

**REPORT OF THE VIRGINIA DEPARTMENT OF
HUMAN RESOURCE MANAGEMENT**

**Report on the Feasibility of Offering
Childcare Services to State Employees
Within the Capitol Square Complex
(2022 Appropriation Act, Item 86.J.)**

**TO THE GOVERNOR AND
THE GENERAL ASSEMBLY OF VIRGINIA**



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**COMMONWEALTH OF VIRGINIA
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The Honorable Glenn Youngkin
Governor of Virginia

The Honorable Barry D. Knight, Chair
House Appropriations Committee

The Honorable Janet D. Howell, Co-Chair
Senate Finance and Appropriations Committee

The Honorable George L. Barker, Co-Chair
Senate Finance and Appropriations Committee

Item 86 J, Chapter Two of the 2022 Virginia Acts of Assembly, requires that:

The Department of Human Resource Management shall work with the Department of General Services to review the feasibility of offering childcare services to state employees within the Capitol Square complex. As part of the review, the Department shall consider the feasibility of reestablishing the childcare center in the VDOT building at 1201 East Broad Street. The Department shall report its recommendations to the Governor and the General Assembly by November 1, 2022.

Respectfully Submitted,

A handwritten signature in blue ink that reads "Janet L. Lawson".

Janet L. Lawson
Director

cc: The Honorable Lyn McDermid
Secretary of Administration



Virginia Department of Human Resource Management

Report to the Governor and General Assembly

**Report on the Feasibility of
Offering Childcare Services to State Employees
Within the Capitol Square Complex**

November 2022

Executive Summary

Chapter Two of the 2022 Virginia Acts of Assembly, Item 86 J., requires that:

The Department of Human Resource Management shall work with the Department of General Services to review the feasibility of offering childcare services to state employees within the Capitol Square complex. As part of the review, the Department shall consider the feasibility of reestablishing the childcare center in the VDOT building at 1201 East Broad Street. The Department shall report its recommendations to the Governor and the General Assembly by November 1, 2022.

In conducting this review, the Department of Human Resource Management (DHRM), the Department of General Services (DGS), and the Virginia Department of Transportation (VDOT) considered the following factors:

- Availability of suitable space in Capitol Square Complex
- Availability of former VDOT space
- Physical Plant Licensing Requirements for Daycare Facilities
- Risk management / Liabilities to the Commonwealth
- Potential employee interest
- History of childcare services in state-managed space
- Federal Government childcare benefits practices
- Trends in Private Sector Organizations
- Impact of limiting this opportunity to employees at the Seat of Government

Contributors to this Report:

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Background

The idea of state agencies offering on-site childcare services for employees was first realized in the late 1980s, when VDOT opened its daycare center. Bright Horizons served as the licensed service provider until 1996. Operational expenses, inherent risk management concerns, and a decrease in utilization led VDOT to partner with VCU to keep the center open. Under a Memorandum of Understanding, VCU managed the service and was not required to pay rent for the VDOT space.

The space/decor was eventually viewed as outdated, and would require refurbishing to offer the same milieu as private daycare centers. Likewise, its program overall was not viewed as comparable to the learning environment models available in private daycare centers.

As utilization by VDOT employees continued to decrease, VCU introduced a 15% discount for VDOT employees. Most VDOT employees who did use the center, had infants, which made it convenient for nursing mothers. Federal and state law now require that all agencies have dedicated space and break time for nursing mothers to express and store milk.

VCU relocated the childcare operations to MCV for facility repairs in June of 2021. When repairs were completed, the childcare center did not return to the VDOT building. The effective termination date of the agreement between VDOT and VCU was May 26, 2022.

Considerations / Findings

State-managed Space in the Capitol Square Complex

“Capitol Square Complex” is not specifically defined in the Code of Virginia. For purposes of this study, it was assumed that the intent of the term “Capitol Square Complex” translates to the term Capitol District as follows:

§ 2.2-620. Establishment of the Capitol District as the seat of government of the Commonwealth.

A. For administrative purposes, the area that encompasses the seat of government of the Commonwealth shall be referred to as the "Capitol District."

B. The term "Capitol District" shall be geographically defined as the area in Richmond, Virginia, contained within the centerline of East Broad Street between its intersections with the centerline of Eighth Street and the Interstate 95 overpass, the centerline of Eighth Street between its intersections with the centerlines of East Broad Street and Main Street, the centerline of Main Street between its intersections with the centerline of

Eighth Street and the Interstate 95 overpass, and the overpass of Interstate 95 between its intersections with the centerlines of East Broad Street and Main Street, and all buildings and property owned or leased by the Commonwealth within such area.

The State Board of Social Service establishes [Standards for Licensed Daycare Centers](#) serving children under the age of 13 who are separated from their parents or guardians during a part of the day, and for centers serving children of preschool age or younger. The standards are to ensure that the activities, services, and facilities of child day centers are conducive to the well-being and development of children, and to reduce health and safety risks in the caregiving environment.

The standards include interior and external physical plant requirements, indoor minimum square footage required per child, outdoor play area square footage requirements based on age, separate interior space for children who are ill or injured, child-sized restroom furnishings or acceptable modifications, and so on.

DGS applied these standards when conducting its feasibility assessment. ***Based on that assessment, DGS does not operate any facilities within the Capitol District that have sufficient space which could be configured to safely accommodate a daycare facility.*** Items taken into consideration when evaluating a facility to safely accommodate a daycare center included, but were not limited to, building access, drop-off safety, adequate green space, building compartmentation, and appropriate restroom accommodations.

Reestablishing a Childcare Center in the former VDOT Location

VDOT is planning to build a new facility in Henrico County. Staff that will remain downtown will be relocated to the Memorial Hospital (former location of the VCU daycare) and Highway Buildings at 1201 and 1221 E. Broad St, respectively.

This new facility project, and consolidation of staff downtown, requires extensive planning and phased implementation over multiple years. To this end, VDOT has already begun transitioning staff into the space previously occupied by the VCU daycare. ***Thus, re-establishing the daycare operation in the former VDOT location is not feasible as that space is being repurposed and is no longer available.***

Potential Employee Interest

The individual childcare interests and needs of employees working in the Capitol District are unknown. To help measure the potential scope of interest, DHRM assessed state health plan dependent data. Employees working in the Richmond-Metro Area, which includes, but is not limited to the Capitol District, are parents to 2,390 children under the age of five. Statewide, there are 8,621 covered dependents in this age group.

Employer and Parental Trends

Research of major private sector and Federal Government Agency employers reveals that childcare benefits, where offered, typically take three forms --- on-site daycare services (for a fee or reduced cost); up to 15 days of emergency replacement services; or subsidies to help offset the cost of private daycare.

Private Employer On-site Programs

- Daycare centers are designed to meet the most current environmental and learning standards expected by parents.
- Services are outsourced to licensed providers.
- Services are sometimes limited to children under the age of 16 months.

Federal Government

- The US General Services Administration provides guidance and support for federal agencies wishing to establish fee-based work-site child care centers in federally-managed low risk facilities.
- A separate subsidy program is also available to lower income federal employees.

Parental Expectations

- Comparability with top private providers.
- Services for infants – 18 months are in highest demand.
- Toddlers are often moved by their parents to neighborhood daycare centers so that their children have an opportunity to establish relationships with other children with whom they will be attending kindergarten.
- Private centers are generally “in the employee’s neighborhood”, and they tend to be convenient to the family’s home and medical providers.

Conclusions / Recommendation

- Establishing a Childcare Center in state-managed space in the Capitol District is not feasible.
- Reestablishing the daycare operation in the former VDOT location is not feasible.
- Offering any service that is, or is perceived to be an employee benefit, to a limited portion of the population (Capitol District only) could be problematic.

Access to affordable daycare continues to be a concern for state employees and parents everywhere. DHRM publishes resources for working parents, including the [Parents in the Workplace Guide](#). The Guide includes helpful information about different types of childcare

options and early learning centers that are licensed by the Department of Social Services, in addition to benefit programs available to support child care.

The legislature may wish to consider the option of providing an employee daycare subsidy benefit to all state employees, or to lower income employees who are ineligible for the public assistance subsidy. This would help offset the cost of private daycare services, and may be more meaningful to employees.

