement 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 used transition funding to revamp the 16th floor in the James Monroe Building for the Division of Early Childhood Care and Education as a short-term solution for immediately transitioning staff. Additional building space has since been identified on the 14th floor of the building, which includes sufficient office and cubicle space with room to spare for Division staff. Total costs are not yet known but based on the cost to improve the 16th floor, are not expected to exceed \$500,000 in NGF.
- To sustain adult licensing activities, VDSS was appropriated an additional \$2,130,394 in General Funds based on original estimates. After evaluating the actual expenditures of one year of operations, VDSS requires \$903,000 of additional general funds for its adult licensing activities. Ensuring that VDSS has the funds it needs to sustain adult licensing is a priority for the 2022 legislative session.

APPENDIX A: IMPLICATIONS OF THE CORONAVIRUS PANDEMIC FOR CHILD CARE QUALITY, LICENSING, AND SUBSIDY (updated)

The COVID-19 pandemic continued to have a significant impact on the early childhood care and education sector in early 2021 as participation in the subsidy program hit historically low levels, and the sector faced an unprecedented staffing crisis at the same time that the Delta variant led to surges in positive COVID cases again. Young learners were significantly negatively impacted as families had fewer options and children were unable to participate in learning experiences that helped them develop the literacy, math and social emotional skills necessary to enter school ready.

Coordination between the two agencies regarding pandemic response activities remains a priority. Notably, on July 1, 2021, the state of emergency expired. VDOE and VDSS quickly pivoted to maintain continued support for the child care and early education sector in the absence of regulatory flexibility granted under the state of emergency. VDOE and VDSS continue to work collaboratively to implement needed policy changes--both temporary and permanent--following the transition.

This Appendix provides an update on the operational status of the child care sector; financial relief 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 5, 2021, 92 percent of child care providers are open and operational.

Financial relief for the child care sector: Updates since December 2020

CRRSA funding

Virginia received roughly \$200 million in CRRSA funding for child care through CCDBG, and committed \$85 million in funding to support a fourth round of CARES grants. Child care providers that received third round grants were paid automatically, and applications from new applicants were accepted beginning in May. As staff supporting the program transitioned to VDOE at the end of June, oversight of these activities transitioned with them.

A total of 4,626 providers received fourth round grants.

ARPA funding

Virginia received \$488 million in funding from the American Rescue Plan Act to develop and implement a Child Care Stabilization Grant Program to help providers deal with the financial effects of the pandemic. VDOE and VDSS agreed that VDOE would administer this program.

By law, 90 percent of the ARP Stabilization Grant Program funding (\$439.7 million) must be provided directly to eligible child care programs in the Commonwealth. Eligible child care programs generally include licensed, regulated, or registered child care providers that were open and legally operational before March 11, 2021 and approved Child Care Subsidy Program vendors, regardless of when they opened their doors.

Virginia's grant program is designed to support providers over a period of 9 months with payments issued in quarterly intervals. Based on federal guidance, grant awards are based on the following factors:

- Estimated operating costs (based on licensed capacity)
- Operating status (open and serving children or temporarily closed)
- Full- or part-time status
- Location in a high-need area (based on the Center for Disease Control's Social Vulnerability Index or other comparable indicators)
- Participation in the Child Care Subsidy Program

VDOE launched the program on November 1, 2021 and immediately received incredible interest from the field. As of November 15, over 3,000 applications have been received and over 1,000 approved, totaling roughly \$75 million in grant awards.

Policy changes for subsidy providers and families

In the spring of 2021, the participation in the subsidy program hit historically low levels, with less than 15,000 children enrolled in March. The General Assembly passed important legislation to temporarily expand eligibility for the Child Care Subsidy Program, an action that has been essential to support the recovery of the program.

House Bill 2206 temporarily established job search as an eligible parental activity for the subsidy program, and also made families with at least one child under age 5, not yet in kindergarten, eligible for care up to 85 percent of the state median income. The bill was in effect until July 31, 2021, after which time VDOE and VDSS administratively extended the expansion for another five months. Families enrolled under expanded eligibility are supported with COVID-19 relief funding.

VDOE and VDSS continued to leverage federal relief funding, including CARES and CRRSA, to offer additional policy flexibility to child care providers and families in the subsidy program. The following policies remain in effect (designated with *) or have been newly implemented since December 2020:

- Permanently suspended the requirement for a face-to-face interview for initial eligibility.
- Covered the cost of parent copayments to ensure copayments are not a financial barrier to participation.
- Increased the number of paid absence days (expired June 30, 2021).
- Allow providers to be paid for days the program is closed under quarantine orders from the local health department.
- 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.*
- 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)

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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 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
- 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

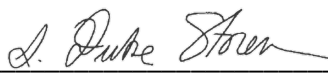
If any term or provision of this MOA shall, to any extent, be held invalid or unenforceable, the remainder of this MOA shall not be affected thereby, and each term and provision of this MOA shall be valid and enforceable to the fullest extent permitted by law.

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

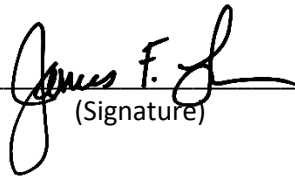
By: 
(Signature)

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:

Position #	Position Role Name	Working Title
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*
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.						
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

Purpose of Topic:
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.
Governing Regulations (Federal, State, including CAPP, Agency):
XXXX 2 CFR 200; Title 45, Parts 74 and 92 XXXX
Last Updated (05/06/2020):
Last Review (mm/dd/yyyy):

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 16th payroll based on the amount paid on the July 1st 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.

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.

Application	Description and Considerations	Plans for Transfer
<p>Access Virginia Quality (VQ)</p> <p>Currently accessed at https://www.virginiaquality.com/</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>IMPACT Registry</p> <p>Currently accessed at https://www.vaimpactregistry.org/</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>Scholarship Program</p>	<p>Application which allows child care</p>	<p>Contract with VI will transition to</p>

Application	Description and Considerations	Plans for Transfer
<p>Currently accessed at: https://dss-scholarships.dss.virginia.gov/</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>TIPS (Training Information for Provider Success) Calendar</p> <p>Currently accessed at: www.dss.virginia.gov/family/cc_providertrain/tips.cgi</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
Personnel Services				
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	
Total Personnel Services		668,102	633,259	
Non-Personnel Services				
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	
Total Non-Personnel Services		8,853,697	8,853,697	
Total Personnel & Non-Personnel Services		9,521,799	9,486,956	

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 25th 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

Key Performance Measures / Target Dates	Measurement	Comments/Challenges/Corrective Actions
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 www.vaccscholarship.com)	Intro/planning call: 7/30/20 Planning call: 8/5/20	
		Verify new info website for scholarship with VI		
		Update the VDSS and childcareva.com website with new link and contact info once website is moved		
		Issue DOE scholarship email address	Done vaccscholarship@doe.virginia.gov	
		Redo Scholarship flier with new contact info and distribute to partners and post on appropriate websites (VDSS and childcareva.com)		
		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.

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

^a Includes one FTE vacancy, which VDOE used to hire a Grants Manager.

^b 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.

Estimated Cost Impact for Phase II			
<i>Personnel</i>	<i># of Positions</i>	<i>Transitional (Initial)</i>	<i>Long-Term (Annual)</i>
New Staff Positions at VDOE <ul style="list-style-type: none"> - HR Specialist (OHC) - CCDF Grants and Reports Analyst (OBF) - CCDF Fiscal Policy Analyst (OECA&E) - Director of Child Care Licensing (OCCHS) 	4 FTE ^a	\$122,068 (NGF)	\$479,454
<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

^a These 4 positions were hired before July 1, 2021.

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. Note that a previous amended MOA was signed by both agencies on March 3, 2021. This revised MOA includes the following revisions:

- Clarifies expectations for scanning and archiving paper files in the home and regional offices;
- Elaborates on expectations for each agency to facilitate a smooth transition;
- Clarifies expectations for hiring vacant positions; lists staff that are transferring to VDOE; and includes additional expectations for VDSS to facilitate the transfer of staff;
- Updates the anticipated lease allocation costs for regional field offices;
- Includes additional expenditure categories that VDSS may be reimbursed for during FY22 with federal child care funds;
- Provides additional information about the new licensing technology platform;
- Clarifies that VDSS will transfer technology equipment and peripherals to VDOE for transferring staff and details expectations for VDSS email access after July 1;
- Details the process of migrating website content from VDSS to VDOE related to child care licensing;
- Clarifies VDOE's responsibility to implement recommendations from the Office of the Inspector General's report on compliance with background check provisions by child care licensing staff; and
- Clarifies VDOE's responsibility to fulfill the contractual responsibilities related to CCECD-20-181 and all of its modifications

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;
- Transfer any electronic provider records and files to VDOE;
- 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;
- Forward questions or complaints received by mail, email, or phone call to VDOE within 2 business days of receipt;
- Facilitate VDOE staff's access to Xerox machines in regional offices as described in Appendix J; 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 centers, family day homes, 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);
- Have the necessary staff, phone lines, and technology in place to field complaints from the public and questions from the field by June 25, 2021;
- Scan and remove files from the Valley office by August 30, 2021 and from the home office by September 30, 2021;

- 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

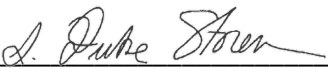
If any term or provision of this MOA shall, to any extent, be held invalid or unenforceable, the remainder of this MOA shall not be affected thereby, and each term and provision of this MOA shall be valid and enforceable to the fullest extent permitted by law.

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: 6/21/2021

Virginia Department of Education

By: 
(Signature)

James F. Lane
(Type or Print Name)

Title: Superintendent of Public Instruction

Date: June 17, 2021

Appendix A: Personnel Coordination

Vacant positions at the Division of Licensing Programs (DOLP) and hiring before July 1, 2021

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 are detailed in the *MOA for Mid-Year Hiring*. VDOE will be responsible for hiring vacant positions on the child care licensing team prior to July 1 and will update the MOA for Mid-Year Hiring accordingly as needed.

Staff transferring from VDSS to VDOE

The CCDBG-supported staff listed in Table 1 will transfer from VDSS to VDOE as part of the child care licensing office on June 25, 2021. Leading up to June 25, VDSS Organizational Development agrees to notify VDOE of any employees that give notice of intent to retire or leave their position.

Table 1: VDSS Child Care Licensing Staff Transferring to VDOE

Name	VDSS Position Title	VDSS Region
Ali Metzger	Licensing Inspector	CENTRAL
Carla Alexander	Program Support Tech	CENTRAL
Florence Martus	Licensing Inspector	CENTRAL
Heather Dapper	Licensing Inspector	CENTRAL
Jennifer Moore	Licensing Inspector	CENTRAL
Jessica Silva	Licensing Administrator (Central, Valley)	CENTRAL
Kandra Brown	Licensing Inspector	CENTRAL
Kelly Adriazola	Licensing Inspector	CENTRAL
Sharon Curlee	Licensing Inspector	CENTRAL
Sherry Lumbard	Licensing Administrator (Central, Valley)	CENTRAL
Tara Barton	Licensing Inspector	CENTRAL
Teresa Powers	Licensing Inspector	CENTRAL
Adrianna Walden	Licensing Inspector	EASTERN
Christopher Robinson	Licensing Inspector	EASTERN
Emily Walsh	Licensing Inspector	EASTERN

Heather Harrell	Licensing Inspector	EASTERN
Jacqueline Ware	Licensing Inspector	EASTERN
Julie Rene Smith Old	Licensing Inspector	EASTERN
Kimberly Sampson	Licensing Inspector	EASTERN
Mildred Regina Morgan	Program Support Tech	EASTERN
Patricia Meyer	Licensing Administrator	EASTERN
Trisha Brown	Licensing Inspector	EASTERN
Ann Dramstad	Licensing Inspector	FAIRFAX
Barbara Watson	Program Support Tech	FAIRFAX
Brenda Colin-Avila	Program Support Tech	FAIRFAX
Charles Perkins	Licensing Inspector	FAIRFAX
Cynthia Ford	Licensing Inspector	FAIRFAX
Dawn Farmer	Licensing Administrator	FAIRFAX
Derek Acosta	Licensing Inspector	FAIRFAX
Eureka Nance	Licensing Inspector	FAIRFAX
Gina Dickinson	Program Support Tech	FAIRFAX
Jenifer Nalli	Licensing Administrator	FAIRFAX
Jessica Willis	Licensing Inspector	FAIRFAX
Kara Wright	Licensing Inspector	FAIRFAX
Karen Dickens	Licensing Inspector	FAIRFAX
Kelly Patterson-Savittiere	Licensing Inspector	FAIRFAX
Kimberly Sawyer	Licensing Inspector	FAIRFAX
Leah Pagala	Licensing Inspector	FAIRFAX
Lisa Hudson	Licensing Inspector	FAIRFAX
Mahrukh Aziz	Licensing Inspector	FAIRFAX
Margaret Allworth	Licensing Inspector	FAIRFAX

Maria Robles-Lopez	Licensing Inspector	FAIRFAX
Maria Soto	Licensing Inspector	FAIRFAX
Mary Wizbicki	Licensing Inspector	FAIRFAX
Nancy Radcliffe	Licensing Inspector	FAIRFAX
Olivia Ahn	Licensing Administrator	FAIRFAX
Pamela Sneed	Licensing Inspector	FAIRFAX
Pernille Brandt	Licensing Inspector	FAIRFAX
Sandra D'Imperio	Licensing Inspector	FAIRFAX
Sarah Marbert	Licensing Inspector	FAIRFAX
Shahana Green	Licensing Inspector	FAIRFAX
Sharlene Sawyer	Licensing Inspector	FAIRFAX
Stacy Doyle	Licensing Inspector	FAIRFAX
Stephanie Salvatori	Licensing Inspector	FAIRFAX
Tanya Johnson	Licensing Inspector	FAIRFAX
Whitney McGrath	Licensing Inspector	FAIRFAX
Joni Baldwin	Enforcement Consultant	HOME OFFICE
Kim Kovacs-Abel	Admin Svc. Coordinator	HOME OFFICE
Michael Hoback	Associate Director, Sr.	HOME OFFICE
Missy Currier	Associate Director, Sr.	HOME OFFICE
Nicole Jeffress	Program Support Tech	HOME OFFICE
Tatanishia Armstrong	Legislative Consultant	HOME OFFICE
Tierra Johnson	Admin Staff Asst	HOME OFFICE
Cathy Aylor	Licensing Inspector	NORTHERN
Donna Liberman	Licensing Inspector	NORTHERN
Keesha Minor	Licensing Inspector	NORTHERN
Laura Brindle	Licensing Inspector	NORTHERN

Mary Guerrant Goodwin	Licensing Administrator	NORTHERN
Morgan Bryson	Licensing Inspector	NORTHERN
Sharon Allen	Licensing Inspector	NORTHERN
Shawanda Henderson	Licensing Inspector	NORTHERN
Stephanie Reed	Licensing Inspector	NORTHERN
Terry Gandy	Program Support Tech	NORTHERN
Anita Drewry	Licensing Inspector	PENINSULA
Christine Mahan	Licensing Inspector	PENINSULA
Melinda Popkin	Licensing Inspector	PENINSULA
Michele Patchett	Licensing Inspector	PENINSULA
Shelika Bowman	Licensing Inspector	PENINSULA
Tiffany Harris	Licensing Inspector	PENINSULA
Brandie Smith	Licensing Administrator	PIEDMONT
Jensen Mellnick	Licensing Inspector	PIEDMONT
Julia Kimbrough	Licensing Inspector	PIEDMONT
Karen Fanin	Program Support Tech	PIEDMONT
Kelly Campbell	Licensing Inspector	PIEDMONT
Monique Anderson	Licensing Inspector	PIEDMONT
Rebecca Forestier	Licensing Inspector	PIEDMONT
Victoria Dawson	Licensing Inspector	PIEDMONT
Barbara Workman	Licensing Inspector	VALLEY
Beth Orebaugh	Licensing Inspector	VALLEY
Chrystal King	Licensing Inspector	VALLEY
Diann Reed	Licensing Inspector	VALLEY
Julie Kunowsky	Licensing Inspector	VALLEY
Maureen Gallagher-McLeod	Licensing Inspector	VALLEY

Michelle Argenbright	Licensing Inspector	VALLEY
Angela Farmer	Licensing Inspector	WESTERN
Mary Katie Gifford	Licensing Inspector	WESTERN
Sara Hutton Tallman	Licensing Inspector	WESTERN
Shirl Spencer	Licensing Inspector	WESTERN
VACANT (Licensing Inspector)	Licensing Inspector W4234	CENTRAL
VACANT (Licensing Inspector)	Licensing Inspector W3007	CENTRAL
VACANT (Licensing Inspector)	Licensing Inspector W2511	EASTERN
VACANT (Licensing Administrator)	Licensing Administrator W2500	FAIRFAX
VACANT (Licensing Inspector)	Licensing Inspector W1079	FAIRFAX
VACANT (Licensing Inspector)	Licensing Inspector W2263	FAIRFAX
VACANT (Licensing Inspector)	Licensing Inspector W2529	FAIRFAX
VACANT (Enforcement Consultant)	Enforcement Consultant W2495	HOME OFFICE
VACANT (Fin Svc Tech Sr.)	Fin Svcs Tech Sr. W0502	HOME OFFICE
VACANT (Legislative Consultant)	Legislative Consultant W1859	HOME OFFICE
VACANT (Operations Consultant)	Operations Consultant W2527	HOME OFFICE
VACANT (Sr. Consultant)	Sr. Consultant, Western W1168	HOME OFFICE
VACANT (Licensing Inspector)	Licensing Inspector W0029	NORTHERN
VACANT (Licensing Inspector)	Licensing Inspector W4231	NORTHERN
VACANT (Licensing Inspector)	Licensing Inspector W2284	PIEDMONT

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;
- 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;
- Inform transferring field staff which VDSS-issued equipment will transfer with them to VDOE, such as laptops, monitors, keyboards, inspection equipment, key cards for field office access, portable printers, etc.; and
- Facilitate child care licensing staff in regional field offices to use existing printers/copiers and fax machines with an assigned charge code as described in Appendix J.

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 initiate a new procurement for Contract LIC-17-057, set to end on March 31, 2021, which will transition to VDOE effective July 1, 2021. Contract LIC-18-116 will be renewed and transferred to VDOE effective July 1 through a mutually agreed upon process. VDOE will initiate a procurement process for the remaining contracts (which have no additional renewals available), 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
CCECD-20-181	Contract; Sole source emergency procurement	CARES Grant Disbursement Assistance	Virginia Early Childhood Foundation (VECF)	7/15/2020	02/1/2022	Approximately \$84,000,000 <i>Through duration of contract, not annual</i>

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 will work with BRES to allocate lease expenses for each office prorated based upon the number of VDOE and VDSS staff assigned to each office as of the date of the transition. VDOE will have a contract for each field office with BRES for the agreed upon amounts. VDOE will continue to pay the calculated prorated yearly cost through the end of the lease for each of the properties.

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

Licensing Office Location	Projected Annual Lease Costs for Child and Adult Staff	Staff Count			Lease Expiration	Notice Due to End Lease
		Total	VDSS	VDOE		
Western (Abingdon)	\$70,440	8	4	4	4/30/2029	10/30/2028
Eastern (Norfolk)	\$124,870	17	6	11	6/28/2023	8/31/2022
Fairfax	\$362,823	43	5	38	8/31/2029	11/30/2028
Central (Richmond)	\$241,871	33	19	14	6/30/2025	6/30/2024
Peninsula (Newport News)	\$31,010	10	4	6	2/28/2023	8/31/2022
Piedmont (Roanoke)	\$82,150	14	5	9	9/30/2026	3/31/2026
Northern (Warrenton)	\$165,180	14	2	12	3/31/2025	9/30/2024
TOTAL	\$1,078,344	139	45	94		

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

The costs for the DOLP Home Office location are not included. DOLP also leases space for an eighth field office located in Fishersville (Valley region), which houses 11 additional staff (7 VDOE; 4 VDSS). Licensing staff have been instructed to vacate the field office no later than June 30, 2021. VDOE staff in the Valley region will telework effective July 1, 2021.

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

Purpose of Topic:
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.
Governing Regulations (Federal, State, including CAPP, Agency): Chapters 860 and 861 of the 2020 Acts of Assembly
Last Updated (mm/dd/yyyy): 5/6/2021
Last Review (mm/dd/yyyy): 5/6/2021

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 Accounts Payable vendor payments for allowable costs, defined as:

- Development and maintenance of the new licensure system and related costs, not to exceed \$8 million in FY22 without prior approval;
- Improvements to the Background Information System and Central Registry System to support background check portability under SB1316, not to exceed \$3.2 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;
- Payments to Fieldprint for costs associated with criminal background checks for child care providers, not to exceed \$4 million in FY22;
- Costs associated with printing and copying by VDOE staff in regional field offices;
- Monthly laptop and/or cell phone charges incurred for transferred staff after July 1 and until assets are fully transferred to VDOE; and
- Final payments for FY21 activities related to contracts in Appendix B, with written approval from VDOE.

See Appendix D. for additional information on these expenditure categories.

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 (AP) 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

I. FY21 Costs

FY21 costs are associated with the purchase of equipment and supplies for transitioning child care licensing staff.

Table 4. FY21 Projected Equipment and Supplies Costs for Transitioning Staff

Category	Maximum projected costs	Notes
Technology	\$38,822.25	Includes laptops and peripherals for all transitioning licensing staff; tablets for field staff
Equipment	\$24,577.20	Includes specialized equipment for licensing inspectors
Data conversion services	\$20,000.00	Includes one to two months of billing in FY21 for data conversion services in the Valley regional office and DSS licensing home office

VDSS will transfer funds from CCDBG to VDOE for costs incurred. Payments for these transactions will be made through VDOE and a reimbursement will be requested from VDSS with CCDBG 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
- Summary Spreadsheet

II. FY22 Costs

Table 5 outlines current estimates for FY22 expenses related to transition activities.

Table 5. FY22 Proposed Annual Budget

Category	VDOE	VDSS	Notes
Rent/Facilities	\$742,365	\$335,979	Annual rent allocation based on the number of staff in each field office. Final amounts will be determined per process outlined in Appendix B. Rent costs are subject to change.
Salesforce Licenses for Licensing System*	\$487,607	\$372,732	Expenses include Unlimited Service Cloud licenses, Salesforce Shield, Community Logins, and My Trailhead.
Licensing System Development and related costs*	\$8,000,000	\$3,300,000	Expenses related to the development of the licensing system were planned for FY21 while VDSS maintains oversight of CCDBG, but will primarily be incurred in FY22 given the status of project timelines. VDOE will reimburse VDSS for related costs using the processes laid out in Appendix C. VDOE's share of funding reflects federal non-general fund appropriations in HB 1800 while VDSS's reflects general fund appropriations. Actual cost share of expenditures against the system build will assume a 90/10 split based on historical cost allocations for child vs. adult licensing functions within DOLP.
DOLPHIN Maintenance*	\$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.
Payments to FieldPrint for Background Check Functions	\$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 reimburse VDSS up to \$4 million per year to cover costs associated with background checks. Note that VDSS will make payments directly to Fieldprint via drawdowns from the block grant as described in Appendix C.
Background check technology improvements	\$3,200,000		Expenses related to technology improvements to facilitate background

			check portability by January 4, 2022 per SB 1316. Expenditures will be covered by CRSA per the joint decision memo and the MOA for Child Care COVID Relief Funding. VDOE is authorized to reimburse VDSS for improvement costs, not to exceed \$3.2 million in FY22.
Printing and copying costs in regional field offices	\$29,050	\$15,891	Costs associated with black and white and color printing/scanning in the Western, Fairfax, Eastern, Peninsula, Central, Piedmont, and Northern regional offices based on the share of DOE vs. DSS staff licensing staff with access to designated printers. Figures are estimates based on April 2020—April 2021 and may be higher or lower for FY22 depending on actual usage. Per print costs are subject to change.
Total	\$15,090,101	\$4,056,409	

Note: expenses have been rounded to the nearest dollar.

**Indicates that expenses will be shared by VDOE and VDSS. VDSS will hold contracts and VDOE will reimburse up to 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
7. Migration of website content related to child care licensing

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 and transfer the child care application to VDOE. This work will extend beyond July 1, 2021. 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. The VDOE and VDSS systems will be built as a single application to ensure continuity, effective processes, and no loss of current information or functionality. At a later date, the application will be separated into two distinct applications to be housed in each agency's own environment. This will allow both VDSS and VDOE to operate, administer, change, upgrade, and integrate with other data systems independently of one (1) another, while using this system to perform their respective Child Care, Adult Day Care, Assisted Living Facilities, Children's Residential Facilities and Independent Foster Homes licensing responsibilities.

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 Burshem (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, Phyllis Poole

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 sprints are developed, their overall objective and process will be reviewed with both field and office personnel from VDSS to ensure that the sprint meets both the technical/data needs as well as usability requirements.
- Any sprint 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 sprint involving reporting will be reviewed with the Office of Early Childhood.

Operations and maintenance models

VDSS and VDOE will jointly develop a new technology platform as defined in the above sections. VDSS will transfer the child care system components to VDOE and establish the working system in the environment of their choosing with functional intra- and interagency communications channels when the replacement system is fully functional. VDSS will also 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. The child care system 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.

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. 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. O&M Services are an optional purchase in the contract with the developer. VDOE and VDSS will determine needs for O&M support and agree on cost sharing in writing if both agencies decide to pursue this option.

2. Temporary use of DOLPHIN after July 1, 2021

VDSS will:

- Provide VDOE the required access to DOLPHIN and Fusion reports 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 tablets for field staff;

- Reimburse VDSS for any monthly laptop and cellphone charges incurred after July 1, 2021 until the equipment is billed directly to VDOE;
- 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:

- Transfer VDSS issued laptops, cell phones, and standard office setup to VDOE;
- Secure permission for all transferring staff to access their VDSS email accounts for 30 days; and
- Secure permission for select transferring staff to maintain access to their VDSS email accounts until the new child care licensing platform is fully operational, as mutually agreed necessary to facilitate access to DOLPHIN, licensing reports, or other tools that are essential to carry out child care licensing and monitoring activities.

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.
- Procedures for paper files will vary by office location:
 - **Valley field office:** Paper files for open cases will be scanned by a VDOE-procured vendor no later than July 31, 2021. Transferring staff will ensure paper files are prepared to be scanned. Closed case files will be transferred to the Library of Virginia to be archived.

- **Home office:** Paper files for open and closed cases will be scanned by a VDOE-procured vendor no later than September 30, 2021. Transferring staff will ensure paper files are boxed and prepared to be scanned.
- **Remaining field offices:** Paper files for open cases will be scanned by a VDOE-procured vendor on a schedule to be determined, based on lease expiration dates in each office. Closed case files will be transferred to the Library of Virginia to be archived.
- 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.

7. Migration of website content related to child care licensing

By July 1, 2021, information related to child care licensing should be available on the VDOE website, including but not limited to:

- Basic information about licensed and regulated child care programs, including the process to become licensed or voluntarily registered;
- Information about which child care program staff, volunteers, or household members in family day homes are required to undergo background checks and the process for obtaining a background check;
- Links to child care licensing regulations in the Virginia Administrative Code;
- Information on active regulatory waivers due to COVID-19;
- Forms associated with applying for licensure or voluntary registration and sample forms for programs;
- Links to required or recommended trainings for child care providers; and
- Other resources that may be helpful for licensed or voluntarily registered facilities.

This information will generally be migrated to the VDOE website as-is, with minor language or formatting changes as needed per VDOE procedures. VDOE will identify staff to participate in a website migration team to support this effort along with child care licensing staff who may act as content experts.

VDOE and VDSS will work together to identify what content related to child care licensing should remain on the VDSS public site and for how long. VDOE and VDSS will also collaboratively develop language that will be posted on all VDSS pages related to child care notifying webpage visitors about the transition of child care oversight to VDOE. VDSS will remove links to outdated VDSS-branded forms, administrative code sections, and regulatory waivers by July 1, 2021.

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.

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

	Employees
FBI	\$13.25
VSP	\$13.75
OBI	\$23.28
FieldPrint	\$8.72
TOTAL FEE	\$59

OBI’s Central Registry unit 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.

OBI will maintain its Statement of Work (SOW) as part of VITA's statewide contract with FieldPrint. VDOE will reimburse VDSS for the costs of criminal background checks for child care providers following the transition using CCDBG funds for the duration of FY22.

VDOE will be responsible for ensuring that recommendations from the Office of the Inspector General's report on compliance with background check provisions are implemented by child care licensing staff. VDSS and VDOE met to review the findings of the report in Spring 2021.

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

OBI Monthly Report to VDOE		Report period:
CRIMINAL BACKGROUND CHECKS		
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		
CENTRAL REGISTRY CHECKS		
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 and COVID-19 Guidelines

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.

Emergency Guidelines Related to COVID-19

If urgent updates need to be made to the COVID-19 Child Care Guidelines and Information for Child Care Programs within 60 days of the transition, VDOE and VDSS will co-brand the re-issued copy. If updates are not considered urgent by either agency, VDSS will issue notices with updated information as determined appropriate until July 1.

After July 1, the guidelines will be solely issued by VDOE.

Appendix J: Printing and Scanning in Regional Offices

VDSS will provide VDOE staff in regional offices with a specific cost code that should be used when printing or scanning in the regional offices. VDOE staff are ONLY authorized to use the machines listed below. VDOE will reimburse VDSS for monthly minimum fees based on the share of VDOE staff with access to the machines and usage costs based on the cost code referenced above.

Region	Serial numbers for printers available to DOE staff	Share of licensing staff with access to printers that are assigned to DOE	DOE's estimated annual share of minimum fees
Western	A2M733253 MX4473981 A2M733351	50%	\$2,811
Fairfax	A2M733351	88%	\$2,545
Peninsula	A2M733271	60%	\$1,773
Eastern	B0W866269 A2M732496	64%	\$4,036
Central	A2M732562 MX4476357	42%	\$2,515
Piedmont	MX4477952 A2M741471 A2M741256	64%	\$5,449
Northern	MX4772733 A2M651123 EX9664789	86%	\$8,065

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 the transfer of Child Care and Development Fund Lead Agency Status and Oversight of the Child Care Subsidy Program

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 Lead Agency status and funding authority for the federal Child Care and Development Block Grant or Child Care and Development Fund, hereinafter referred to as CCDBG and CCDF,¹ and oversight authority for the Child Care Subsidy Program, hereinafter referred to as CCSP. It also addresses expectations for coordination between VDOE and VDSS on early childhood activities funded by Temporary Assistance for Needy Families (TANF).

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, VDSS and VDOE agree to the following terms:

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

I. Purpose

As of July 1, 2021, VDOE will become CCDF Lead Agency and will oversee the CCSP. 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.

¹ Child Care and Development Block Grant or CCDBG generally refers to the federal law that governs the block grant. Child Care and Development Fund or CCDF generally refers to the multiple funding sources that make up the block grant. The terms may be used interchangeably in this MOA.

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.).

VDSS will continue to administer the CCSP—defined in this agreement as the existing voucher program—through its network of more than 120 local departments of social services. This MOA outlines the terms of the transition and lays out a performance agreement between VDOE and VDSS for FY 2022 (Appendix A). Any changes to this Agreement shall be made by written modification duly signed by both parties.

II. Background

CCDF is the largest source of funding to help low-income working parents afford child care services and to improve the quality of child care services system-wide in Virginia. Under the CCDBG Act of 2014 658D and 45 C.F.R. § 98.10, states are required to designate a Lead Agency with the authority to administer and implement the program (either directly or indirectly through partnerships with other state agencies or private entities), determine basic uses of CCDF resources, and set policy priorities. As Lead Agency, VDOE will designate a CCDF Administrator to serve as the key point of contact regarding the child care program for the state.

CCDF funds Virginia’s CCSP and the CCDBG Act of 2014 and 45 C.F.R. § 98 set general policy parameters for the program. Historically, CCSP has been administered as a voucher program through a partnership between VDSS and 120 local departments of social services (LDSS) per Chapters 2 and 3 of Title 63.2 of the Code of Virginia. After July 1, 2021, VDOE will assume oversight of all activities related to CCSP. VDSS will continue to manage relationships with and make payments to subsidy vendors and support and supervise LDSS case management activities for the voucher program. LDSS offices will process applications and enroll families into the CCSP using the Virginia Case Management System (VaCMS) under the current subrecipient monitoring agreement with VDSS. The Performance Agreement, including key roles and responsibilities for VDOE and VDSS, is detailed in Appendix A.

III. Scope of the MOA

Regarding the transfer of CCDF Lead Agency responsibility and oversight of the CCSP from VDSS to VDOE, VDOE shall:

- By April 25, 2021, approve statewide and jurisdictional child targets and local allocations for FY22;
- By June 15, 2021, approve VDSS’s FY22 budget for administering the CCSP;
- By July 1, 2021, initiate the transfer of regulations related to the Child Care Subsidy Program and the Child Care Scholarship program with the Division of Legislative Services (see Appendix G);
- By July 1, 2021, submit pertinent information to the Office of Child Care, including VDOE’s EIN number, DUNS number, mailing address, and phone number; the name and contact information of the CCDF State Administrator; the name and contact information of the

Financial Manager; and the forms to allow VDOE staff to access the CCDF Plan and reporting systems and to submit required federal reports before July 1;

- By July 1, 2021, request access to OLDC/Grant Solutions and Payment Management Systems (PMS) for appropriate staff;
- As of July 1, 2021, act as CCDF Lead Agency and oversee the CCSP as outlined in Appendix A;
- As of July 1, 2021 be the sole entity accessing CCDF grant funds for drawdowns from the federal grants management system;
- As of July 1, 2021, reimburse VDSS for the administration of the CCSP as a subrecipient, as outlined in Appendix C;
- By August 31, 2021, submit an amendment to Virginia's current CCDF Plan identifying VDOE as Lead Agency;

Regarding the transfer of CCDF Lead Agency responsibility and oversight of the CCSP from VDSS to VDOE, VDSS shall:

- By April 20, 2021, submit proposed statewide and jurisdictional child targets and local allocations for FY22;
- By May 15, 2021, submit VDSS's proposed FY22 budget for administering the CCSP;
- Before July 1, 2021 facilitate VDOE access to OLDC/Grant Solution and Payment Management Systems (PMS) as needed;
- Before July 1, train staff to implement the change in policy regarding child support enforcement cooperation;
- By July 1, add VDOE to existing CCSP vendor agreements via joinder agreements;
- By July 1, 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, and technology and software;
- As of July 1, administer the Child Care Subsidy Program as outlined in Appendix A;
- As of July 1, accept CCDBG federal funds on a reimbursement basis as a subrecipient, as outlined in Appendix C;
- After July 1, work with VDOE regarding ongoing activities to support VECF's Smart Beginnings network via TANF funding;

Detailed information on specific transition-related and post-transition operational matters are outlined in the following appendices:

Appendix A: Performance Agreement

Appendix B: Contracts Related to Operations and Maintenance of the Child Care Subsidy Program

Appendix C: Standard Operating Procedures for Transfer of Child Care Subsidy Program

Appendix D: Draft DSS Budget for CCSP Administration and Terms of Budget

Appendix E: Anticipated Schedule for Drawdowns of CCDBG

Appendix F: Transitioning the Child Care Microsite and Related Website Information

Appendix G: Transitioning Regulations

Appendix H: TANF to CCDBG Transfer

Appendix I: Semi-Annual Effort Certification Report

IV. Coordination Prior to Transition

By executing this MOA, VDSS agrees to inform and consult VDOE regarding any decisions related to the CCSP that would have budget implications for FY22 and beyond. This would include, but is not limited to, new contracts, contract renewals, or modifications; changes in eligibility policy; increases in reimbursement rates; and VaCMS systems changes.

In addition, VDSS agrees to provide VDOE the opportunity to review and approve the final CCDF State Plan for 2022-2024 before submission by June 30, 2021.

V. Federal Funding Transfer

Effective July 1, 2021 (state fiscal year or SFY 2022), VDOE will become Lead Agency and manage drawdowns of the CCDBG for all grant years currently awarded. VDSS will have a subrecipient relationship with VDOE pursuant to this MOA. Each year, VDOE will initiate an administrative appropriation transfer to VDSS according to Department of Planning and Budget (DPB) processes and timelines based on a mutually agreed upon operating budget. The SFY22 transfer will also include COVID relief funding for approved strategies. The timeline and process for setting VDSS's annual budget is described in the Performance Agreement (Appendix A). VDSS will be reimbursed for expenses incurred on a monthly basis using the process and procedures for cash management, supporting documentation, and reconciliation agreements described in Appendix C (Standard Operating Procedures for Transfer of Child Care Subsidy).

In Virginia, TANF funds also support early childhood care and education work. VDSS has historically transferred TANF funding to CCDBG on an annual basis in accordance with the DPB TANF budget and will, at DPB's discretion, continue this practice once CCDBG transfers to VDOE. VDSS will initiate an administrative appropriation transfer to VDOE according to DPB processes and timelines. The amount and purposes of the funding will be determined by VDSS with input from VDOE. The process for TANF transfer is described in Appendix J.

VI. Technology and Data Sharing

Effective July 1, VDOE and VDSS are established as co-owners of all data related to the Child Care Subsidy Program. A comprehensive data sharing agreement between the two agencies related to child care data will be established as part of the Child Care Licensing System development, to take effect no later than July 1, 2021.

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 Commissioner of VDSS and the Superintendent of Public Instruction at the VDOE.

VIII. Invalidity of Particular Portions

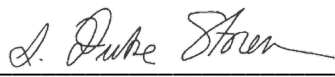
If any term or provision of this MOA shall, to any extent, be held invalid or unenforceable, the remainder of this MOA shall not be affected thereby, and each term and provision of this MOA shall be valid and enforceable to the fullest extent permitted by law.

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 Commissioner of VDSS and the Superintendent of Public Instruction at the 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: June 16, 2021

Virginia Department of Education

By: 
(Signature)

James F. Lane
(Type or Print Name)

Title: Superintendent of Public Instruction

Date: June 15, 2021

Appendix A: Performance Agreement

I. Purpose and Term of Agreement

This performance agreement lays out terms of the subrecipient relationship between the Virginia Department of Education (VDOE) and the Virginia Department of Social Services (VDSS) for the administration of the Child Care Subsidy Program (CCSP) and concomitant Child Care and Development Block Grant (CCDBG) funding.

As of July 1, 2021, VDOE will become CCDBG Lead Agency and will be responsible for all attendant obligations set forth under federal and state law. Under the oversight of the Virginia Board of Education (VBOE), VDOE will carry out all Lead Agency responsibilities, including setting program policy, implementing regulations, and managing resources through the federal Child Care and Development Fund (CCDF).

As of July 1, 2021, VDSS will become a subrecipient to VDOE and be contracted to administer the CCSP, including managing vendor relations; overseeing case management activities at local departments of social services; and carrying out federal error rate reviews. VDSS shall be subject to all applicable federal, state, and local statutes, rules, regulations, administrative procedures, guides, manuals, program rules, and definitions relevant to administering the CCSP, as established by VBOE and VDOE.

The purposes of this Performance Agreement are to:

- Delineate respective roles, responsibilities, resources, and financial obligations associated with the oversight and administration of the CCSP and CCDBG as it relates to CCSP;
- Establish clear and consistent communication expectations and mechanisms between VDSS and VDOE as it relates to the CCSP to ensure the timely and appropriate usage of federal funds in compliance with all state and federal regulations; and
- Set forth clear accountability measures for each agency to fulfill its obligations under CCDBG and this MOA.

This performance agreement is valid until this MOA expires or a new performance agreement is executed. The CCDF Administrator at VDOE, the Associate Director Senior over the Child Care Subsidy Program at VDSS, and the Child Care Subsidy Program Manager at VDSS or their designees will meet on at least a quarterly basis to discuss the agreement and identify any barriers to implementation that need to be addressed.

Upon the expiration of this MOA, the parties will re-execute this performance agreement for SFY23, including any mutually agreed upon amendments, with an effective date of July 1, 2022. Thereafter, this performance agreement may be renewed every 2 years or any additional term, subject to the mutual agreement of the parties.

II. Background and Program Approach

CCDF is the largest source of federal funding to help low-income families afford child care and to improve the quality of child care statewide. In Virginia, CCDF and CCDBG support the CCSP, which is comprised of three different programs: one for families enrolled in or eligible for TANF; one for families enrolled in Head Start or Early Head Start; and a “fee program” for other low-income families who are working or enrolled in qualified educational programs. CCSP has historically been administered as a voucher program through a partnership between VDSS and 120 local departments of social services (LDSS) per Chapters 2 and 3 of Title 63.2 of the Code of Virginia. Families are eligible for a certain amount of support based on their household income, amount of care needed, and the type of subsidy-eligible provider they choose to use. Families can use their voucher(s) at any participating child care subsidy vendor.

With VDOE as CCDF Lead Agency and VDSS as a subrecipient of the block grant, VDOE will be the direct recipient of federal funds and will determine policy and funding priorities for the block grant and related programs. VDSS will receive an annual appropriation through the administrative process at the beginning of each fiscal year in order to support its administration of the CCSP voucher program, including vendor relations activities described below. VDOE will reimburse VDSS with CCDF resources for actual costs incurred using the process and procedures for cash management, supporting documentation, and reconciliation agreements described in Appendix C (Standard Operating Procedures for Transfer of Child Care Subsidy).

III. Agency Roles and Responsibilities

A. Financial Operations

1. Subrecipient Relationship

VDOE shall:

- Purchase services in support of the CCSP from VDSS using CCDF;
- Have access to unliquidated balances from CCDF grant awards for FFYs 2019-2021 in the Payment Management System and draw down federal funds accordingly;
- Reimburse VDSS for actual services performed, not to exceed the annual administrative appropriation;
- Provide monthly reimbursements and correct for over- or under-payments on a quarterly basis after the quarterly report has been received; and
- Process reimbursements in a timely manner as outlined in Appendix C to ensure compliance with the CMIA and ensure adequate cash flow for VDSS to administer the CCSP.

VDSS shall:

- Provide services in support of the CCSP as a subrecipient of the CCDF;
- Not draw down any CCDBG funds from unliquidated balances as of July 1, 2021 when VDOE becomes Lead Agency;
- Only request reimbursement for grant funds for allowable expenses under federal law and this performance agreement, as identified in Appendices C and D;
- Provide local administrative support and funding to LDSS offices;

- Maintain documentation of allowable CCDF expenditures and provide to VDOE in monthly reports or as requested at any time within 30 days;
- Receive approval from VDOE before hiring staff that will be charged directly to CCDF when hiring would impact VDSS's annual budget;
- Submit a Semi-Annual Effort Certification Form to VDOE for staff 100 percent covered by CCDF biannually (see Appendix J).

Additional details regarding Standard Operation Procedures for drawdowns of the CCDF are included in Appendix C.

2. Meeting federal match and maintenance of effort (MOE) requirements

VDSS shall:

- Certify appropriations to local departments of social services to fulfill state match and/or maintenance of efforts (MOE) requirements as needed no later than 30 days prior to the start of the federal fiscal year.

3. Establishing the Annual Budget and Administrative Appropriation

VDOE shall:

- Produce the budget and set spending priorities for the CCSP in line with goals for the broader system;
- Track expenditures and ensure that mandatory, matching, and discretionary grant funds are obligated and expended according to federally established timelines;
- Recommend initial child targets and allocations for local departments of social services to VDSS by March 30 and approve final amounts by April 25 of each year in collaboration with VDSS;
- Approve VDSS budget for general operating expenses to administer the CCSP as outlined in this agreement by June 15 of each year;
- Approve an administrative appropriation transfer according to DPB timelines to ensure sufficient federal appropriation is in place at VDSS by July 1 of each fiscal year;
- Meet with VDSS quarterly to review actual and projected expenditures for the year;
- Reserve the right to approve or deny VDSS requests for additional appropriations; and
- Participate in meetings between VDSS, DPB, and General Assembly staff or members, as appropriate, to discuss the transfer of TANF block grant funds to CCDF.

VDSS shall:

- Maintain state funding to LDSS offices for the purposes of matching funds for CCDF;
- Provide feedback on VDOE's recommendations for child targets and allocations to LDSS offices by April 10 of each year and work with VDOE to determine final child targets by April 25 of each year;
- Submit anticipated general operating expenses to administer the CCSP as outlined in this agreement, including but not limited to personnel, indirect costs, and contracted services by May 15 of each year;

- Initiate an administrative appropriation transfer according to DPB timelines to ensure sufficient federal appropriation is in place at VDSS by July 1 of each fiscal year;
- Track progress against statewide and local child targets and allocations throughout the year based on actual expenditures and update VDOE on a monthly basis;
- Send VDOE an updated copy of the cost allocation plan with HHS at the beginning of each fiscal year and quarterly thereafter, including a summary of changes affecting the CCSP from the previous quarter; and
- Request in writing additional appropriation from VDOE if expenditures are expected to exceed projected costs.

B. Federal/State Audits

VDOE shall:

- Serve as lead for audits of the CCSP;
- Participate in a review of audit findings and questioned costs with VDSS, as appropriate, and provide lead for response development;
- Facilitate the development and implementation of any necessary Corrective Action Plans (CAPs) with VDSS;
- Submit responses and CAPs on behalf of the state; and
- Respond to legislative inquiries related to CCSP audit findings, bringing in key VDSS staff as necessary based on the findings and identified corrective action; and
- Coordinate with the Auditor of Public Accounts (APA) for all state audits related to CCSP.

VDSS shall:

- Work with LDSS offices to provide and coordinate access to case files maintained in local offices by outside auditors or staff conducting case reviews on behalf of the program;
- Make arrangements for auditors to be accommodated at LDSS offices or VDSS central office, as necessary;
- Participate in a review of findings and questioned costs with VDOE and assist with the development of responses and CAPs;
- Facilitate communication between VDOE and LDSS offices to discuss audit findings, develop CAPs, and implement CAPs, including providing VDOE with direct points of contact in relevant LDSS offices;
- Assist in the preparation of legislative responses related to CCSP audit findings as requested; and
- Implement all CAPs as appropriate.

As Lead Agency, VDOE will make every effort to maintain compliance with federal law and the state plan and ensure proper use of CCDF resources through clear and consistent communication; regular reporting; and identifying potential areas of risk and intervening early before problems arise. VDSS is similarly expected to be a good steward of state and federal resources and to provide the same level of oversight and management to LDSS offices for case management services and issue swift corrective action when problems are identified. If VDOE is penalized or sanctioned for misuse of funds or improper

policy implementation per 45 CFR § 98.92 and such penalties are directly attributable to VDSS action or inaction, VDOE reserves the right to reduce VDSS's administrative budget for the following fiscal year by the amount in question.

C. Policy Development and Accountability

1. Policy Oversight

VDOE shall:

- Set a strategic policy agenda for the CCSP;
- Conduct a comprehensive annual review of the CCSP Guidance Manual and throughout the year as necessary to identify policy and process changes;
- Approve the CCSP Guidance Manual at the beginning of each fiscal year;
- Determine policy priorities that must go through the regulatory process and which can be pursued through changes to CCSP Guidance;
- Share proposed CCSP policy changes with VDSS;
- Work with the Early Childhood Advisory Committee (ECAC) to recommend changes to the VBOE regarding CCSP regulations;
- Consult VDSS on the timeline for implementation of policy changes;
- Review and sign off on revisions to the CCSP Guidance Manual;
- Review and sign off on broadcasts and other communications regarding the CCSP;
- Review planned communications from VDSS to regional consultants and LDSS offices regarding interpretation or clarification of CCSP policy;
- Be copied on ad hoc or informal communications between VDSS, regional consultants, and LDSS offices regarding interpretation or clarification of CCSP policy;
- Review proposed policy changes from VDSS and include VDSS in activities intended to solicit stakeholder feedback on policies and regulations;
- Conduct a market rate survey or approved alternative methodology every three years to inform provider payment rates; and
- Reserve the right to review and initiate changes to policies or procedures at any time.

VDSS shall:

- Ensure that VDSS and LDSS staff are implementing CCSP program activities in adherence to CCSP policy, practice, and quality standards;
- Propose changes to policy and/or process to VDOE based on feedback from regional consultants, LDSS staff, and the field;
- Provide comment on proposed changes to CCSP policies with a potential impact to VDSS functions carried out in service of the CCSP;
- Issue annual updates to the CCSP Guidance Manual based on policy changes or revisions instigated by VDOE;
- Maintain and update the CCSP Guidance Manual throughout the year as needed under VDOE approval and oversight;

- Share planned communications for regional consultants and LDSS offices regarding interpretation or clarification of CCSP policy with VDOE in advance;
- Copy VDOE on ad hoc or informal communications with regional consultants and LDSS offices regarding interpretation or clarification of CCSP policy;
- Share broadcasts and other communications to LDSS offices with the CCDF Administrator for review before publication;
- Issue broadcasts and other communications to LDSS offices as required regarding the CCSP and copy VDOE on such communications;
- Share all upcoming VDSS policy changes—including those in other benefit programs that may impact families participating in CCSP—with the CCDF Administrator;
- Inform the CCDF Administrator and/or designated representative of planning activities related to upcoming or pending policy changes for all public benefit programs for which VDSS determines eligibility that affect CCSP.

2. State and Federal Reporting

VDOE shall:

- Lead the development and submission of the triennial State Plan and related amendments; the annual Quality Progress Report (QPR); the Annual Aggregate Child Care Data Report for States (ACF 800); the Financial Reporting Form for the Child Care and Development Fund (CCDF) (ACF-696)*; the Error Rate or payment accuracy reports (ACF-403, ACF-404, and ACF-405); other regular federal reports; and other reports as requested to the federal Office of Child Care (OCC) in a timely manner;
- Share copies of the ACF-696 with VDSS after submission;
- Lead the development and submission of the annual report on the Child Care Subsidy Program to the state General Assembly by October 1;
- Lead the development of Virginia's Statewide Disaster Plan for Child Care;
- Notify VDSS of required data, documentation, etc. no later than 30 days prior to when reports are due;
- Provide analysis for and contribute to the development of VDSS's annual report to the General Assembly on maximizing federal funding for child care services;
- Share with VDSS any needed data or documentation no later than 10 business days after requested.

VDSS shall:

- Participate in the development and submission of all state and federal reports by drafting text; running reports; sharing documentation; or other related activities as requested;
- Automatically generate and submit the Monthly Child Care Data Report (ACF 801) through VaCMS within 90 days of the end of each month;
- Share with VDOE any needed data or documentation no later than 10 business days after requested;

- Submit the annual report on obtaining the maximum available federal funding for child care services by December 1 and give VDOE an opportunity to review the final report before submission;
- Reserve the right to request copies of all reports submitted to OCC by VDOE;
- Notify VDOE of required data, documentation, etc. no later than 30 days prior to when reports are due.

*As of July 1, 2021, unexpended funds from up to three CCDF grant cycles (FFY 2019, 2020, and 2021) will transition to VDOE. VDOE will be responsible for developing and submitting the ACF-696 in a timely manner after the federal grant quarter beginning July 1, with support from VDSS as needed. However, VDSS will lead the preparation and complete the submission of third-quarter ACF-696 forms for all grant cycles by July 30.

3. Training and Technical Assistance for State Agency Staff

VDOE shall:

- Lead calls with the Region III OCC team;
- Participate in calls with all Region III state administrators;
- Participate in training from the OCC;
- Notify VDSS staff when their participation is required in calls or trainings with the OCC;
- Attend the OCC State and Territory Administrator Meeting (STAM); and
- Determine Virginia's participation in other technical assistance opportunities in consultation with VDSS.

VDSS shall:

- Participate in monthly calls with the Region III OCC team;
- Participate in training from OCC upon request by VDOE;
- Designate 1-2 staff members to attend the OCC STAM meeting; and
- Participate in other OCC training and technical assistance opportunities as determined by VDOE.

D. CCSP Administration and Program Integrity

1. Contracts and Grants

VDOE shall:

- Review VDSS requests to initiate new contracts for services related to CCSP administration;
- Inform the development of requests for proposals (RFP), approve the initiation of the RFP process, participate in RFP review at VDOE discretion, and approve final selections;
- Review subrecipient monitoring plans for CCSP-related contracts submitted by VDSS;
- Evaluate the quality, outcomes, and cost effectiveness of VDSS contracts before renewal and provide recommendations for contract modifications as necessary; and
- Approve VDSS contracts and contract modification, deobligation, and renewal documents.

VDSS shall:

- Obtain written approval from VDOE prior to executing or renewing any contracts obligating CCDF or related state or federal funds as relates to the CCSP;
- Keep VDOE apprised of changes to contracted services that affect the CCSP, including but not limited to the Benefit Programs Call Center and VaCMS;
- Modify CCSP-related contracts if needed based on VDOE recommendations;
- Provide VDOE with an opportunity to review new contracts as well as contract modification, deobligation, and renewal documents before they are finalized; and
- Carry out all contract management, administration, review, and renewal activities for existing contracts (identified in Appendix B), 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 VDOE requirements and required reviews in a timely manner; and
 - Preparing contract modification, deobligation, and renewal documents as necessary.

2. Client Eligibility

VDOE shall:

- Review monthly and quarterly data submitted by VDSS;
- Approve significant adjustments to child targets and allocations throughout the year, defined as those that result in a 10 percent or larger change in funds for a given locality;
- Develop print and electronic materials for distribution to subsidy eligible parents as necessary;
- Review any print or electronic materials developed by VDSS; and
- Render final decisions for administrative hearings related to client eligibility via the Superintendent, based on recommendations from VDSS hearing officers.

VDSS shall:

- Oversee client intake, eligibility, and case management functions within LDSS offices, in accordance with all applicable federal and state regulations and guidance;
- Develop print and electronic materials for distribution to subsidy eligible parents as necessary;
- Support LDSS offices in meeting established child targets;
- Recommend adjustments to child targets throughout the year to VDOE;
- Collect data required by VDOE related to client eligibility and enrollment and submit data in monthly and quarterly reports;
- Ensure LDSS staff conducting CCSP eligibility can answer questions about child care subsidy eligibility from the general public, provide basic CCSP materials and information to parents; inform parents about their child care options; and refer parents to www.childcareva.com or other identified resources for additional information;
- Distribute CCSP informational materials;

- Establish processes for and oversee activities related to informal hearings in LDSS offices related to client eligibility;
- Conduct administrative hearings related to client eligibility through VDSS hearing officers and recommend decisions to the Superintendent.

3. Subsidy Vendor Relations

VDOE shall:

- Be party to the CCSP vendor agreements (i.e., contracts) effective July 1, 2021;
- Refer child care providers to the CCSP when processing applications for licensure or voluntary registration and when conducting annual licensing inspections;
- Ensure VDSS has access to necessary licensure data for child care subsidy vendors through an inter-agency data sharing agreement;
- Review the subsidy vendor agreement on an annual basis and recommend edits as needed;
- Regularly evaluate and recommend modification to orientation and training offerings/materials for subsidy vendors;
- Develop a process for identifying “provider targets”—i.e., target numbers of providers approved as subsidy vendors—in partnership with VDSS;
- Set and monitor “provider targets” for subsidy vendor participation by provider type, both statewide and by jurisdiction, based on the characteristics of individual communities, demand for care, and the existing infrastructure of providers;
- Solicit feedback from providers regarding barriers to child care subsidy participation;
- Manage requests for administrative hearings and participate in such hearings presided over by a hearing officer of the Virginia Supreme Court as provided by the CCSP vendor agreement; and
- Support VDSS provider outreach activities as needed.

VDSS shall:

- Recruit child care providers to participate in the CCSP via public communications, technical assistance, supporting contracted activities through Child Care Aware of Virginia, and other mutually agreed upon strategies;
- Process subsidy vendor applications, assess eligibility for subsidy vendors, and complete CCSP vendor agreements (i.e., contracts) with eligible vendors;
- Maintain up-to-date records on child care subsidy vendors, including address, EIN number, bank account information, and other pertinent information;
- Notify VDOE of planned changes to the subsidy vendor agreement and provide VDOE with opportunities for input;
- Facilitate orientation and regular training for subsidy vendors, either directly or through vendor contracts;
- Help child care providers complete the subsidy vendor application process and answer questions about becoming a child care subsidy vendor;
- Process vendor payments on a bimonthly basis;
- Manage vendor payment disputes through the process described in the subsidy vendor agreement, including managing appeals; conducting informal conferences with subsidy vendors;

- Develop a process for identifying “provider targets” in partnership with VDOE; and
- Work toward meeting “provider targets” through targeted outreach strategies.

4. Program Integrity, Fraud Prevention and Response, and OIG Activities

VDOE shall:

- Review and provide feedback on subrecipient monitoring plans with LDSS offices each year;
- Participate as needed in regular monitoring and review of LDSS offices;
- Review the results of regular monitoring and corrective action plans with the VDSS team and provide feedback on corrective actions; and
- Regularly review VDSS-reported data on eligibility and enrollment and provide recommendations for VDSS action and oversight accordingly;
- Immediately report suspicions of client or vendor fraud to the appropriate LDSS fraud staff and copy VDSS;
- Collaborate with VDSS regarding decisions to terminate subsidy vendor agreements with child care providers due to violations of the agreement;
- Reserve the right to request a sample of desk audits at any time; and
- Direct agency response to any OIG activities.

VDSS shall:

- Conduct regular monitoring of eligibility and enrollment activities in LDSS offices and share the findings of subrecipient monitoring processes with VDOE;
- Work with the Division of Compliance and local VDSS fraud consultants to regularly monitor child care cases and identify fraud.
- Provide VDOE with copies of subrecipient monitoring plan with LDSS offices each year and update the CCDF Administrator on any changes to this agreement throughout the year;
- Carry out the regular error rate review process with the federal Office of Child Care and strive to maintain a payment error rate of no more than 10% as recommended by OCC;
- Regularly monitor VaCMS and provider data to identify “red flags” in attendance, enrollment, and provider information;
- Conduct regular audits of provider documentation to support payments and share a sample of the audits with VDOE in quarterly reports;
- Provide VDOE with access to any records or documentation per request;
- Immediately report suspicions of client or vendor fraud to the appropriate LDSS fraud staff and copy VDOE;
- Require LDSS offices to work in coordination with and support of the CCSP by:
 - Referring clients for whom there is evidence of an Intentional Program Violation (IPV) for an administrative disqualification hearing;
 - Terminating eligibility of individuals found to have committed an IPV in accordance with the disqualification periods laid out in the CCSP Guidance Manual; and

- Following the process for instigating and participating in administrative disqualification hearings in accordance with the CCSP Guidance Manual;
- Collaborate with VDOE regarding decisions to terminate subsidy vendor agreements with child care providers due to violations of the agreement;
- Participate in and facilitate LDSS participation in OIG activities as necessary.

5. Client Overpayment and Collections

VDOE shall:

- Set all CCSP policy regarding client overpayment and collections;
- Set and provide in writing any deviations from standard VDSS thresholds and limits for all collections decisions and activities;
- Submit overpayment claims to VDSS Division of Benefit Programs home office unit;
- Respond, carbon copying the designated contact at VDSS, to any inquiries regarding client claims that come directly to the VDOE; and
- Adjust monthly reimbursements at the end of each quarter for any recouped overpayments collected by VDSS from clients.

VDSS shall:

- Follow policy set by VDOE for CCSP client overpayment and collections;
- Comply with thresholds set by VDOE for all collection activities;
- Initiate collection activities on CCSP client overpayments referred by VDOE (i.e., case reviews, CCSP referrals);
- Follow standard VDSS collection process for posting CCSP payments received from clients that were overpaid;
- Utilize client repayment agreements with CCSP language approved by VDOE;
- Report collections for overpayments in quarterly reports to VDOE.

6. Subsidy Vendor Overpayment Claims and Collections

VDOE shall:

- Set all CCSP policy regarding vendor overpayment and collections;
- Set and provide in writing any deviations from standard VDSS thresholds and limits for all collections decisions and activities;
- Provide VDSS with written instructions to process claims or collections outside of normally established processes, when applicable;
- Establish claims in VaCMS for IPV claim files received from OIG;
- Adjust monthly reimbursements at the end of each quarter for any recuperated overpayments collected by VDSS from subsidy vendors.

VDSS shall:

- Follow policy set by VDOE for CCSP vendor overpayment and collections;
- Comply with thresholds set by VDOE for all collection activities;
- Reconcile CCSP payments and with VDOE payments;

- Handle any manual claims to Treasury, including resolving disputes;
- Follow standard VDSS collection process for posting CCSP payments from providers that were overpaid, unless instructed otherwise by VDOE;
- Utilize provider payment agreements approved by VDOE;
- Establish claims in VaCMS for IPV claim files received by OIG;
- Post payments in VaCMS;
- Report collections for overpayments in quarterly reports to VDOE.

7. Staff Training for Local Departments of Social Services

VDOE shall:

- Work with the VDSS Workforce Development Services team and the Division of Benefit Programs to review and provide final approval of all instructional materials and training content for LDSS staff related to the CCSP;
- Review and approve the VDSS training and technical assistance plan at the beginning of each fiscal year;

VDSS shall:

- Send VDOE a plan for training and technical assistance by July 30 of each fiscal year, including how VDSS will determine when local offices require training due to complaints, impending policy changes, recommendations from regional consultants, or other factors and a calendar for planned trainings;
- Provide updates on the training and technical assistance plan in quarterly reports;
- Develop instructional materials and training content for LDSS staff related to the CCSP;
- Provide approved instructional and training materials to LDSS staff for the purpose of determining CCSP eligibility;
- Conduct all initial training of LDSS staff in accordance with the training plan for all aspects of their job assignments;
- Inform VDOE if budgetary or travel restrictions prohibit VDSS from fully complying the training plan;
- Provide all ongoing training to staff as necessary or as requested by VDOE.

E. Internal and External Communications

1. Consumer Education

VDOE shall:

- Develop consumer education materials as needed;
- Develop a style guide and other guidance documents for consumer education materials produced by VDSS or LDSS offices;
- Approve all publications for the purposes of marketing or increasing public awareness regarding the CCSP by VDSS and LDSS offices;
- Maintain the child care microsite (www.childcareva.com) and ensure compliance with requirements under CCDBG; and

- Ensure language accessibility by translating all VDOE-issued consumer education materials into Spanish, at minimum, and other languages by request.

VDSS shall:

- Develop and distribute publications to market or increase public awareness for the CCSP as needed, following VDOE guidance; and
- Ensure language accessibility by translating all VDSS-issued consumer education materials into Spanish, at minimum, and other languages by request.

2. Constituent Inquiries

VDOE shall:

- Respond to all constituent inquiries regarding CCSP policy within 5 business days of receipt; and
- Direct constituent inquiries regarding CCSP administration to VDSS or the appropriate LDSS office within three (3) business days of receipt.

VDSS shall:

- Oversee and administer the public benefits call center, including responding to customer inquiries within a timely manner;
- Direct any constituent inquiries regarding CCSP policy to VDOE within three (3) business days of receipt;
- Respond, with a carbon copy to the CCDF Administrator and the VDOE Office of Constituent Services, to any constituent questions or comments that are issued in writing within five (5) business days of receipt;
- Maintain comprehensive records of all constituent correspondence through the CRM system and share CCSP-related records with VDOE upon request; and
- Share original copies of correspondence related to CCSP with VDOE upon request.

3. Complaints

VDOE shall:

- Direct constituent complaints regarding CCSP administration to VDSS or the appropriate LDSS office within three (3) business days of receipt;
- Share a list of points of contact in each licensing region to field complaints regarding child care providers; and
- Refer complaints regarding possible child abuse or neglect in a child care setting to Child Protective Services (CPS) unit in the appropriate local department.

VDSS shall:

- Oversee and administer the Public Benefits Call Center, including responding to customer inquiries within a timely manner;
- Refer complaints regarding possible child abuse or neglect in a child care setting to Child Protective Services (CPS) unit in the appropriate local department;

- Refer complaints regarding potential licensing violations in child care settings to the designated contact in the appropriate child care licensing region;
- Support child care licensing staff at VDOE in conducting investigations into subsidy vendors;
- Log all complaints regarding CCSP administration in the CRM system, whether received directly or forwarded to VDSS by VDOE;
- Respond, with a carbon copy to the CCDF Administrator and the VDOE Office of Constituent Services, to an constituent complaints regarding CCSP administration issued in writing within five (5) business days of receipt and, if additional time is required, follow up with a resolution to the complaint within 15 calendar days of receipt; and
- Share a list of points of contact in each LDSS office to work with VDOE in resolving any complaints received by VDOE.

4. Media inquiries

VDOE shall:

- Serve as primary contact for all CCSP media inquiries;
- Work with VDSS to develop joint media responses in regard to items that pertain to CCSP administration; and
- Work with VDSS to develop joint media responses that announce or respond to any Office of Inspector General (OIG) cases related to the CCSP.

VDSS shall:

- Direct all media inquiries to Charles Pyle, VDOE Director of Media Relations, within 12 hours of receipt; and
- Work with VDOE to create media responses related to CCSP administration or OIG cases related to the CCSP.

5. Inquiries from state or federal policymakers

VDOE shall:

- Respond to all inquiries from the General Assembly, the administration, and other state agencies regarding the CCSP in partnership with appropriate staff from VDSS.

VDSS shall:

- Provide VDOE with comments, data, reports, documentation, or other information necessary to respond to inquiries from the General Assembly, the administration, and other state agencies related to CCSP administration; and
- Direct all legislative inquiries related to the CCSP to VDOE within three (3) business days of receipt.

6. Digital and Print Forms

VDOE shall:

- Review and approve CCSP forms developed by VDSS.

VDSS shall:

- Create and maintain all CCSP forms to be utilized by the field and LDSS staff;
- Provide CCSP forms to VDOE for review and approval; and
- Support language accessibility by translating forms into Spanish and other languages at the request of LDSS offices.

7. Social Media

VDOE shall:

- Maintain social media accounts, including Facebook and Twitter, for Virginia's unified early childhood system; and
- Maintain social media accounts, including Facebook and Twitter, for Virginia's Child Care Subsidy Program.

VDSS shall:

- Monitor the VDSS social media channels for constituent communications regarding the CCSP; and
- Communicate any comments, questions or complaints regarding the CCSP on VDSS social media channels within two business days to the appropriate designated VDOE POC or subsidy program manager to resolve.

F. Data Systems and Technology

VDOE shall:

- Participate in the Virginia Case Management System (VaCMS) Steering Committee Group;
- Work collaboratively with VDSS to identify, create, and prioritize work requests for the CCSP;
- Approve final Standard Operating Procedures, change controls, process maps, and other technical documentation;
- Draft, review, and approve data flows and security measures for all data transfers related to subsidy scenarios;
- Co-develop all user acceptance testing and approval criteria for final transition acceptance; and
- Co-develop all reporting, both automated and manual, with VDSS technology team to suit the needs of the Division of School Readiness.

VDSS shall:

- Maintain VaCMS for client eligibility and case management purposes;
- Provide VDOE program staff with access to CCSP data housed in VDSS databases as outlined in Appendix E;
- Work collaboratively with VDOE to identify, create, and prioritize work requests for the CCSP;
- Work with designated contractors to ensure ongoing operations and maintenance of VaCMS;
- Work with LDSS staff to submit CCSP work requests to VDOE;
- Provide requested data to VDOE within 10 business days;
- Co-develop all user acceptance testing and approval criteria for final transition acceptance;

- Co-develop all reporting, both automated and manual, with VDSS technology team to suit the needs of the VDOE Early Childhood Office

IV. Reporting Requirements

All reports required in this agreement will be submitted by the designated VDSS staff member. This staff member will serve as point of contact for all questions related to the report. Reports will be sent to the CCDF Administrator via email and uploaded into a shared Google folder.

Reporting requirements may be modified without formally amending this agreement if both agencies agree in writing to the modifications.

A. Ad hoc reports

When necessary, VDOE may request reports on an ad hoc basis in order to respond to inquiries from the federal Office of Child Care, the General Assembly, other state agencies, the media, researchers, or other stakeholders. VDOE may also request reports on an ad hoc basis to inform policy development and monitor or evaluate VDSS performance. VDOE shall not request ad hoc reports outside of regular reporting requirements unless the request is prudent to fulfill its obligations as Lead Agency, and shall strive to make such requests minimally burdensome for VDSS staff.

VDSS shall respond to requests for ad hoc reports within a mutually agreed upon timeframe at the time of the request.

B. Monthly reports

VDSS shall submit the following agreed upon monthly reports to the CCDF Administrator no later than 15 days after the end of each calendar month, starting July 15, 2021 for the month of June 2021.

Table A1: Monthly Reports

Activity	Reporting requirement	Office or staff member responsible for report submission
Attendance	Statewide and by jurisdiction: <ul style="list-style-type: none"> • Maximum and average number of recorded absences per payment period per child • Maximum and average share of authorized time in attendance per payment period per child 	Associate Director/ Business Systems
Enrollment	Statewide and by jurisdiction:	Associate Director/

	<ul style="list-style-type: none"> ● Total number of children enrolled in the CCSP ● Total number of families enrolled in the CCSP ● Total number of children on the wait list for services ● Total number of families on the wait list for services ● Children enrolled in the CCSP by: <ul style="list-style-type: none"> ○ Race/ethnicity ○ Age by year ○ Income threshold ○ Provider type (as defined in the licensing system) ○ Race/ethnicity and age ○ Race/ethnicity and provider type ○ Race/ethnicity and income ○ Income and provider type ○ Age and provider type ● Number and percent of families that have copayment responsibility 	Business Systems
Expenditures	<p>Total subsidy expenditures incurred as of the end of the month</p> <p>Projected expenditures through the end of the Fiscal Year</p>	Associate/Director Business Systems
Child targets	<p>Statewide and by jurisdiction:</p> <ul style="list-style-type: none"> ● Caseloads relative to established child targets ● Expenditures relative to expected allocations based on child targets 	Associate Director/ Fiscal Unit
Client eligibility, redetermination, and program integrity	<p>Statewide and by jurisdiction:</p> <ul style="list-style-type: none"> ● Number and percentage of CCSP cases that were processed within 30 days and reasons for delay for cases not processed within 30 days ● Number and percentage of CCSP cases that were approved at initial eligibility determination ● Number and percentage of CCSP cases that were determined ineligible and for which reasons at initial eligibility determination ● Number and percentage of CCSP cases that 	Associate Director/ Subsidy Manager

	<p>were determined ineligible and for what reasons at redetermination</p> <ul style="list-style-type: none"> • Number and percentage of CCSP cases that were closed and for what reason • Number and percentage of children whose authorization status is temporarily suspended 	
Constituent communications	Summary of all constituent communications, including questions and complaints	Associate Director/ Subsidy Manager
Stakeholder communications	Summary of all communications from governmental and nongovernmental stakeholders, including a summary of feedback from monthly meetings with the Child Care Committee of the Virginia League of Social Service Executives	Associate Director/ Subsidy Manager
LDSS Monitoring	Results of monitoring reviews with LDSS offices in the month prior and any corrective actions issued	Associate Director/ Subsidy Manager
Subsidy vendor participation	Statewide and by jurisdiction: <ul style="list-style-type: none"> • Total number of providers participating in CCSP, by type 	Associate Director/ Subsidy Manager

C. Quarterly reports

VDSS shall submit agreed upon quarterly reports to the CCDF Administrator no later than 30 calendar days after the end of each quarter. Failure to submit quarterly reports will delay quarterly reimbursements.

Table A2: Quarterly Reports

Activity	Reporting requirement	Office or staff member responsible for report submission
Audits	Report on the status of the previous Single Audit corrective actions by finding (if applicable)	Associate Director

Informal conferences	Number of CCSP client and vendor cases brought for informal conference	Associate Director
Client recoupment	<p>Number of clients making repayments due to founded cases of fraud</p> <p>Number of clients making repayments due to non-fraud overpayment</p> <p>Number of instances of overpayment due to local department errors</p> <p>Total amount of repayments collected</p>	Associate Director
Cost allocation	A summary of updates or changes to the cost allocation plan provided to the federal Department of Health and Human Services	DSS Fiscal Office
Data systems, technology, and tickets	<p>Active VaCMS subsidy tickets</p> <p>Status of major issues or delays</p>	Associate Director/ Business System
Expenditures	<p>Total subsidy expenditures incurred as of the end of the quarter relative to budgeted projections</p> <p>Projected expenditures through the end of the Fiscal Year</p>	Associate Director/ Fiscal Unit
Fraud and investigations	Number of suspected cases of fraud (provider and client) referred to fraud staff for investigation	Associate Director
Subsidy vendor closures	Number of providers that lost status as a subsidy vendor and reason for change in status	Associate Director/ Subsidy Manager
Subsidy vendor participation	<p>Statewide and by jurisdiction:</p> <ul style="list-style-type: none"> ● Number of new vendors enrolled in the subsidy system, by vendor type ● Number of vendors no longer accepting subsidy, by vendor type ● Change in total number of providers 	Associate Director/ Subsidy Manager

	participating in CCSP relative to previous quarter, by vendor type	
Subsidy vendor recoupment	<p>Number of vendors making repayments due to founded cases of fraud</p> <p>Number of vendors making repayments due to non-fraud overpayment</p> <p>Total amount of repayments collected</p>	Associate Director
Subsidy vendor appeals	Number of appeals to VDSS action and final decisions regarding these appeals	Associate Director
Training and technical assistance (LDSS staff)	Updates to the training and technical assistance plan and calendar	Associate Director/ Subsidy Manager

X. Compliance and Monitoring

VDSS is expected to maintain sufficient internal controls, conduct periodic Agency Risk Management and Internal Control Standards (ARMICS) reviews, and comply with the Department of Account’s annual ARMICS process to mitigate risk exposure.

VDSS shall undergo performance reviews and be evaluated by VDOE at least annually to ensure compliance with CCDF policies and the expectations in this performance agreement. As the CCDF Lead Agency, VDOE reserves the right to monitor VDSS performance by reviewing documentation, conducting on-site visits, interviewing staff, and other means as necessary. Such reviews and evaluations will be performed by the CCDF Administrator and/or their designees at VDOE.

VDOE reserves the right to take any and all actions beyond those outlined in this MOA in order to ensure and maintain compliance with federal and state law and Virginia’s CCDF state plan.

VDSS is also expected to maintain up-to-date subrecipient monitoring plans with LDSS offices, outlining VDSS’s oversight of case management activities related to the CCSP. The subrecipient monitoring plan for FY21 is included in Appendix H.

Appendix B: Contracts Related to Operations and Maintenance of the Child Care Subsidy Program

I. Contracts Transferring to VDOE

Contracted services with Child Care Aware of Virginia will transition to VDOE as of July 1, 2021. Virginia contracts with Child Care Aware of Virginia for two primary purposes: child care resource and referral services and child care subsidy vendor services. These services were originally part of the same contract that was split when child care quality operations moved to VDOE in July of 2020. Transferring the remaining Child Care Aware services to VDOE will allow more comprehensive oversight of contracted activities and use of federal funds.

The remaining contract at VDSS ends on June 30, 2021 with no remaining renewals. VDSS will notify Child Care Aware of the contract end date. VDOE intends to expand the statement of work for its existing contract with Child Care Aware to include subsidy vendor services through a contract renewal with modification.

Table B1: Overview of Contracts Transferring to VDOE

Contract Number	Subrecipient or Procurement Type (per VDSS)	Commodity/ Service Type	Contractor	Current Contract Start Date	Current Contract End Date	Annual amount (rounded to nearest dollar)
CCECD-20-121	Procurement	Child Care Subsidy Vendor Services	Child Care Aware	7/1/2020	6/30/2021	\$600,000

II. Contracts Remaining at VDSS

The following contracts—which are funded in whole or in part by CCDF—will remain at VDSS to support its ongoing administration of the subsidy program. VDOE will enter into a new contract for the purposes of conducting the child care market rate survey or an alternative methodology if and when needed.

VDSS will issue a notice to enterprise contractors, alerting them of a change in Lead Agency status and clarifying that this change does not have an impact on the agreed upon contract.

Table B2: Overview of Contracts Remaining at VDSS

Contract Number	Subrecipient or Procurement Type (per VDSS)	Commodity/ Service Type	Contractor	Current Contract Start Date	Current Contract End Date	Annual amount (rounded to nearest dollar)
CSE-16-049	Procurement	Benefits Programs Call Center	Young Williams	4/1/2020	3/31/2021	\$32,000
CCECD-20-087*	Procurement	Child Care Market Rate Survey	Old Dominion University	1/1/2020	2/28/2021	\$66,764
OECD-16-059	Procurement	Swipe Card Attendance System	Conduent	3/1/2020	3/31/2023	\$2,751,862
DES-20-039	Procurement	IT systems operations and maintenance (VaCMS)	Deloitte	4/1/2020	4/30/2022	\$102,000,000

**May require a contract extension into early summer but will not be renewed.*

VDSS will provide VDOE updates on enterprise contracts and subsidy-specific contracts prior to renewal or modification and give VDOE the opportunity to provide feedback on contract terms and activities.

Appendix C: Standard Operating Procedures for Transfer of Child Care Subsidy Program

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

Purpose of Topic:
Effective July 1, 2021, oversight of the Child Care Subsidy Program and the Child Care and Development Block Grant will transition from VDSS to VDOE. VDSS will continue to administer the CCSP. 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 CCSP.
Governing Regulations (Federal, State, including CAPP, Agency): Chapters 860 and 861 of the 2020 Acts of Assembly
Last Updated (5/25/2021)
Last Review (5/25/2021)

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 Education (VDOE) beginning with state fiscal year 2022 (July 1, 2021). VDSS will have a subrecipient relationship with VDOE for receipt of CCDBG funds beginning in state fiscal year 2022, 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.
- Be timed in accordance with the actual immediate cash requirements of carrying out the approved expenditures.
- Be available to cover future expenditures only for payroll, CCSP vendor payments, and the July 1 transitional true-up (described in Sections 3, 4, and 7).

There are 6 categories of expenditures for which VDSS may seek reimbursement:

1. Payroll expenditures
2. Routine non-personal expenditures for staff paid with CCDF funds (i.e., travel, office supplies, VITA charges, etc.)
3. Allocations to local departments of social services
4. Payments to child care subsidy vendors
5. AP vendor payments for related contracts, including systems maintenance and upgrades
6. Indirect expenditures based on the Public Assistance Cost Allocation Plan

VDSS will provide VDOE with supporting documentation for any expenditures requiring a drawdown from the block grant. VDSS will be able to forecast and predict payroll expenditures for each pay cycle and communicate to VDOE 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 VDSS on the payroll processing date. This will allow drawdowns to occur by VDOE from the grant and maintain compliance with the federal Cash Management Improvement Act (CMIA) and maintenance of federal cash within VDSS that also complies with CMIA. VDSS 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, VDSS 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 VDOE.

2. Supporting Documentation for Cash Management

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

a. 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:

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 VDSS until funds are received from VDOE.

In time for the established vendor pay date complying with Prompt Pay, VDSS shall invoice VDOE for each vendor invoice for the upcoming pay date. 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

b. Routine Non-personal Costs

Routine non-personnel costs for VDSS Child Care Subsidy staff, which include charges like office supplies, routine travel, VITA charges, etc., shall be paid by VDSS. Due to the relatively small/sporadic nature of these costs, payments for these transactions will be made through VDSS and a reimbursement will be requested from VDOE with CCDF federal funds via VDSS Invoice. For any invoice needing to be reimbursed using CCDF funds, VDSS must submit a copy of the invoice and a purchase order (if one is available). VDSS shall provide VDOE 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. Personnel Services Expenditures (Payroll)

VDOE shall advance the cash for the total payroll costs for CCDBG-funded employees. 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 trued-up on a calendar quarter basis via an Agency to Agency Transfer (ATA).

After each payroll is certified, VDSS will provide a copy of report U033, from the Reportline system, to verify the amount of payroll costs actually processed for CCDBG-funded Full Time Equivalent (FTEs).

This amount will be the next advance provided by VDOE to VDSS. This process will be repeated each payroll period through FY 2022.

Payroll will be reconciled quarterly to ensure that the drawdowns align with actual payroll activity.

In summary, for each pay period, VDSS will provide VDOE 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
- UO33 report from Reportline to verify payroll costs processed

4. Subsidy Vendor Payments

VDSS will process vendor payments bi-monthly. Payment processing dates are established by VDSS for the calendar year and will be shared with VDOE upon finalization. Payments are processed on the 10th and 25th of each month or the prior business day if the 10th or 25th is on a weekend or holiday. Payment information reports are batched and forwarded to VDSS accounts payable for approval and processing. Once accounts payable reviews the payment information they will approve all payments and verify that all documents are valid. Accounts payable then forwards the paperwork to the finance unit for processing.

Payments are deposited into vendor accounts seven business days after the payment run.

Beginning in FY 22, VDOE shall advance to VDSS no later than five calendar days prior to the scheduled bi-monthly payment dates, sufficient funding for VDSS to make child care subsidy payments to providers in a timely manner. Advances shall be based on the monthly average of child care subsidy vendor payments made during the prior quarter with half of the monthly advance paid at each payment date. VDSS shall notify VDOE via email of the monthly advance required by the last business day of the prior quarter. VDSS shall notify VDOE via email immediately and no later than the 4th of the month if sudden, significant changes in enrollment patterns would require a larger monthly advance for the next month. VDOE shall initially advance 50 percent of the prior quarter's monthly average for VIEW Child Care subsidy payments using CCDF funds as VDSS has been appropriated general funds for VIEW Child Care. Once VDSS has expended its general fund appropriation for VIEW Child Care, remaining advances for VIEW Child Care shall be 100 percent federal CCDF funds. VDOE shall advance VDSS 100 percent of the prior quarter's monthly average for At-Risk Child Care subsidy payments each month, which includes Head-Start Wrap Around Care.

After payments are approved, the payment batch information will be forwarded to VDOE to demonstrate final expenditures.

5. Indirect Costs

VDSS will calculate indirect costs on a quarterly basis and submit a request to VDOE for processing. VDOE shall reimburse VDSS indirect costs based on VDSS's HHS-approved Public Assistance Cost Allocation Plan. VDOE and VDSS are 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.

6. Reconciliation Requirements and Regular True-Up

A quarterly reconciliation detailing VDSS's expenses as submitted to VDOE and payments transferred from 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 reimbursements 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. If the amount is greater than \$10.00, VDSS will return surplus funds to VDOE or be issued a reimbursement for the difference. A final true-up entry will need to be posted prior to closing the state FY 2022 financial statements.

VDOE and VDSS may agree to conduct more frequent reconciliations of grant expenditures in order to comply with CMIA requirements if both parties agree in writing that more regular reconciliations are necessary.

7. Transitional True-up in July 2021

State fiscal year 2021 ends on June 30, 2021. VDSS will close out state fiscal year 2021 expenses in July and submit a request for reimbursement to VDOE following completion of the Cardinal fiscal year closeout following procedures outlined above. VDOE will perform the draw from the Payment Management System to reimburse VDSS for final FY21 expenditures.

Appendix D: Draft VDSS Budget for CCSP Administration and Terms of Budget

Table 1 reflects VDSS’s proposed budget for administering the CCSP during Fiscal Year 22, tentatively approved by VDOE. The final budget will be submitted to VDOE by May 15, 2021 and VDOE will approve no later than June 15, 2021. Each category of expense is summarized below Table 1.

Table 1. FY 22 DSS Budget for Administering CCSP (updated and approved as of June 10, 2021)

	Current Appropriations from DPB			Estimated funding required to administer CCSP	Administrative appropriation needed from CCDBG	
	Federal	TANF Txf	State			Total
VIEW CC Subsidy	\$14,647,377		\$24,060,047	\$38,707,424	\$67,796,125	\$29,088,071
At Risk/Fee Subsidy	—	\$217,366	\$2,647,305	\$2,864,671	\$152,558,370	\$149,693,699
Head Start Subsidy	—	\$2,500,000	—	\$2,500,000	\$4,669,490	\$2,169,490
Subsidy Administration	\$5,012,513	—	\$354,102	\$5,366,615	\$5,208,803	None (\$157,812 surplus)
State Cost Allocation*	—	—	\$2,300,000	\$2,300,000	\$8,243,500	\$5,943,500
Local Cost Allocation*	—	—	\$6,000,000	\$6,000,000	\$21,200,000	\$15,200,000
Direct IT Systems	—	—	—	—	\$2,000,000	\$2,000,000
Total	\$19,659,890	\$2,717,366	\$35,361,454	\$57,738,710	\$261,676,288	\$203,987,578

**Total estimates include a cushion to account for unknown potential expenses while avoiding the need to request additional appropriations or BEX from DPB.*

Summary of costs included in budget line items in Table 1:

- **VIEW Child Care Subsidy:** Reflects costs associated with direct child care services for families receiving Temporary Assistance for Needy Families (TANF). Such families are guaranteed service through the CCSP and are not subject to wait lists. VDSS projects 4,989 VIEW participants per month in FY22. These expenditures will be reflected in the bimonthly payments to child care providers.
- **At Risk/Fee Subsidy:** Reflects costs associated with direct child care services for families that meet income, activity, and other eligibility criteria. VDSS child target for At Risk/Fee participants in FY22 is 16,215. These expenditures will be reflected in the bimonthly payments to child care providers.
- **Head Start Wrap-Around Child Care Subsidy:** Reflect costs associated with direct child care services for families currently participating in Head Start or Early Head Start to cover extended day and extended year child care beyond times covered by Head Start. VDSS child target for Head Start wrap-around care in FY22 is 723. These expenditures will be reflected in the bimonthly payments to child care providers.
- **Subsidy Administration:** Reflects costs directly associated with administering the CCSP at the state level, including personnel expenses for Child Care Subsidy Program staff, the Conduent swipe card system, rent for CCSP office space, and other CCSP operational costs (supplies, training, etc.). These personnel, systems, and non-personal expenses are all fully dedicated to the administration of the CCSP. These expenditures will be reflected in payroll, accounts payable, and nonpersonal costs.
- **State Cost Allocation:** Reflects costs associated with administering the CCSP at the state level that are shared with other benefit programs across the broader agency, including training and assistance to LDSS staff, quality assurance activities, general management, information technology services, accounting and budgeting services, human resources, planning and evaluation, procurement and distribution, auditing services, and public information services. Costs for these purposes are charged to CCDBG according to VDSS's approved cost allocation plan with HHS. The cost allocation plan is reviewed on a quarterly basis and updated as necessary. Cost allocated expenses will be reflected during the quarterly reconciliation.
 - This line item includes a "cushion" to account for unknown economic conditions in FY22 due to the child care transition and ongoing pandemic response and recovery. VDSS agrees to alert VDOE if state cost allocation expenses are higher than estimated, which would cause DSS to use the reserved funds.
- **Local Cost Allocation:** Reflects costs associated with administering the CCSP at the local level, including costs for personnel, training, supplies, technology, and other operational expenses. Costs for these purposes are charged to CCDBG according to VDSS's approved cost allocation plan with HHS and are based on Random Moment Sampling statistics. The cost allocation plan is reviewed on a quarterly basis and updated as necessary. Local cost allocation expenditures are reflected in monthly payments to localities through the Locality Automated System Expenditure Reimbursement (LASER) system.

- This line item includes a “cushion” to account for unknown economic conditions in FY22 due to the child care transition and ongoing pandemic response and recovery. VDSS agrees to alert VDOE if local cost allocation expenses are higher than estimated, which would cause DSS to use the reserved funds.
- **Direct IT Systems:** Reflects costs associated with on-going VaCMS system maintenance, operations, and system enhancements that are charged to CCDBG grant funds without first being administered through a cost allocation methodology. These expenditures are reflected in accounts payables.

Appendix E: Anticipated Schedule for Drawdowns of CCDBG

The following table is for planning purposes only and do not sum to estimated budget amounts in Appendix D.

Note: When the 10th or 25th of the month falls on a weekend or holiday, payments are processed the business day before.

Month	Tentative Draw Date	Purpose of Draw	Amount
<i>Calendar year 2021</i>			
July	9	Subsidy vendor payments	7,514,669
July	9	Payroll and Other Direct Charges	278,225
July	23	Subsidy vendor payments	7,514,669
July	23	Payroll and Other Direct Charges	278,225
July	23	LASER Payments	1,201,333
July	30	June Quarter Recon (includes Cost Allocation)	2,075,027
August	9	Subsidy vendor payments	7,514,669
August	9	Payroll and Other Direct Charges	278,225
August	25	Subsidy vendor payments	7,514,669
August	25	Payroll and Other Direct Charges	278,225
August	25	LASER Payments	1,201,333
September	10	Subsidy vendor payments	7,514,669
September	10	Payroll and Other Direct Charges	278,225
September	24	Subsidy vendor payments	7,514,669
September	24	Payroll and Other Direct Charges	278,225
September	24	LASER Payments	1,201,333
October	8	Subsidy vendor payments	6,401,385
October	8	Payroll and Other Direct Charges	278,225
October	25	Subsidy vendor payments	6,401,385
October	25	Payroll and Other Direct Charges	278,225

Month	Tentative Draw Date	Purpose of Draw	Amount
October	25	LASER Payments	998,667
October	31	Sept Quarter Recon (includes Cost Allocation)	1,438,078
November	10	Subsidy vendor payments	6,401,385
November	10	Payroll and Other Direct Charges	278,225
November	25	Subsidy vendor payments	6,401,385
November	25	Payroll and Other Direct Charges	278,225
November	25	LASER Payments	998,667
December	10	Subsidy vendor payments	6,401,385
December	10	Payroll and Other Direct Charges	278,225
December	23	Subsidy vendor payments	6,401,385
December	23	Payroll and Other Direct Charges	278,225
December	23	LASER Payments	998,667
<i>Calendar year 2022</i>			
January	10	Subsidy vendor payments	6,540,545
January	10	Payroll and Other Direct Charges	278,225
January	25	Subsidy vendor payments	6,540,545
January	25	Payroll and Other Direct Charges	278,225
January	25	LASER Payments	1,024,000
January	31	Dec. Quarter Recon (includes Cost Allocation)	1,200,338
February	10	Subsidy vendor payments	6,540,545
February	10	Payroll and Other Direct Charges	278,225
February	25	Subsidy vendor payments	6,540,545
February	25	Payroll and Other Direct Charges	278,225
February	25	LASER Payments	1,024,000
March	10	Subsidy vendor payments	6,540,545
March	10	Payroll and Other Direct Charges	278,225

Month	Tentative Draw Date	Purpose of Draw	Amount
March	25	Subsidy vendor payments	6,540,545
March	25	Payroll and Other Direct Charges	278,225
March	25	LASER Payments	1,024,000
April	8	Subsidy vendor payments	7,375,509
April	8	Payroll and Other Direct Charges	278,225
April	25	Subsidy vendor payments	7,375,509
April	25	Payroll and Other Direct Charges	278,225
April	25	LASER Payments	1,842,667
April	30	March Quarter Recon (includes Cost Allocation)	1,230,056
May	10	Subsidy vendor payments	7,375,509
May	10	Payroll and Other Direct Charges	278,225
May	25	Subsidy vendor payments	7,375,509
May	25	Payroll and Other Direct Charges	278,225
May	25	LASER Payments	1,842,667
June	10	Subsidy vendor payments	7,375,509
June	10	Payroll and Other Direct Charges	278,225
June	24	Subsidy vendor payments	7,375,509
June	24	Payroll and Other Direct Charges	278,225
June	24	LASER Payments	1,842,667

Appendix F: Transitioning the Child Care Microsite and Related Website Information

As of July 1, 2021, VDOE will be responsible for maintaining Virginia's consumer education website in compliance with CCDBG requirements.

The consumer education website (www.childcareva.com) is a microsite linked to the VDSS public server. All of the microsite content will be moved to the VDOE server no later than July 1, 2021 by a mutually agreed upon process between the VDOE and VDSS technology and public affairs teams. This process will include addressing data dependencies of other applications on the VDSS site on the data that is moving to VDOE.

The microsite also links to a [child care search tool](#), which allows constituents to access information about licensed, registered, and subsidy-participating child care providers in the Virginia licensing system. The tool is currently populated with licensing data from the DOLPHIN system. Because the new licensing technology system is in the process of being developed, VDSS and VDOE agree that VDSS will continue to host the child care search tool on its website until the new technology system is fully implemented. However, this information will need to be migrated to the VDOE website no later than December 1, 2021 before VDSS launches its new website platform.

To ensure a successful transition of the microsite while maintaining the presence of the tool within the VDSS environment, the VDSS and VDOE teams agree to implement any and all necessary security reviews and links for secure data transfers between environments in conjunction with VITA.

Appendix G: Transitioning Regulations

The following regulations related to the Child Care Subsidy Program 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:

- 22VAC40-665: Child Care Program
- 22VAC40-690: Virginia Child Care Provider Scholarship Program

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, along with regulations related to child care licensing. 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 H: TANF to CCDBG Transfer

With approval from DPB, VDSS will transfer federal Temporary Assistance for Needy Families (TANF) funding to VDOE each fiscal year according to the following procedures:

- VDSS will transfer the amount of TANF funding identified as the TANF to CCDF transfer by DPB on the “TANF Spreadsheet” in Cardinal and on the TANF quarterly report;
- VDSS will transfer the TANF funding to VDOE in three equal installments: between December 1 - December 15, between March 1 - March 15, and between June 1 - June 15;
- VDOE will record the receipt of these transferred funds in Cardinal and on the CCDF report quarterly;
- The TANF funding allocated to VIEW Child Care is included on the TANF Spreadsheet as part of the TANF to CCDF transfer. By August 15, VDOE will transfer back to VDSS any underspending of the VIEW child care amount identified in the TANF spreadsheet from the prior fiscal year, up to the amount of the TANF to CCDF transfer for VIEW Child Care. VDOE will communicate this amount to the VDSS Federal Reporting Manager.
- VDSS Budget will provide copies of the TANF Spreadsheet to VDOE after each update to the spreadsheet made by DPB throughout the fiscal year;
- VDOE will report the expenditure of the TANF to CCDBG transfer in CCCDF reports submitted to the federal government.

Appendix I. 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: _____

Cost Code: _____

Employee Name: _____

Position Title: _____

Position #: _____

Federal Program: _____

Time Period _____ thru _____

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 I: 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.

Estimated Cost Impact for Phase III			
<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	\$10,281,414	\$11,309,555
Criminal Background Checks ^a		\$2,344,813	\$2,344,813
Personnel at VDSS			
<i>Personnel at VDSS</i>	<i># of Positions</i>	<i>Transitional (Initial)</i>	<i>Long-Term Annual</i>
Subsidy Staff	15 FTE	\$2,307,727	\$2,307,727
Adult Licensing ^b	82 FTE	\$2,130,394 (GF)	\$2,130,394 (GF)
Other at VDSS ^c			
<i>Other at VDSS ^c</i>		<i>Transitional</i>	<i>Long-Term (Annual)</i>
CCDF Subsidy Pass- Through ^d		\$201,505,247	\$204,670,011
State Supported Local Staff		\$11,312,943	\$11,312,943
Subsidy IT systems		\$1,975,027	\$2,000,000
Administrative Expenses		\$8,490,430	\$10,810,000

^a 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 VDSS requested additional GF for Adult Licensing operations through the 2022 Session Governor's budget development process. The amount shown under "Long-Term Annual" assumes no change in the GF appropriation from the initial transfer. VDSS needs approximately \$903,000 in additional GF.

^c These estimates are subject to change based on changes in policy, staffing, and funding levels. Estimates do not include COVID relief efforts not directly associated with subsidy.

^d Amounts reflect expanded eligibility and higher per-child costs during COVID-19. Estimates are subject to change based on changes in policy and funding levels.

Amendment to the Memorandum of Agreement between the Virginia Department of Education (VDOE) and the Virginia Department of Social Services (VDSS) for the transfer of Child Care and Development Fund Lead Agency Status and Oversight of the Child Care Subsidy Program (originally executed by VDOE on June 15, 2021, and by VDSS on June 16, 2021)

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

PERIOD OF AGREEMENT: Date of execution through such date when VDOE is established in the federal Payment Management System (PMS) to draw available Child Care Development Block Grant (CCDBG) funding directly into its agency-specific bank account, with a reasonable transition period in consideration of pending payment transactions that may be in process.

Effective July 1, 2021 (state fiscal year or SFY 2022), VDOE became Lead Agency of the CCDBG, to include managing drawdowns from the federal PMS of the CCDBG for all grant years currently awarded, and VDSS began a subrecipient relationship with VDOE pursuant to the original MOA executed by VDOE on June 15, 2021, and by VDSS on June 16, 2021.

However, due to a temporary delay in VDOE being established in the PMS to execute drawdowns of the CCDBG grant funds and have the drawn funds deposited directly into its agency-specific bank account, drawdowns of the CCDBG will continue to be managed and executed by VDSS on a temporary basis during fiscal year (SFY) 2022, until such date when VDOE is established in the PMS so that CCDBG funds it draws are deposited directly into its agency-specific bank account. During this temporary period, VDSS will continue to draw all CCDBG grant funds necessary to pay costs it incurs directly as an agency for CCDBG activities, and VDSS will continue to draw and transfer to VDOE all CCDBG grant funds requested by VDOE based on submitted invoices for its CCDBG-related costs.

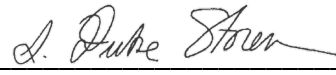
Upon VDOE being established in the PMS so that CCDBG funds it draws are deposited directly into its agency-specific bank account, it may be necessary for VDSS to draw CCDBG funds for an additional period if this is more practical to meet pending payment transaction deadlines. VDOE will provide in a separate written communication to VDSS the date after which VDSS should no longer draw CCDBG funds pursuant to this agreement.

Any fiscal year 2021 vendor invoices received by VDSS for CCDBG-related costs will be paid directly by VDSS.

There is no change in the Lead Agency status of VDOE and no change in the subrecipient status of VDSS established pursuant to the original MOA. There is no change to the reporting responsibilities per the original MOA, and the two agencies will collaborate as needed for any changes in information due to this amendment needed to meet reporting requirements. All other terms and conditions of the original MOA remain in effect.

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

Virginia Department of Social Services

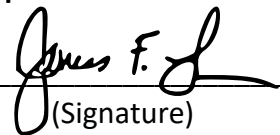
By: 
(Signature)

S. Duke Storen
(Type or Print Name)

Title: Commissioner

Date: 7/9/2021

Virginia Department of Education

By: 
(Signature)

James F. Lane
(Type or Print Name)

Title: Superintendent of Public Instruction

Date: 7/XX/21 7/9/21

Appendix J: 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 And Appropriations Committee

Mike Tweedy, Legislative Analyst

Tyler Williams, Associate Legislative Analyst

MOA--CHILD CARE COVID RELIEF FUNDING AND PROGRAMMING

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 oversight and use of federal child care stimulus funds leading up to the transition, and the transition of responsibility for drawdown of stimulus funds and oversight of associated programming to VDOE after July 1, 2021.

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

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. As such, VDOE will become Lead Agency for the purposes of the Child Care and Development Fund (CCDF) as of July 1, 2021 and oversee the Virginia's Child Care Subsidy Program while VDSS will continue to administer the CCSP through its network of more than 120 local departments of social services.

As of the execution of this agreement, Virginia has received more than \$274 million in COVID relief funding dedicated to supporting child care providers and families in need of care across the Commonwealth. These funds were distributed via CCDF and are the responsibility of the CCDF Lead Agency to administer and oversee. As such, VDOE will become the sole fiscal agent for all unexpended COVID relief funds allocated to the Commonwealth through CCDF between March of 2020 and June 30, 2021 effective July 1, 2021. This MOA lays out each agency's roles and responsibilities in relation to the authority to obligate federal funds, sequencing identified relief strategies, responsibility for carrying out existing initiatives as of the date of execution of this MOA, and meeting requirements for federal reporting.

This MOA also lays out each agency's roles and responsibilities for oversight, administration, and reporting, as appropriate, related to other funding sources used to support child care providers and parents during the pandemic, including Coronavirus Relief Funds (CRF) and the Governor's Emergency Educational Relief (GEER) fund.

This agreement will be revised and renewed at least 30 days prior to expiration.

II. Background

The public health emergency associated with the COVID-19 pandemic has also triggered an economic crisis in the Commonwealth and communities across the country. Child care providers--the majority of which are privately owned and operated--are feeling the strain acutely as many face temporary closures, decreased enrollment, higher operating costs, and staffing challenges.

The federal government has provided emergency stimulus funding to states to help them mitigate the impact of the pandemic on families, communities, and businesses. Targeted funding for child care providers--and the families that rely on them--has been allocated to states via CCDF through the *Coronavirus Aid, Relief, and Economic Security (CARES) Act* (\$3.5 billion); and the *Coronavirus Response and Relief Supplemental Appropriations Act of 2021 (CRRSA)* (\$10 billion). Virginia received approximately \$274.2 million in federal relief funds by way of CARES and CRRSA.

Federal relief funds have been dedicated to expand and improve upon existing subsidy functions as well as for time-limited, targeted relief efforts. While some funds will have been fully obligated and liquidated under VDSS oversight by July 1, 2021, a large share--primarily from CRRSA) will remain unspent as of July 1, 2021 when VDOE becomes the sole fiscal agent for CCDF. This MOA clarifies the roles and responsibilities associated with the relief funds and related initiatives.

Additionally, Virginia has dedicated some of its Coronavirus Relief Funding (CRF) to provide direct assistance to child care providers. These funds have already been obligated and liquidated under VDSS oversight. This MOA also lays out reporting responsibilities for CRF.

III. **Scope of the MOA**

Regarding COVID-19 relief funding for child care, VDOE shall:

- Have authority to initiate contracts for activities beginning on July 1, 2021, not to be executed by VDOE prior to July 1;
- As of July 1, act as CCDF Lead Agency and the sole fiscal agent for all unexpended relief funds administered through CCDF;
- As of July 1, have the authority to determine spending priorities for relief funds and establish a budget for such initiatives in consultation with VDSS;
- Notify VDSS in writing of planned adjustments to spending priorities that impact VDSS operations or changes to funding sources for VDSS-led initiatives;
- Not reduce or eliminate budgeted expenditures that impact VDSS operations without consultation with VDSS;
- Be responsible for planning, initiating, and carrying out COVID relief strategies as described in Appendix A;
- Lead federal or state audits and requests for information from federal or state policymakers with support from VDSS;
- Upon execution of this MOA, have the authority to initiate contractual agreements for VDOE strategies identified in Appendix A;
- As of July 1, reimburse VDSS with COVID relief funds through CCDBG for strategies associated with the administration of the CCSP as a sub-recipient, as identified in Appendix A and following such procedures outlined in the *Memorandum of Agreement between the Virginia Department of Education (VDOE) and the Virginia Department of Social Services (VDSS) for the transfer of Child Care and Development Fund Lead Agency Status and Oversight of the Child*

Care Subsidy Program, hereafter referred to as the “Child Care Subsidy MOA” and the *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*, hereafter referred to as the “Child Care Licensing MOA;”

- Submit amendments to Virginia’s current CCDF State Plan and apply for waivers as needed to reflect relief strategies initiated after July 1, 2021; and
- Be responsible for ensuring that relief strategies follow federal guidance listed in Appendix C, and any additional guidance issued by the Office of Child Care after this MOA is executed.

VDSS shall:

- Work with VDOE to develop a plan and establish a budget for initiatives associated with child care relief funding;
- Allow select VDOE staff with appropriate access to VaCMS to carry out remaining activities under the CARES IV grant program;
- Securely transfer data related to the CARES grant programs to VDOE;
- Be responsible for carrying out COVID relief strategies associated with the administration of the CCSP and/or making improvements to the background check system, as described in Appendix B;
- Accept COVID relief funds through CCDBG for strategies associated with the administration of the CCSP on a reimbursement basis as a sub-recipient as of July 1, as identified in Appendix B and following such procedures outlined in the Child Care Subsidy MOA;
- Accept COVID relief funds through CCDBG for the purposes of making improvements to the background check system on a reimbursement basis as a sub-recipient as of July 1, as identified in Appendix B and following such procedures outlined in the Child Care Subsidy MOA;
- Train staff to implement changes in CCSP policy associated with COVID relief strategies on an as-needed basis;
- Track expenditures associated with COVID relief strategies for federal reporting purposes;
- Lead the preparation and complete the submission of third-quarter ACF-696 forms for all grant cycles by July 30 and support VDOE completion of reporting thereafter;
- Support VDOE to complete federal or state audits and requests for information from federal or state policymakers;
- Utilize relief funding in accordance with the requirements laid out in federal guidance listed in Appendix C, and any additional guidance issued by the Office of Child Care after this MOA is executed; and
- Work with VDOE to include technology changes to the new Licensing system for the portability changes to criminal background checks and on changes and new technology initiatives for child care subsidy.

IV. Federal Funding Transfer

As Lead Agency, VDOE will manage drawdowns of the CCDBG effective state fiscal year (SFY) 2022. VDSS will have a sub-recipient relationship with VDOE pursuant to the Child Care Subsidy MOA . VDSS’s total

budget and administrative appropriation transfers for state fiscal years 2022, 2023, and 2024 will include COVID relief funding through CCDF for the purposes of carrying out COVID relief strategies associated with the administration of the CCSP.

V. 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.

VI. 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.

VII. 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

Virginia Department of Education

By: *S. Duke Storen*
(Signature)

By: *James F. Lane*
(Signature)

S. Duke Storen
(Type or Print Name)

James F. Lane
(Type or Print Name)

Title: Commissioner

Title: Superintendent of Public Instruction

Date: 9/3/2021

Date: 9/7/21

Appendix A: Summary of COVID Relief Funding for Child Care in Virginia

VDOE will assume oversight and spending authority of unexpended COVID relief funding distributed through CCDF on July 1, 2021. Upon execution of this MOA, VDSS agrees to work cooperatively with VDOE to develop and implement plans for obligating and liquidating relief funds leading up to the transition.

Table 1 provides a high-level summary of total amounts received and obligation and liquidation deadlines for each funding source.

Table 1. Status of Relief Funding Sources for Child Care as of 6/30/2021

Funding source	Total appropriated for child care	Spending deadlines	Funds remaining as of 6/30/21
Coronavirus Aid, Relief, and Economic Security (CARES) Act via CCDBG	\$70,799,409	Obligate: 9/30/22 Liquidate: 9/30/23	\$6,457,519
Coronavirus Relief Fund (CRF)	\$74,941,000	Liquidate: 12/31/21	\$0
Consolidated Appropriations Act relief funding via CCDBG	\$203,692,270	Obligate: 9/30/22 Liquidate: 9/30/23	\$119,766,214

Appendix B: Detailed Summary of Approved COVID Relief Strategies

The following sections provide a detailed accounting of COVID relief strategies; amounts allocated for each strategy; and each agency's role or responsibility in carrying out each strategy.

I. CARES Grant Program

Virginia has dedicated approximately \$200 million in federal relief dollars to support direct cash grants for child care providers that are open and operational during the pandemic. Grants have been issued in four rounds, described in Table 2.

Table 2. Summary of CARES Grant Program by Round

Round	Total grants processed	Intended grant period	Description
I	2,595	April—June 2020	Providers applied to receive funding.
II	3,043	July—September 2020	Providers applied to receive funding.
III	4,452	October 2020—January 2021	Grants were issued automatically to providers that received a grant in Round I or II. New applicants were also eligible to apply.
IV	4,626	February—July 2021	Total number of grants processed reflects 4,384 automatic payments issued to eligible programs that received a grant in Rounds I-III and 242 new applications received in June.

Providers were eligible to apply for a grant if they were operational and open to serve children by a specific date in the given grant period.

Virginia Early Childhood Foundation (VECF) acted as a fiscal agent for the state through contract CCECD-20-181 to administer the grant program. This contract transferred to the VDOE on July 1, 2021, per the most recent contract modification and the *Child Care Licensing MOA*.

Table 3 describes the status of the CARES Grant Program by funding source as of 6/30/21 and agency roles and responsibilities.

Table 3. Status of CARES Grant Program as of 6/30/2021

Funding source	Total funding	Rounds included	Agency roles and responsibilities	
			VDOE	VDSS
CARES	\$37,547,226 <i>\$281,048 remaining</i>	Round I and II	Lead federal reporting after 7/1/21	Provide expenditure data and other required information as needed
CRF	\$74,941,000 <i>Fully spent</i>	Round II and III	Child care licensing staff to support federal reporting as needed	Fulfill all federal reporting requirements
CRRSA	\$85,000,000 <i>\$1,534,296 remaining</i>	Round IV	VDOE assumed all grant activities after June 25, 2021 and all contracted activities with VECF related to grant administration after July 1, 2021. VDOE will lead federal reporting.	Provide expenditure data and other required information as needed
TOTAL	\$197,488,226 <i>\$1,815,344 remaining</i>			

II. Emergency school-age child care

VDSS is approved to utilize roughly \$20 million to support child care options for children participating in hybrid or full virtual learning due to COVID-19 through the end of September, 2021. This allocation is lower than what was identified in the amended 2021-2022 budget based on the shifting operating status of school districts across the Commonwealth.

Table 4 describes the status of the emergency school-age child care program by funding source as of 6/30/21 and agency roles and responsibilities.

Table 4: Status of Emergency School-Age Child Care Program as of 6/30/21

Funding source	Total funding	Agency roles and responsibilities	
		VDOE	VDSS
CARES	\$16,600,000 <i>Fully spent</i>	Lead federal reporting after 7/1/21	Administer through 9/30/21 via contract with VECF Provide monthly expenditure reports to VDOE
CRRSA	\$3,270,000 <i>\$3,270,000 remaining</i>		
TOTAL	\$19,900,000 <i>\$3,270,000 remaining</i>		

After July 1, 2021, VDOE will reimburse VDSS for expenses incurred from CARES and CRRSA as described in Appendix D.

III. Child Care Subsidy Program (CCSP) enhancements or modifications

A number of relief strategies represent enhancements and/or modifications to the general operations of the Child Care Subsidy Program and VDSS’s administration of the program under the parameters of federal and state law and/or regulations. VDSS is responsible for implementing these strategies under VDOE oversight after July 1, 2021 and will be reimbursed pursuant to the Child Care Subsidy MOA or Child Care Licensing MOA, as appropriate. VDOE will lead federal reporting after July 1.

Table 5 describes the status of CCSP enhancements/modifications as of 6/30/21, agency roles and responsibilities, and relevant MOA.

Table 5. Status of CCSP COVID Relief Strategies as of 6/30/21

Strategy	Total funding	Summary	Agency roles and responsibilities		Agreement subject to
			VDOE	VDSS	
Eliminate co-pay (CARES)	\$2,475,539 <i>Fully spent</i>	Between April and June 2020	Lead federal reporting after 7/1/21	Provide expenditure data as needed	Child Care Subsidy MOA
Extend absence days (CARES)	\$3,080,390 <i>\$73,533 remaining</i>	Between April and June 2020	Lead federal reporting after 7/1/21	Provide expenditure data as needed	Child Care Subsidy MOA
Maximum reimbursement rate increase (CARES)	\$3,500,000 <i>\$2,602,938 remaining</i>	For Level I (unlicensed) providers	Lead federal reporting after 7/1/21	Implement via subsidy program administration Provide expenditure data monthly pursuant to Child Care Subsidy MOA	Child Care Subsidy MOA
Job search (HB 2206; CRRSA)	\$3,300,000 <i>\$3,300,000 remaining</i>	Estimated expanded eligibility window from April 1--December 31, 2021; families will receive child care services for at least 12 months or until their income exceeds 85% SMI	Support policy development Lead federal reporting after 7/1/21	Implement via subsidy program administration Provide expenditure and participation data monthly pursuant to Child Care Subsidy MOA	Child Care Subsidy MOA
Increase eligibility to 85% SMI for families of young children (HB 2206;	\$60,000,000 <i>\$59,542,151 remaining</i>	Estimated expanded eligibility window from April 1--December 31, 2021; families will	Lead federal reporting after 7/1/21	Implement via subsidy program administration	Child Care Subsidy MOA

Strategy	Total funding	Summary	Agency roles and responsibilities		Agreement subject to
			VDOE	VDSS	
CRRSA)		receive child care services for at least 12 months or until their income exceeds 85% SMI		Provide expenditure data monthly pursuant to Child Care Subsidy MOA	
Provide additional funding to LDSS to handle increased caseloads (CRRSA)	\$2,800,000 <i>\$2,797,497 remaining</i>		Determine how funding will be distributed with DSS Lead federal reporting after 7/1/21	Distribute to local offices via agreed upon formula Provide expenditure data monthly pursuant to Child Care Subsidy MOA	Child Care Subsidy MOA
Improve customer service via technology improvements (CRRSA)	\$6,000,000 <i>Payments not begun</i>				Child Care Subsidy MOA
Background check technology changes (CRRSA)	\$3.2 million <i>Payments not begun</i>	For improvements made between 4/1/21 and 12/31/21	Child care licensing team to support as needed	Implement via IT team and OBI	Child Care Licensing MOA

IV. VDOE-led Strategies

Table 6 describes COVID relief strategies that VDOE is responsible for implementing after July 1, 2021. These activities are not collaborative in nature and are not subject to an interagency agreement.

Strategy	Total funding	Purpose	VDOE implementation plan
Mixed Delivery grants (CRRSA)	\$11 million <i>Payments not begun</i>	To expand access to the Mixed Delivery grant program for school years 2021-2022 and 2022-2023	Implement via contract with VECF after 7/1/21
Local infrastructure support	\$2.3 million <i>Payments not begun</i>	To support local infrastructure related to conducting coordinated enrollment, technical assistance and support for providers, and local quality observations	Implement via contract with VECF after 7/1/21
Child Care Staff Scholarships (CRRSA)	\$1 million <i>Payments not begun</i>	For scholarships in the 2021-2022 school year	Implement via Quality team after 7/1/21
Educator incentive program for providers in PDG communities (CRRSA)	\$3 million <i>Payments not begun</i>	For the incentive program in the 2021-2022 school year	Implement via contract with UVA after 7/1/21
Contracts and start-up grants (CRRSA)	\$7 million <i>Payments not begun</i>	For start-up costs and contracts between 7/1/21 and 6/30/23	Implement via contracts with local community organizations after 7/1/21
Statewide mental health consultation (CRRSA)	\$6 million <i>Payments not begun</i>	To pilot mental health consultation in key communities between 7/1/21 and 6/30/23	Implement via contract with ITSN after 7/1/21
Research/policy partnership (CRRSA)	\$3 million <i>Payments not begun</i>	To evaluate relief efforts between 7/1/21 and 6/30/23	Implement via contract with UVA after 7/1/21

Appendix C. Federal Guidance Related to COVID Relief Funds for Child Care as of June 2021

VDOE and VDSS are required to spend relief funding in accordance with the following guidance documents from the federal Office of Child Care, and any additional guidance issued following the execution of this MOA.

- CCDF Discretionary Funds Appropriated in the CARES Act (Public Law 116-136) passed into law on March 27, 2020 ([CCDF-ACF-IM-2020-01](#))
- Child Care and Development Fund (CCDF) Discretionary Funds Appropriated in the Coronavirus Response and Relief Supplemental Appropriations (CRRSA) Act (Public Law 116-260), signed into law on December 27, 2020 ([CCDF-ACF-IM-2021-01](#))

Appendix D: Standard Operating Procedures for Emergency School-Age Child Care Program

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

Purpose of Topic:

Effective July 1, 2021, funding oversight of the Child Care and Development Block Grant and all associated relief funding sources will transition from VDSS to VDOE. This appendix documents the procedures for payment processing for Accounts Payable (AP) vendor payments by VDOE and the transfer of funding from VDOE to VDSS from CCDBG COVID relief funding for the purposes of the Emergency School-age Child Care Program.

NOTE: Due to a temporary delay in VDOE being established in the PMS to execute drawdowns of the CCDBG grant funds and have the drawn funds deposited directly into its agency-specific bank account, drawdowns of the CCDBG will continue to be managed and executed by VDSS on a temporary basis during fiscal year (SFY) 2022, until such date when VDOE is established in the PMS so that CCDBG funds it draws are deposited directly into its agency-specific bank account. During this temporary period, VDSS will continue to draw all CCDBG grant funds necessary to pay costs it incurs directly as an agency for CCDBG activities, and VDSS will continue to draw and transfer to VDOE all CCDBG grant funds requested by VDOE based on submitted invoices for its CCDBG-related costs.

Upon VDOE being established in the PMS so that CCDBG funds it draws are deposited directly into its agency-specific bank account, it may be necessary for VDSS to draw CCDBG funds for a an additional period if this is more practical to meet pending payment transaction deadlines. VDOE will provide in a separate written communication to VDSS the date after which VDSS should no longer draw CCDBG funds pursuant to this agreement. The standard operating procedures below take effect at that time.

Governing Regulations (Federal, State, including CAPP, Agency): Chapters 860 and 861 of the 2020 Acts of Assembly

Last Updated (mm/dd/yyyy): 7/27/2021
Last Review (mm/dd/yyyy): 7/27/2021

1. 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 sub-recipient 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 Accounts Payable (AP) vendor payments for costs associated with administering the Emergency School-age Child Care Program contract in partnership with the Virginia Early Childhood Foundation (VECF).

2. Supporting Documentation for Cash Management

For purposes of processing payments for expenditures, adequate supporting documentation shall be provided by VDSS to VDOE for audit purposes and in support of a grant drawdown as described below.

Accounts Payable – Expenditure Reimbursements or Expenditures

With the transition of payment processing to VDOE, Accounts Payable (AP) 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 payment and federal cash drawdown compliance requirements. Payments on these transactions shall not be made by VDSS until funds are received from VDOE.

VDOE will reimburse VDSS using CCDBG funds. VDSS shall invoice VDOE for each vendor invoice for the upcoming pay date in time for the established vendor pay date complying with the Virginia

Prompt Payment Act. Invoices shall be batched and submitted to VDOE no more often than weekly, and preferably on the first day of the workweek. VDSS shall 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 with VECF
- Copy of SPCC transaction, if applicable
- Summary Spreadsheet

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.