Commonwealth of Virginia
October 16, 2023

Report to the Governor and the General Assembly of Virginia

Virginia's Self-Sufficiency Programs and the Availability and Affordability of Child Care

2023

JLARC
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

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JLARC Report 579

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WHAT WE FOUND

Few Virginians in poverty qualify for self-sufficiency programs, and those who do rarely exit poverty or achieve self-sufficiency

Approximately 856,000 Virginia households live either in poverty or below a standard of living that allows them to afford their basic living expenses (i.e., "self-sufficiency"). However, only about 1 percent of these households participate in the programs designed to help Virginians become self-sufficient. In FY22, only 9,900 households participated in the primary program intended to move impoverished Virginians toward self-sufficiency, Virginia Initiative for Education and Work (VIEW), in which most adult TANF recipients are required to participate. The other program, SNAP Employment and Training (SNAP E&T), is offered at only 37 of the state's 120 local departments of social services and served about 1,160 households per month in 2022.

JLARC's analysis of a cohort of approximately 265,000 2018 TANF-VIEW, SNAP, and SNAP E&T participants confirmed results of other national and Virginia-specific analyses that self-sufficiency programs have limited impact on participants' employment and wages. Employment rates for these VIEW and SNAP E&T participants did not increase over time, and while half experienced wage increases by 2022, the median wage for the group remained below the federal poverty threshold. By 2022, very few participants earned wages that would allow them to be self-sufficient (2 percent of TANF-VIEW clients and 7 percent of SNAP E&T clients).

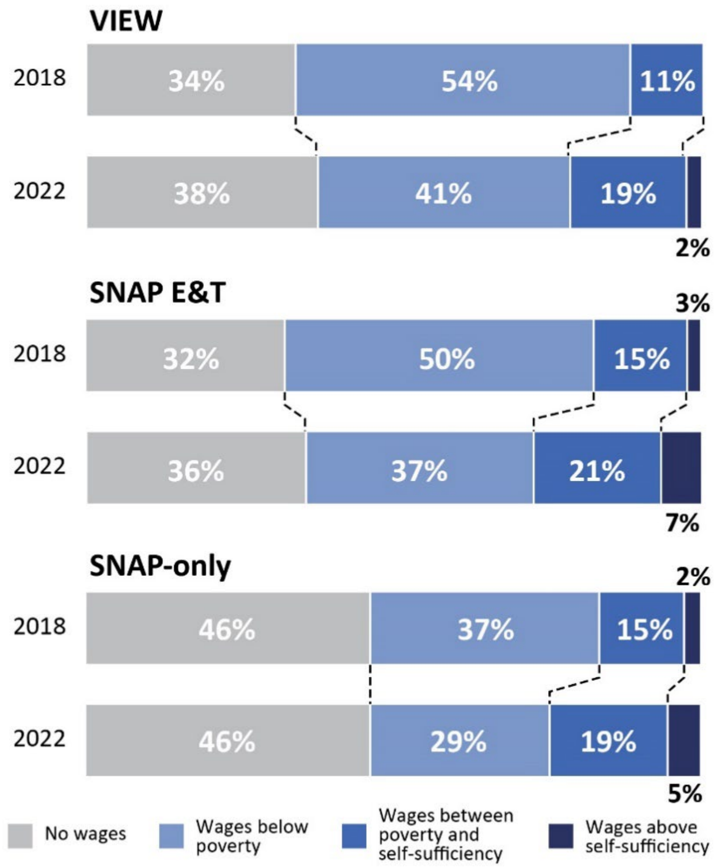
WHY WE DID THIS STUDY

In 2022, the Joint Legislative Audit and Review Commission directed staff to review the effectiveness of Virginia's programs for helping poor Virginians improve their employment and wages and make progress toward self-sufficiency. Staff were also directed to examine the availability and affordability of child care, which is a well-documented barrier to achieving self-sufficiency.

ABOUT VIRGINIA'S SELF-SUFFICIENCY PROGRAMS

This study focuses on Virginia's TANF, SNAP, and Child Care Subsidy Program, as they are the only three programs with requirements designed to improve participants' employment and earnings or that require participants to engage in work activities to receive benefits. TANF and SNAP are administered at the state level by the Virginia Department of Social Services and, locally, by local departments of social services. The Child Care Subsidy Program is administered by the Virginia Department of Education and local departments of social services. In FY23, $3.5 billion in state and federal funds were spent on these three programs.

Few self-sufficiency program clients earned self-sufficient wages by 2022



SOURCE: JLARC analysis of VDSS VaCMS data; VEC quarterly wage data for third quarter 2018 through fourth quarter 2022; 2018-2022 Poverty Guidelines for the 48 Contiguous States and the District of Columbia.
NOTE: Reflects wages for non-disabled eligible adults who were enrolled in programs for any period between 1/1/2018 and 6/30/2022. "SNAP-only" recipients only received the food voucher and should have lower wage increases compared with VIEW and SNAP E&T if the education and training components are effective.

Few TANF and SNAP clients participate in workforce development programs

TANF-VIEW and SNAP E&T recipients would benefit from either employment or training services to improve their employability and earning potential, and they likely would benefit from services and programs offered by the state's workforce development system. However, fewer than 2 percent of TANF and SNAP recipients enrolled in the state's workforce development system each year from 2018 to 2022. While those who did participate experienced increased wages, their outcomes were less positive than those of all other workforce program participants during this period.

Only some local departments of social services ("local departments") have formal agreements with local workforce development boards to coordinate the provision of workforce services between them, even though workforce programs are able to provide more intensive job training services than local departments, and state law requires these agreements. There is widespread lack of understanding among VIEW and SNAP E&T case workers about the services available through workforce development programs, which is perpetuated by infrequent arrangements to locate VIEW, SNAP E&T, and workforce development case workers in each other's offices, even though state-level staff have indicated that such co-location is ideal.

VIEW policies encourage activities that will lead to relatively low-paying, dead-end, unstable jobs

VIEW clients are often assigned and encouraged to participate in low-effort activities that do not help clients gain additional skills and qualifications needed for jobs that may lead to self-sufficient wages. In general, VIEW clients are not encouraged to pursue employment with advancement opportunities. Virginia's VIEW policy dictates that clients who are not already working full time should be assigned job search as their first VIEW activity. Clients assigned to job search are required to make job contacts and must accept an offer of full-time employment that pays at least minimum wage. This policy encourages clients to quickly obtain employment, regardless of the quality or wage potential of the job. While obtaining any full-time job may be an improvement to the clients' immediate economic situation, these jobs generally do not lead to self-sufficiency in the long term. Most of the VIEW clients examined by JLARC staff became employed in industries and jobs with low wages. The majority of these clients did not work full time (40 hours per week), did not work consistently, or did not make at least the minimum wage.

High caseloads, staffing challenges, and inconsistent use of available TANF funding by local departments contribute to poor outcomes

Clients need robust case management to benefit from self-sufficiency programs. Casework, including adequately assessing a client and planning their services and activities, takes time. State law and federal regulations require that clients receive intensive case management throughout their participation in self-sufficiency programs, but local department staff reported being unable to meet this standard because of high caseloads. The median number of VIEW clients per worker was 32 as of August 2023; however, some workers' VIEW caseloads were as large as 169 clients. Many VIEW and SNAP E&T workers reported carrying caseloads for other benefit programs, such as SNAP or Medicaid, increasing the median total number of clients per worker to 77. There are no caseload guidelines or targets.

Virginia's self-sufficiency programs offer supportive services intended to help address clients' barriers to participating in program activities and finding a job. The most common barriers Virginia self-sufficiency clients face are finding child care and transportation. However, many local departments do not fully exhaust their annual funding allocations for VIEW and could spend more of their allocation on supportive services.

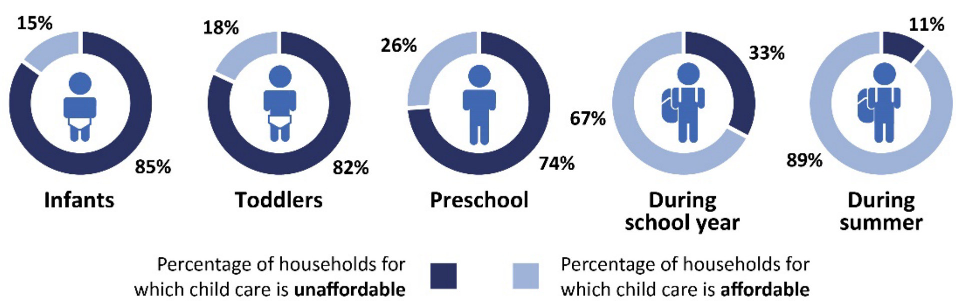
In FY19 (the last year of data not affected by the COVID-19 pandemic), 24 percent of VIEW clients were in localities whose local departments underspent their funding allocations.

Virginia's lack of affordable child care services is a major barrier to self-sufficiency

Research literature indicates that without child care, parents may have to reduce their work hours, take lower-level or lower-paying jobs, or drop out of the labor force altogether. This reduces their household income, which can inhibit their ability to achieve or maintain self-sufficiency.

Full-time formal child care in Virginia costs between $100 and $440 per week, per child, on average. Many child care providers charge fees on top of base tuition rates, which further increase the cost of child care. In all regions of the state, for most types of child care and for both one-adult and two-adult households, child care costs surpass 10 percent of the median income. This exceeds what the federal government has deemed affordable, which is child care costs accounting for 7 percent or less of household income. The costs of infant and toddler care exceed 7 percent of household income for more than 80 percent of Virginia families, and the cost of preschool exceeds 7 percent of household income for 74 percent of Virginia families.

Child care is unaffordable for many Virginia households, most notably those with young children



SOURCE: JLARC analysis of data collected via 2023 child care provider survey and American Community Survey, 5-year data, 2017–2021.
NOTE: "During school year" represents before or after school care. Child care is considered unaffordable if it exceeds 7 percent of a household's income.

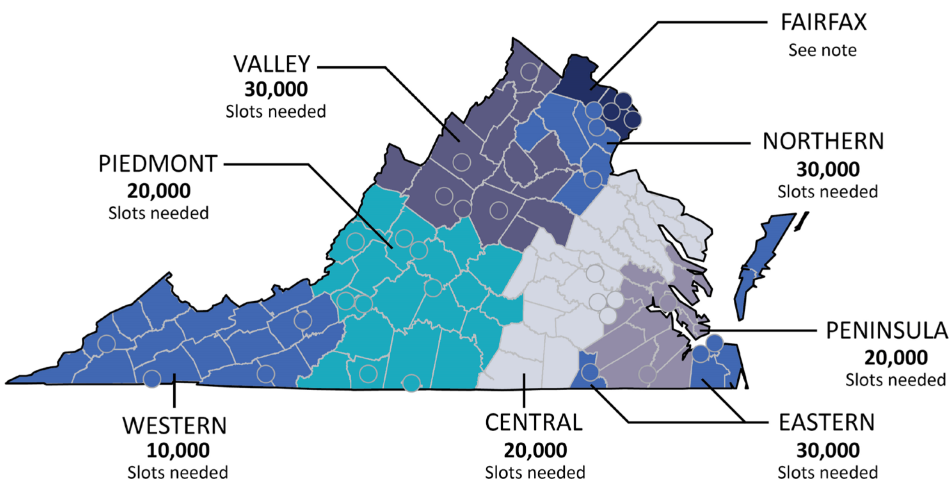
In addition to the high cost of child care, in almost all regions of the state there are not enough child care "slots" to meet demand. Approximately 1.13 million children in Virginia are age 12 and younger and estimated to need child care. About 55 percent (630,000) of these children are school age and only need child care coverage during the parts of the day and year when they are not in school. The remaining 45 percent (500,000) are infants, toddlers, and preschoolers who need full-day, year-round care. Of the Virginia children estimated to need child care, an estimated 990,000 have access to either formal or informal child care. This leaves a statewide shortage of at least

140,000 slots. Child care slots for infants and toddlers are especially needed with a shortage of at least 33,000 slots in the state. Most regions of the state need 3,000 or more infant-toddler slots to meet demand.

The estimate of 140,000 needed slots likely underestimates demand, because it does not take into account operational constraints that reduce the number of actual slots available. Furthermore, many of these slots would likely need to be offered at a reduced rate to be affordable for families with modest incomes.

State regulations can influence the cost and availability of child care, especially through staffing ratios. However, Virginia's child care regulations, including the staffing requirements, generally align with other states and best practices. Most providers reported that, in their opinion, the regulations are appropriate for maintaining children's health and safety and that the required staffing ratios create manageable working conditions.

Most regions have unmet demand for child care and need more slots



SOURCE: JLARC analysis of VDOE child care licensing data (2023); JLARC child care provider survey data (2023); American Community Survey, 5-year data, (2017–2021); and Household Pulse Survey data (2023).
NOTE: Does not account for families that use child care in a different region from where they live or families from border states that use child care in Virginia. Estimates indicate there is not unmet demand in the Fairfax region, but these estimates do not account for the cost of available slots or use of child care in Fairfax by families outside of Virginia.

Child care subsidy improves affordability, but expansions are set to expire and encouraging provider participation is challenging

Virginia's Child Care Subsidy Program is intended to help parents afford child care, enabling them to work, look for employment, or participate in an education or training program. The program uses federal and state funds to reimburse providers for the care they provide to children from low-income families, including TANF and SNAP E&T participants. On average, families participating in the subsidy program spend $860 a year, or 2 percent of their income, on child care—significantly less than the cost of child care for private-paying families and far below the federal government's affordability threshold of 7 percent.

The 2022 Appropriation Act authorized the Virginia Department of Education (VDOE) to fund expansions to the Child Care Subsidy Program using federal COVID-19 relief funding, which is set to expire in FY24. Fifty percent more children received subsidized child care at the end of FY23 than in FY22, and families' copayments were reduced, further improving their ability to afford child care.

Even with expansion of the program, there are not enough subsidy slots to meet demand, and it can be very challenging—sometimes impossible—for eligible families to find a vendor who either accepts the child care subsidy or has available subsidy slots. Fewer than half (42 percent) of the state's licensed child care providers are subsidy vendors, and an even smaller (but unknown) proportion of the state's child care slots can be used by subsidy clients.

One factor that is exacerbating the shortage of subsidy slots is that individuals who are searching for a job are eligible for the child care subsidy, and the program allows these individuals to take up a subsidy slot indefinitely. Some local department staff believe the absence of a time limit has resulted in some parents saying they are looking for work but not doing so in earnest (or at all), which reduces slots available for parents working or participating in a training or education program.

Child care providers choose not to be subsidy vendors for several reasons, but the most common is that they have sufficient enrollment from private-paying families. Other common reasons for not participating in the subsidy program include feeling that the reimbursement process or the additional administrative responsibilities are too burdensome or time consuming. Specifically, the current provider reimbursement process is unnecessarily burdensome. Reimbursement is based on attendance and requires providers to use a cumbersome and unreliable system to collect attendance information.

Unless intervening action is taken, program parameters and funding will return to pre-pandemic levels at the start of FY25, reducing the number of families that receive subsidized child care and reducing its affordability. The Commission on Early Childhood Care and Education is considering how the subsidy program has been affected by recent changes and funding and should be making recommendations for financing the child care subsidy program beyond FY24.

State has limited options beyond the subsidy program to improve child care access

Maintaining recent expansions to the Child Care Subsidy Program is the state's best opportunity to improve access for families that are most likely to *not* work because of child care. Still, families with higher incomes cannot qualify for subsidized care, and the lack of child care slots and their costs impact these families too. Virginia has already implemented nearly all of the approaches most commonly used in other states to improve the availability and affordability of child care. These include: initiatives to incentivize staff and providers to enter and stay in the child care market; training and professional development for child care staff; scholarships for prospective and existing child care staff; retention bonuses; and tax incentives.

The state could consider implementing some other initiatives, such as providing grants or seed funding to open new child care programs and creating a substitute teacher pool. Other states have used these initiatives to improve child care access. Still, child care largely operates in the private market, which limits the state's ability to significantly influence the inventory or cost of child care.

WHAT WE RECOMMEND

Legislative action

- Require each local department of social services to develop a formal agreement with the local workforce development board in its region concerning coordinated provision of workforce development services to VIEW and SNAP E&T clients.
- Dedicate a portion of federal Workforce Innovation and Opportunity Act funds to facilitate the co-location of Virginia Career Works center staff at local departments of social services on a part-time basis.
- Establish and fund a pilot program for testing an alternative assessment and planning process for a subset of VIEW clients that uses an interdisciplinary team of program and service providers, similar to Family Assessment and Planning Teams for the Children's Services Act.
- Establish and fund a pilot program to test the impact of financial incentives for self-sufficiency program clients who participate in education and training programs.
- Direct VDSS to pursue participation in an outcome-based performance measures pilot program authorized under the federal Fiscal Responsibility Act of 2023, which could allow Virginia to refocus VIEW on clients' potential long-term employability and earning potential rather than quick job attachment.
- Require VDOE to issue payments to Child Care Subsidy Program providers based on enrollment, rather than attendance, to reduce providers' administrative burden.
- Limit to 90 days per job loss occurrence the amount of time families can receive assistance through the Child Care Subsidy Program while they are searching for work on a full-time basis to ensure that the limited slots are as available as possible to already-employed parents.

Executive action

- Virginia Board of Workforce Development rewrite policy to comply with Code of Virginia requirement that each local workforce development board enter into formal agreements with each local department of social services regarding the delivery of workforce services for TANF and SNAP clients.
- Secretary of labor, secretary of health and human resources, and leadership of the Virginia Department of Workforce Development and Advancement (VDWDA) and VDSS evaluate whether administering all or some aspects of VIEW and SNAP E&T through VDWDA and the Virginia Career Works centers would be beneficial.
- VDSS develop modern caseload targets for benefits programs.
- VDSS revise TANF-VIEW and SNAP E&T policies to encourage local departments to use program funds to help clients pay for child care costs that cannot be funded through the state's Child Care Subsidy Program.
- VDSS monitor local departments' expenditures of TANF funding allocations and work to ensure that local departments fully spend available VIEW allocations on workforce and supportive services for VIEW clients.
- VDOE and VDSS develop and implement a process to reimburse Child Care Subsidy Program providers based on enrollment rather than attendance by January 1, 2024.

Recommendations and Policy Options: Virginia's Self-Sufficiency Programs and the Availability and Affordability of Child Care

JLARC staff typically make recommendations to address findings during reviews. Staff also sometimes propose policy options rather than recommendations. The three most common reasons staff propose policy options rather than recommendations are: (1) the action proposed is a policy judgment best made by the General Assembly or other elected officials, (2) the evidence indicates that addressing a report finding is not necessarily required, but doing so could be beneficial, or (3) there are multiple ways in which a report finding could be addressed and there is insufficient evidence of a single best way to address the finding.

Recommendations

RECOMMENDATION 1

The Virginia Board of Workforce Development should rewrite policy number 300-02 to comply with the requirements of §2.2-2472 of the Code of Virginia that each local workforce development board shall develop and enter into a memorandum of understanding with each local department of social services for the coordination of services. (Chapter 3)

RECOMMENDATION 2

The General Assembly may wish to consider amending §63.2-610 of the Code of Virginia to require that each local department of social services develop and enter into a memorandum of understanding with its local workforce development board concerning how the entities will coordinate to deliver workforce development activities to Virginia Initiative for Education and Work and SNAP Education and Training clients. (Chapter 3)

RECOMMENDATION 3

The secretary of labor and the secretary of health and human resources should coordinate to develop for all Virginia career works centers (VCWs) and local departments of social services (i) a region-specific inventory of workforce development resources; (ii) guidelines for local department and VCW staff to improve the extent to which TANF and SNAP clients are connected with Virginia's workforce development resources; (iii) a guide to eligibility and participation requirements for TANF, SNAP, and workforce development programs; (iv) guidance on how participating in the state's workforce development programs can fulfill TANF and SNAP program requirements; and (v) best practices to foster integrated service delivery between local departments of social services and VCWs for TANF and SNAP clients. (Chapter 3)

RECOMMENDATION 4

The General Assembly may wish to consider including language in the Appropriation Act to dedicate a portion of the federal Workforce Innovation and Opportunity Act funding reserved by the governor for statewide workforce development initiatives to facilitate the co-location of Virginia Career Works staff at local departments of social services on a part-time basis. (Chapter 3)

RECOMMENDATION 5

The secretary of labor, secretary of health and human resources, and leadership at the Virginia Department of Workforce Development and Advancement (VDWDA) and Virginia Department of Social Services should evaluate whether administering all or some aspects of the Virginia Initiative for Education and Work and SNAP Employment and Training programs through the VDWDA and the Virginia Career Works centers would be beneficial and report the findings as well as any recommendations to the Virginia Board of Workforce Development, House Committee on Commerce and Energy, and Senate Committee on Commerce and Energy by October 1, 2024. (Chapter 3)

RECOMMENDATION 6

The Virginia Department of Social Services (VDSS) should contract with a third-party expert to (i) determine the information needed to be collected from local departments of social services ("local departments") to establish modern caseload targets for local social services benefit programs; (ii) collect this information in an accurate and timely manner; (iii) establish caseload targets; (iv) and develop a tool and procedures for local departments and VDSS to monitor workloads on an ongoing basis and update caseload targets as needed. (Chapter 4)

RECOMMENDATION 7

The Virginia Department of Social Services should evaluate, on at least a quarterly basis, local departments of social services' ("local departments") spending of their Virginia Initiative for Education and Work (VIEW) services funding to (i) determine the extent to which funds are being spent on client workforce and supportive services, (ii) identify the reasons local departments are not fully spending funds allocated for client services, and (iii) help local departments identify opportunities to fully spend funds on services that would help VIEW participants improve their employability and earnings potential. (Chapter 4)

RECOMMENDATION 8

The Virginia Department of Social Services (VDSS) should revise Virginia Initiative for Education and Work (VIEW) program policy to encourage local departments of social services to use available VIEW supportive services funds to pay for clients' child care costs when they cannot be covered by the Child Care Subsidy Program, and VDSS should proactively inform all local departments of social services and their local boards of this change. (Chapter 4)

RECOMMENDATION 9

The General Assembly may wish to consider including language in the Appropriation Act to direct the secretary of health and human resources and the secretary of labor to design and implement a pilot program for testing an alternative assessment and planning process for Virginia Initiative for Education and Work (VIEW) clients that uses an interdisciplinary team of program and service providers to develop long-term service plans for clients that encourage progress toward self-sufficiency during and after the clients' participation in VIEW. (Chapter 5)

RECOMMENDATION 10

The General Assembly may wish to consider including language in the Appropriation Act to direct the Virginia Department of Social Services to establish a pilot program to assess whether the use of financial incentives would positively impact clients' participation in education and training programs. (Chapter 5)

RECOMMENDATION 11

The Virginia Department of Social Services should monitor data from each local department of social services on (i) VIEW clients' work participation rate and (ii) departments' sanctions for non-compliance with work participation requirements on at least a quarterly basis and report the results of this monitoring to the Senate Rehabilitation and Social Services and House Health, Welfare and Institutions committees annually. (Chapter 5)

RECOMMENDATION 12

The Virginia Department of Social Services (VDSS) should regularly monitor intermediate progress and outcome measures for the clients of the Virginia Initiative for Education and Work program. VDSS should monitor these measures for each local department of social services, and the results of this monitoring should be reported annually to each local board of social services, and to the Senate Rehabilitation and Social Services and House Health, Welfare and Institutions committees, beginning October 1, 2024. (Chapter 5)

RECOMMENDATION 13

The General Assembly may wish to consider including language in the Appropriation Act directing the Virginia Department of Social Services to pursue participation in the outcome-based performance measure pilot program authorized under the Fiscal Responsibility Act of 2023 and to provide quarterly updates to the Virginia Board of Social Services regarding the process for applying for and implementing a pilot program through this federal opportunity. (Chapter 5)

RECOMMENDATION 14

The Virginia Department of Education should review and improve the Virginia Preservice Training for Child Care Staff course to ensure the material is relevant, useful, and applicable to all staff at child care centers and that staff are only required to take training that pertains to their roles and responsibilities. (Chapter 6)

RECOMMENDATION 15

The General Assembly may wish to consider including language in the Appropriation Act that requires the Virginia Department of Education (VDOE) to issue payments to Child Care Subsidy Program vendors based on authorized enrollment, subject to the attendance threshold established by VDOE, on an ongoing basis. (Chapter 7)

RECOMMENDATION 16

The Virginia Department of Education (VDOE) and Virginia Department of Social Services should develop and implement a process to reimburse subsidy vendors based on children's enrollment rather than attendance as soon as possible, but no later than January 1, 2024. Once this process is in place, and until a new automated attendance tracking system is operational, VDOE should discontinue tracking children's attendance through the current "swipe" system and instead collect attendance data from vendors. (Chapter 7)

RECOMMENDATION 17

The General Assembly may wish to consider including language in the Appropriation Act that limits the amount of time families are eligible for the Child Care Subsidy Program while the parents or guardians search for work on a full-time basis to 90 days per job loss occurrence. (Chapter 7)

Policy Options to Consider

POLICY OPTION 1

The General Assembly could amend § 63.2 of the Code of Virginia to require each local department of social services to offer SNAP Employment and Training. (Chapter 5)

1 Virginia's Self-Sufficiency Programs

In 2022, the Joint Legislative Audit and Review Commission (JLARC) approved a staff study of the effectiveness of self-sufficiency programs and availability and affordability of child care. (See Appendix A for the study resolution.) The study resolution required this review to:

- determine how effective relevant federal and state financial assistance programs are at helping participants achieve self-sufficiency;
- identify barriers program participants face to achieving self-sufficiency;
- evaluate the supply of and demand for child care services, including availability, proximity, and affordability;
- identify barriers child care providers and families face in providing and receiving child care; and
- evaluate the effectiveness and impact of state regulations on the quality and availability of child care.

JLARC has previously conducted work in both of these areas. In 2005, the agency studied whether Virginia's social services system had succeeded in enabling its clients to increase their income and achieve self-sufficiency. Additionally, in 1999 and 2000, JLARC studied the implementation of the new welfare reform initiative (that later came to be known as the Virginia Initiative for Education and Work, VIEW) and the outcomes of participants. More recently, JLARC reviewed state-supported early childhood development programs in 2017, which included reviewing publicly funded early childhood care and education programs and the state's Child Care Subsidy Program.

To complete this study, JLARC staff conducted structured interviews with state and local agencies responsible for administering self-sufficiency and child care programs, reviewed existing literature on the effectiveness of self-sufficiency programs, surveyed child care providers, analyzed survey data and Census data, and analyzed program participation and outcomes data for a cohort of self-sufficiency program clients over time. (See Appendix B for more information on methods used for this study.)

Federal programs provide financial assistance to qualifying low-income individuals and families

The federal government funds several programs that provide financial assistance to low-income families. These programs are administered, and in some cases partially funded by, state and local governments, and include:

- Temporary Assistance for Needy Families (TANF);

- Supplemental Nutrition Assistance Program (SNAP);
- Child Care Subsidy Program;
- Medicaid and the Family Access to Medical Insurance Security Plan (FAMIS);
- Special Supplemental Nutrition Program for Women, Infants, and Children (WIC);
- Energy Assistance Program (EAP); and
- Housing Choice Vouchers (HCVs) and public housing, among others.

Assistance programs can provide a significant benefit to families that qualify. For a hypothetical family of two in Richmond that consists of one adult and one child, the total value of assistance on a monthly basis could total approximately $1,900 or nearly $23,000 annually (Figure 1-1). These benefits could potentially place this family's benefit income just above the federal poverty line ($19,720).

FIGURE 1-1
Sample monthly cash values of common assistance programs for a family of two (one adult, one child) in Richmond

SOURCE: VDSS Annual Statistical Report, 2019. U.S. HCV Data Dashboard, average per unit cost, Virginia, 2023.
NOTE: 2019 average benefit amounts for TANF, SNAP, and energy assistance were used and inflation adjusted to 2023. These figures were used because of pandemic-era changes made to benefits amounts and rules that could have impacted average amounts per client in more recent years. Assumes the client would pay 30 percent of rent and housing choice voucher would cover 70 percent of the housing costs.

Only three assistance programs are state administered and include self-sufficiency components: (1) TANF, (2) SNAP, and (3) the Child Care Subsidy Program. Therefore, this study focuses on these three programs. TANF has the strongest relationship to self-sufficiency; it is the only program for which federal and state law establish a goal of helping clients progress toward self-sufficiency. Additionally, adult recipients must comply with work activity requirements to remain eligible for TANF. Neither SNAP nor the Child Care Subsidy Program establish self-sufficiency as an explicit goal. The goal of SNAP is to reduce hunger and increase food security for low-income households. The goal of the Child Care Subsidy Program is to increase access to high quality, affordable child care options for eligible families. Still, for these two programs, eligibility is tied to compliance with work requirements. SNAP also provides optional services and supports for clients to improve their employability and earning potential. Other assistance programs, such as Medicaid, WIC, or the EAP, do not have work requirements to maintain eligibility, and they do not offer supportive services to help their clients pursue self-sufficiency.

TANF provides monthly cash payments to participants and is intended to help its participants become self-sufficient

TANF provides temporary, monthly cash payments and employment-related services to needy adults with children to help them meet their basic needs, reduce their dependence on government benefits, and become self-sufficient. Individuals who qualify for TANF based on income receive cash assistance each month for up to 60 months in their lifetime. The amount of cash assistance varies by household income, composition, and locality; in FY22, the average monthly cash benefit in Virginia was $424.

Most TANF recipients must participate in the Virginia Initiative for Education and Work (VIEW) program, which offers employment-related activities, education, training, and other support services to help individuals increase their earned income and make progress toward self-sufficiency. TANF recipients are exempt from VIEW if they are age 17 or younger, age 60 or older, incapacitated, have a temporary medical condition, or care for a child 12 months or younger or a disabled family member. Virginia requires VIEW clients to participate in certain work activities (e.g., job search, unsubsidized employment, subsidized employment, approved educational or training program) for 30 to 35 hours per week, and VIEW funds supportive services for clients to help them overcome barriers to work, education, or training (sidebar). Social services workers assign work activities to VIEW participants and sanction clients for noncompliance with these activities. (Sanctioned clients can lose their cash benefit for the month or longer and eventually be removed from the program.) Additionally, Virginia limits VIEW clients to two consecutive years of participation every four years—Virginia's time limit combined with the federal lifetime limit on TANF means that an individual may only participate in TANF for up to five total years spread out over nine years.

Virginia, like many other states, spends a portion of its TANF funds on block grants to nonprofits and other organizations that provide a variety of different services and supports to qualifying Virginians (referred to as "expanded TANF"). Federal law allows states to spend funds in this way as long as the organizations that receive the funding advance one of the four goals of the federal TANF program (sidebar). Virginia's expanded TANF spending supports activities like home visiting (for new low-income mothers with infants), family crisis support, youth mentoring, employment and training, high school dropout prevention, homelessness assistance, and child nutrition.

SNAP provides food vouchers to participants and is intended to reduce hunger

SNAP, formerly known as food stamps, is designed to reduce hunger and improve food security by providing eligible individuals with funds for food purchases. SNAP

Supportive services are intended to remove barriers to TANF participation and to stabilize employment for TANF clients. Local departments of social services may directly provide or pay for these services, which can include child care, transportation, or work-related expenses.

Subsidized employment uses TANF funds to subsidize the wages paid by an employer to TANF clients who otherwise struggle to maintain employment.

Diversionary assistance cash benefits are intended to prevent potential TANF clients from becoming ongoing clients through immediate, short-term aid to help resolve a one-time emergency or crisis. Benefits can be used for needs such as food, shelter, medical expenses, childcare, or transportation.

Federal law requires that states spend TANF funds on services to address one or more of the program's purposes: (i) provide assistance to needy families so that children can be cared for in their own homes; (ii) end dependence of needy parents on government benefits by promoting job preparation, work, and marriage; (iii) prevent and reduce incidence of out-of-wedlock pregnancies; and, (iv) encourage formation and maintenance of two-parent families.

benefits function like cash, allowing clients to buy eligible food items from authorized retailers. Individuals qualify for SNAP based on income and can generally receive benefits indefinitely, with the exception of "able bodied adults without dependents" (ABAWDs), who are limited to three months of benefits unless they meet certain work requirements. SNAP benefit amounts are based on household size, monthly household income, and expenses. The maximum monthly benefit ranges from $281 per month for a one-person household to $939 per month and upwards for households with four or more people.

Exemptions from the SNAP work registration requirements include:

- already working 30 hours per week;
- participating in another program with work requirements (e.g., TANF);
- caring for a child under age six;
- caring for an incapacitated person;
- having a physical or mental condition that impairs the person's ability to work; or
- participating in an alcohol or drug treatment program.

Most individuals are required to comply with "work registration" requirements to receive SNAP benefits. Clients between 16 and 59 years old are expected to register for work (i.e., registering for an account with Virginia Workforce Connection, which is an online job search site listing statewide job opportunities), take a suitable job if offered, and not voluntarily quit a job or reduce their hours below 30 hours per week. Clients can also fulfill the work registration requirement by being enrolled in school or a training program. Clients can be exempted from this requirement for many reasons (sidebar). ABAWDs who are 18 to 49 years old are subject to additional work requirements to receive SNAP benefits for longer than three months in a three-year period. These individuals must either work at least 80 hours per month, participate in a work program for 80 hours a month, or participate in a combination of work and work programs for at least 80 hours per month.

SNAP E&T is offered by 37 out of 120 local departments of social services. In 2022, there were approximately 1,160 monthly SNAP E&T cases (less than 1 percent of all SNAP cases).

The SNAP Employment and Training program (SNAP E&T) provides training, education, and work experience opportunities to SNAP clients to help them gain employment and decrease dependence on government benefits. SNAP E&T is a voluntary program—local departments of social services may choose whether to offer SNAP E&T, and clients may choose whether to participate in the program if their local department offers it (sidebar). SNAP E&T operates similarly to VIEW, assigning clients to work and training activities intended to improve their employability and earning potential while also providing them with supportive services to overcome barriers that may prevent them from working. If SNAP E&T clients do not participate in the work activities assigned by the SNAP E&T program, they can be removed from the SNAP E&T program and lose their supportive services, but they do not lose their SNAP benefit. Additionally, clients who are enrolled in VIEW are not eligible to be enrolled in SNAP E&T at the same time, so no clients are concurrently enrolled in VIEW and SNAP E&T.

Child Care Subsidy Program is intended to allow participants' parents to work and to prepare children for school

The Child Care Subsidy Program helps eligible families by funding a portion of their child care costs. Individuals qualify for the program based on income. To be eligible for subsidized care, the parents must be working, looking for work, or participating in education or job training; have children under age 13; and meet certain income requirements (sidebar). Once eligible, families enroll their children in a child care provider that participates in the state's Child Care Subsidy Program, and the state reimburses the provider. The state's reimbursement rates vary by type of child care provider, age of the child, and locality, and range from $135 to $490 per week. Eligible families can receive the subsidy as long as they need child care.

Families with children under age six can qualify for subsidized care with a **higher income** than families without a child under age 6.

Financial assistance decreases as a family's income increases

Financial assistance programs have different eligibility criteria, which means that two different low-income households may receive different benefits depending on their income and composition (i.e., number of children) (Table 1-1). The three primary assistance programs—TANF, SNAP, and the child care subsidy—all have income-related criteria, but criteria differ by program. All TANF recipients would be financially eligible for SNAP and the child care subsidy, but some SNAP recipients and child care subsidy recipients would not be eligible for TANF, because TANF has the lowest income threshold. Non-financial eligibility criteria also vary—for example, SNAP recipients do not have to have children, but adult TANF recipients do.

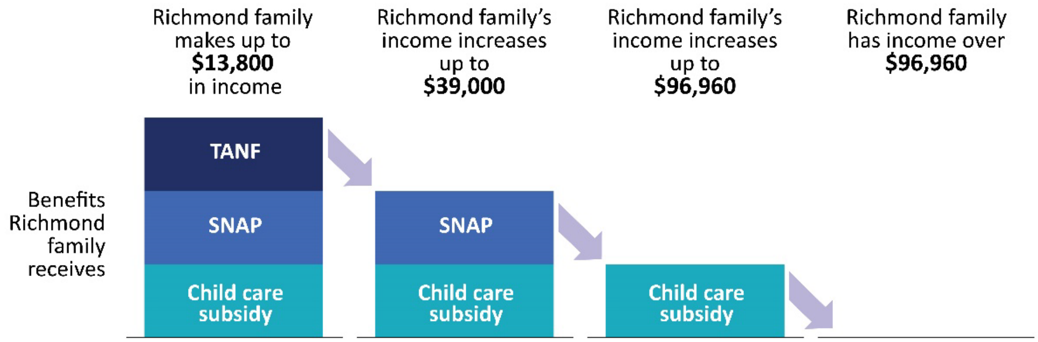
TABLE 1-1
General eligibility requirements for financial assistance programs

	TANF	SNAP	Child care subsidy
Family requirement	Household with a child under 18 years old.	Any household.	Household with a child under 13 years old.
Work requirement	Adults must participate in VIEW, unless exempt.	Adults must register for work. Households without children generally required to work.	Adults must be working, job searching, or participating in an education or training program.
Financial eligibility requirements	Gross income must be less than 43% to 60% FPL.[a, b]	Gross income must be less than 130% FPL.[a, b]	If a child in the household is under 6 years old, gross income must be less than approximately 325% FPL **OR** If all children are 6 years old or over, gross income must be between 150% and 250% FPL, depending on locality. [c]

SOURCE: JLARC synthesis of TANF, SNAP, and Child Care Subsidy Program manuals.
NOTE: "FPL" = federal poverty level. Table does not reflect all non-financial eligibility requirements, such as residency or citizenship status. [a] Income criteria vary based on household size and locality of recipient. [b] Households subject to additional income test that considers income disregards. [c] Localities are divided into four groups based on cost of living.

Overall, as a family's income increases, the amount of benefits they receive decreases. As their income increases, families first lose TANF and SNAP benefits, which have lower income eligibility thresholds, and then lose access to the child care subsidy (Figure 1-2).

FIGURE 1-2
Financial assistance decreases as a hypothetical Richmond family of four's income increases



SOURCE: JLARC summary analysis.
NOTE: Represents household participating in VIEW. Gross monthly income based on 2023 poverty guidelines.

Enrollment in assistance programs was generally decreasing in the decade before the pandemic

Program participation had generally decreased in years before the pandemic, but the pandemic and recent programmatic changes (including some that were pandemic related) reversed this trend. Prior to the pandemic, enrollment in TANF, SNAP, and the Child Care Subsidy Program was decreasing (Figure 1-3). SNAP and child care subsidy enrollment decreased about 15 percent from FY16 to FY19. TANF enrollment decreased 26 percent over the same time period. However, enrollment increased across all three programs during the pandemic, most notably from FY21 to FY22.

TANF participation has declined since the mid-1990s

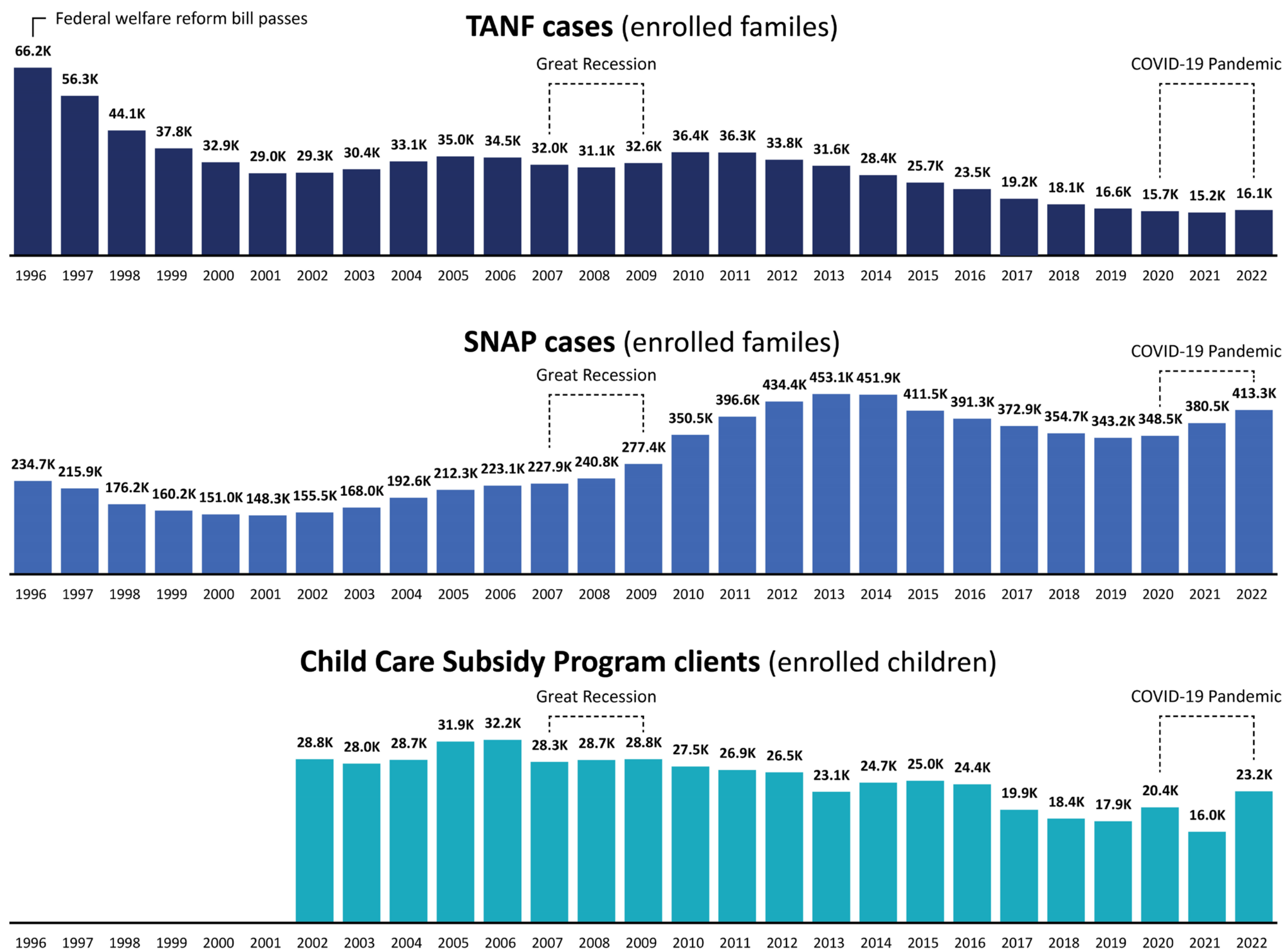
On average, 16,100 Virginia families (36,500 individuals) received TANF benefits in FY22. In general, participation in Virginia's TANF program has decreased substantially since the mid-1990s, when total monthly cases exceeded 60,000. In 1995, for every 100 Virginia families living below the federal poverty limit, 73 were receiving TANF assistance. By 2020, 18 families in Virginia received assistance for every 100 in poverty. This long-term trend is primarily due to the implementation of work requirements and time limits for TANF participants in the late 1990s, as well as a lack of updates to TANF eligibility criteria and cash assistance amounts.

Almost half of Virginia's TANF cases are "child-only" cases, which means the only person eligible for a benefit is under age 18. This can happen when a child lives with relatives instead of their parents or if their parent is not eligible for TANF for non-financial reasons (e.g., parent receives supplemental security income [SSI] payments; parent has a drug conviction). TANF child-only cases are exempt from VIEW, so only about half of all TANF cases include VIEW participants.

Beginning in 2016, the General Assembly began directing regular increases to the TANF assistance amounts, and these increases, in conjunction with a relaxation of the work requirement during the pandemic, have resulted in a slight increase in total TANF participation in recent fiscal years (sidebar). However, TANF participation remains substantially lower than in past decades.

Before 2016, Virginia's eligibility criteria were raised only once since 1985, resulting in the eligibility threshold for TANF assistance effectively decreasing substantially over this period because of inflation and rising costs of living.

FIGURE 1-3
Trends in assistance program enrollment over time



SOURCE: VDSS enrollment data.
NOTE: VDSS does not report enrollment in the Child Care Subsidy Program earlier than 2002.

SNAP participation was declining before the pandemic, but has grown since then

SNAP participation is significantly larger than other state financial assistance programs. In FY22, more than 818,000 individuals—or nearly 10 percent of the state's population as well as 10 percent of households—received SNAP benefits.

SNAP participation was decreasing before the pandemic (2014 through 2019) but has increased since FY20. Virginia SNAP participation reached a low in 2019 but has since increased 20 percent, or by 70,000 households (2022).

Few SNAP clients participate in SNAP E&T—in 2022, 1,160 SNAP households participated in SNAP E&T on an average monthly basis (less than 1 percent of all SNAP cases).

Child Care Subsidy Program participation has increased since FY22

Participation in the state's Child Care Subsidy Program increased significantly in FY22 because of changes to the program's eligibility criteria. Before FY22, participation was fairly stable; on average, 20,100 children received subsidized child care annually from FY16 and FY20. Participation decreased slightly from FY20 to FY21, but then increased nearly 40 percent in FY22. Among other changes, at the beginning of FY22, families with children under age six became eligible for the Child Care Subsidy Program if their income is below 85 percent of the state median income (roughly equivalent to 350 to 370 percent of the federal poverty level [FPL], with variance based on family size). This was an increase from the prior eligibility thresholds, which ranged by locality from 150 to 250 percent FPL (and remain the eligibility thresholds for families with older children).

Assistance programs are state supervised and locally administered

Virginia's social services system is state supervised and locally administered. State agencies, specifically the Virginia Department of Social Services (VDSS) and Virginia Department of Education (VDOE), provide guidance, oversight, and funding (federal and state combined). Local departments of social services administer the programs on a day-to-day basis.

Self-sufficiency workers may perform the functions of both eligibility and employment service workers, as well as case management, at local departments that combine these functions for clients participating in VIEW or SNAP E&T.

Virginia's 120 local departments of social services ("local departments"), under the supervision of local boards of social services, are responsible for administering assistance programs. This includes making eligibility determinations, providing direct services, and managing cases. Most day-to-day work is carried out by eligibility workers, employment services workers, or self-sufficiency workers (sidebar). VDSS distributes federal and state funding to local departments for their administrative and programmatic expenses related to the assistance programs. Most Virginians live near a local department that administers these programs because nearly all localities have a local department.

In 2020, responsibility for state supervision of the Child Care Subsidy Program transferred from VDSS to VDOE. Since this transfer, the Virginia Board of Education promulgates regulations related to the Child Care Subsidy Program that local departments must follow. The state board is also tasked with establishing a statewide unified public-private system for early childhood care and education, establishing a uniform measurement and improvement system for publicly funded providers, licensing child care programs, and publishing regulations related to child care program licensure. VDOE carries out these responsibilities, on behalf of the board.

Assistance programs are mostly funded through federal funds, and most spending is on direct assistance

In FY23, expenditures for TANF, SNAP, and the child care subsidy totaled approximately $3.5 billion, 83 percent of which was federal funds. Most federal funds were spent on the SNAP program (sidebar).

The federal government pays 100 percent of SNAP benefits, approximately $2.4B in FY23. The federal government pays for these expenses directly. Therefore, these funds do not flow through the state treasury or VDSS but are reflected in figures in this chapter.

Most of the spending (83 percent) for these three programs in FY23 was on direct benefits and services delivered to clients. Approximately 13 percent of spending was for local administration, primarily salaries for local department of social services staff. The remaining portion was spent on state-level program administration and grants to organizations.

TANF is funded by a federal block grant, and spending has declined in the past decade

In FY23, $319.3 million was spent on the TANF program in Virginia, 53 percent of which, $171.2 million, was federal funds (Figure 1-4). The remaining TANF spending was funded through state general funds (27 percent, $85.9 million), local government funds (17 percent, $53.6 million), and other funds (3 percent, $8.6 million).

Since 1996, the federal government has funded the TANF program through a block grant. Virginia's TANF federal block grant was set at $158 million in 1996 and has not changed in the 27 years since. To receive the full federal TANF block grant amount, Virginia must spend a certain amount, which equates to at least 75 percent of the state TANF funds spent in 1994, assisting needy families on programs related to the purpose of the TANF program (the "maintenance of effort" (MOE) requirement [sidebar]). This equates to a required $136 million annual state expenditure on TANF, and in 2023, Virginia spent $148 million through state, local and other funds, which exceeded the MOE spending requirement. Unspent federal block grant funds can be carried over from year-to-year, which has enabled Virginia to spend $171 million in federal funds (more than the annual federal TANF allotment) in FY23. As of January

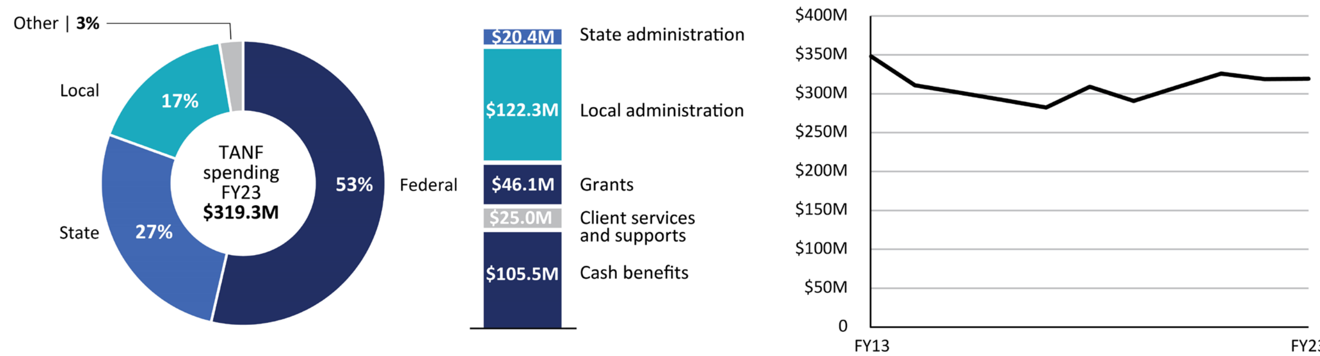
State spending to meet the **TANF MOE requirement** includes funds spent by local governments, as well as state general fund, and other funds.

The **percentage of TANF funds spent on state and local administration has increased over time** because of the block grant nature of federal TANF funding. While salary and technology costs associated with the program have increased with inflation, the block grant amount remains the same. As a result, administration accounts for a larger portion of spending each year.

2023, VDSS projected that Virginia would accumulate $46 million in unspent carry-over TANF funds by the end of FY23, and VDSS projects that Virginia will have exhausted carry-over TANF funds by the end of FY25, which will mean that Virginia will not be able to spend more than the annual federal TANF allotment in the future.

In FY23, the largest portion of TANF spending, 55 percent, supported benefits for individuals and families (e.g., cash benefits, client services and supports, and grants). Of that amount spent on individuals and families, 60 percent was spent on TANF cash benefits to clients, 14 percent was spent on services and supports for TANF clients, and 26 percent was spent on grants to organizations operating programs that align with the purposes of TANF ("expanded TANF"). The remaining 45 percent of TANF spending supported state and local administration of the program (sidebar).

FIGURE 1-4
TANF funding sources, expenditures, and spending over time



SOURCE: JLARC analysis of TANF expenditure data from VDSS.
NOTE: May not sum because of rounding. Spending is inflation-adjusted to 2023. In FY22, TANF spent approximately $19,200 per client (adjusted for inflation)—this represents total dollars spent divided by total clients served in the year; it does not represent the average benefit received per client.

Overall, TANF spending has declined 8 percent over the past decade, when adjusted for inflation. The decline is primarily because the federal government did not increase the block grant amounts awarded to states in response to inflation. However, in 2016, the General Assembly increased the income level at which families become eligible for TANF and also increased the monthly cash benefit amount TANF clients receive, and these changes have resulted in some increased spending in the program in recent years.

While the total spending declined over the past decade, spending also shifted away from direct client benefits and services to grants. Between 2013 and 2023, grant spending increased 13-fold, from $3.6 million in 2013 to $46.1 million in 2023 (adjusting for inflation). In the same period, spending on cash benefits declined by 23 percent, spending on direct services for clients declined by 43 percent, and spending on local administration declined by 18 percent (adjusting for inflation). By 2023, spending on direct cash benefits and services for TANF clients accounted for 41 percent of TANF spending, compared with 67 percent of TANF spending in 2013. Grants spending grew from accounting for 1 percent of TANF spending in 2013 to 14 percent of TANF spending in 2023.

VIEW spending is a portion of the total TANF spending. In FY23, approximately $17 million (5 percent) of the total TANF spending was dedicated specifically to the VIEW program for services to help clients overcome their barriers to employment. The VIEW program has some other costs, specifically for the salaries of local workers who work with VIEW clients, but those costs cannot be separated out from the total worker salary costs for the TANF program.

SNAP is primarily funded through federal funds, and spending has increased since FY13

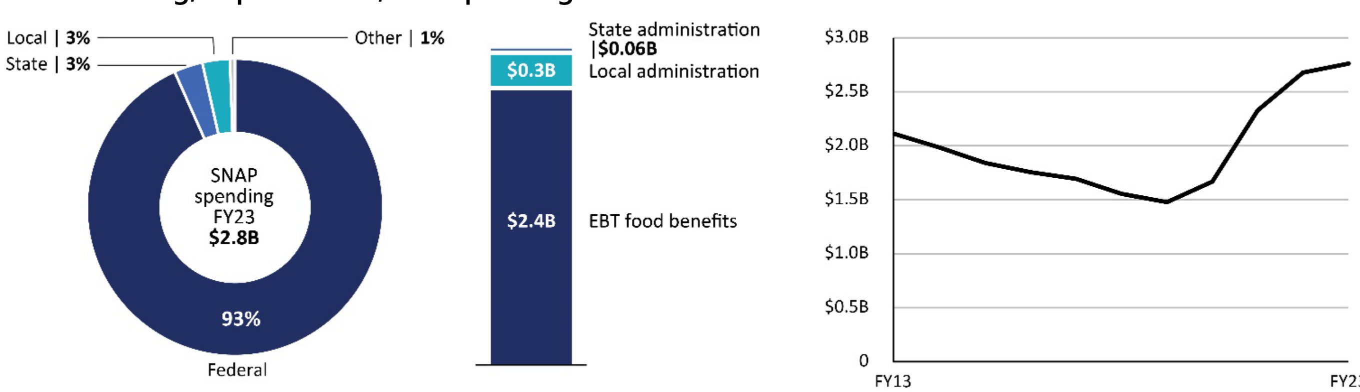
In FY23, $2.8 billion was spent on the SNAP program, mostly (93 percent) federal funds (Figure 1-5). In FY23, 87 percent of SNAP spending was for direct food benefits. Approximately 11 percent supported local program administration, and the remaining amount funded state-level program administration.

The **federal government issued emergency allotments for SNAP during the pandemic that temporarily increased benefit amounts between March 2020 and February 2023.** The federal government also waived the work requirement for ABAWDs between March 2020 and July 2023.

Between FY13 and FY23, SNAP spending increased 31 percent (adjusted for inflation), primarily because of significant pandemic-related spending increases and eligibility modifications (sidebar). Spending increased only 3 percent from FY22 to FY23, a more modest growth compared with prior years.

SNAP E&T spending is a portion of the total SNAP spending. In FY23, almost $15 million (0.5 percent) of the total SNAP spending was dedicated specifically to the SNAP E&T program for services to help clients overcome their barriers to employment. The SNAP E&T program has some other costs, specifically for the salaries of local workers who work with SNAP E&T clients, but those costs cannot be separated out from the total worker salary costs for the SNAP program.

FIGURE 1-5
SNAP funding, expenditures, and spending over time



SOURCE: JLARC analysis of SNAP expenditure data from VDSS and U.S. Department of Agriculture, Food and Nutrition Service.
NOTE: May not sum because of rounding. Spending is inflation-adjusted to 2023. In FY22, SNAP spent approximately $6,500 per client (adjusted for inflation)—this represents total dollars spent divided by total clients served in the year; it does not represent the average benefit received per client.

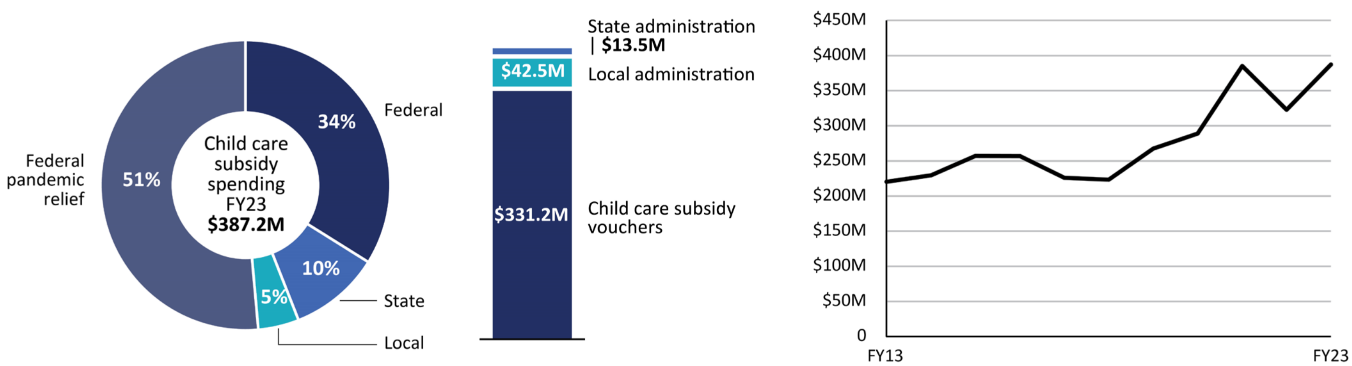
Child Care Subsidy Program funding has increased in the past year from federal COVID-19 relief funds

In FY23, $387 million in total was spent on the Child Care Subsidy Program, most of which was federal funds (Figure 1-6). Federal funding for the Child Care Subsidy Program spiked significantly in FY21 because of an influx of pandemic-related federal funding. Virginia received $1.1 billion in COVID-related funding for its Child Care Subsidy Program in FY20 and FY21, which it is required to spend by September 30, 2024. In FY23, the majority of this funding supported offering higher provider reimbursement rates, eliminating the subsidy waitlist, expanding eligibility criteria for the subsidy, and reducing copayments for families. Prior to FY23, some of this funding was spent on grants to child care providers to cover some of the unexpected costs associated with the pandemic and to help providers remain open.

In FY23, 86 percent of program spending was for child care subsidy vouchers for clients. Approximately 11 percent of spending supported local administration of the program, and the remainder was used for state-level program administration.

Between FY13 and FY23, spending on the Child Care Subsidy Program grew 75 percent (adjusted for inflation), a trend which preceded the beginning of the pandemic.

FIGURE 1-6
Child Care Subsidy Program funding, expenditures, and spending over time

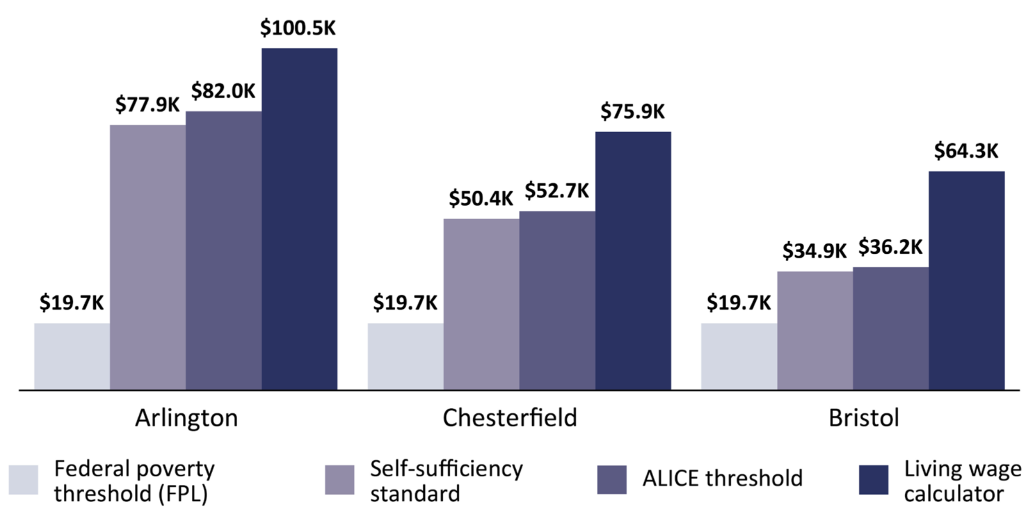


SOURCE: JLARC analysis of Child Care Subsidy Program expenditure data from VDSS.
NOTE: May not sum because of rounding. Spending is inflation-adjusted to 2023. In FY22, the Child Care Subsidy Program spent approximately $13,900 per child served (adjusted for inflation)—this represents total dollars spent divided by total children served in the year; it does not represent the average benefit received per client.

2 Self-Sufficiency in Virginia

Researchers use three measures of household financial need to determine whether a household is considered self-sufficient. One is the "self-sufficiency standard," which was developed by researchers at the University of Washington. Two others are the "asset-limited, income-constrained, employed" or "ALICE" threshold, which was developed by researchers for the United Way, and the Living Wage Calculator developed by researchers at the Massachusetts Institute of Technology (MIT). All of these standards assign costs to basic necessities, sum those costs, and account for variations in family composition, children's ages, and regional cost-of-living. Each method estimates costs differently, uses different data sources, and makes different assumptions about families' needs, resulting in variation in incomes deemed self-sufficient (Figure 2-1).

FIGURE 2-1
Sample incomes for financial need measures for a household with one adult and one child



SOURCE: U.S. HHS, Office of the Assistant Secretary for Planning and Evaluation (ASPE), 2023 Poverty Guidelines for the 48 Contiguous States and the District of Columbia. Self-Sufficiency Standard at the Center for Women's Welfare, University of Washington, 2021 Virginia Dataset. United for ALICE, United Way of Northern New Jersey, ALICE Survival Budget Threshold for Virginia, 2023. Glasmeier, Amy K. Living Wage Calculator, 2023, Massachusetts Institute of Technology, https://livingwage.mit.edu.

The self-sufficiency standard is used throughout this report to measure the extent to which individuals achieve or are progressing toward self-sufficiency. The self-sufficiency standard is the most conservative of the three self-sufficiency standards, because it assumes that a relatively low level of income is needed to avoid relying on public financial assistance, like the TANF or SNAP programs.

All three of these self-sufficiency measures produce much higher incomes than the commonly used federal poverty level threshold (FPL). FPL is a commonly used metric to determine financial need but is not a useful metric for determining whether an individual is "self-sufficient" because it significantly underestimates typical household expenses.

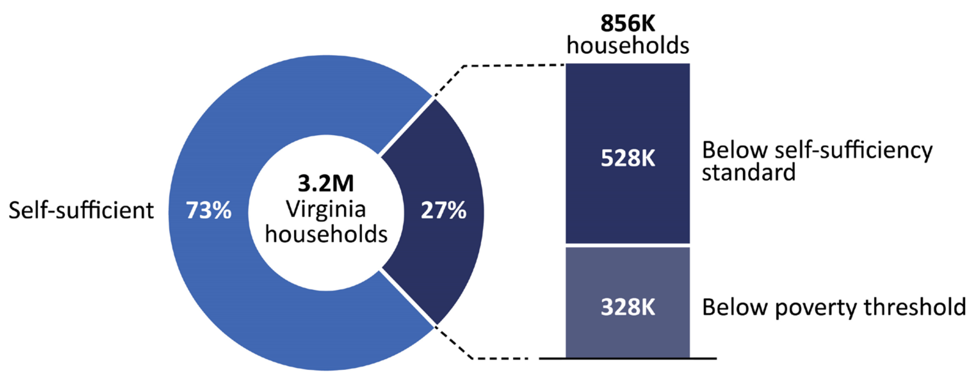
For clients of assistance programs, particularly the Virginia Initiative for Education and Work (VIEW), progressing toward and achieving self-sufficiency is important because TANF benefits are temporary. Clients can only receive TANF cash assistance for five years throughout their lifetime, and Virginia limits clients to two consecutive years of TANF assistance per enrollment spell.

Some regions of the state, particularly rural and Southwest regions, have a higher proportion of households with incomes below the self-sufficiency standard. In Southwest Virginia, 41 percent of households have incomes below the self-sufficiency standard. In Northern Virginia, 21 percent of households have incomes below the self-sufficiency standard.

Appendix D provides additional information about self-sufficiency at the regional level.

Relative to the self-sufficiency standard, approximately 27 percent of Virginia households (856,000) are not considered self-sufficient (Figure 2-2) (sidebar). Of those, 38 percent have incomes below the federal poverty threshold.

FIGURE 2-2
Approximately 27 percent of Virginia households are not self-sufficient



SOURCE: JLARC analysis of American Community Survey, 5-year data, 2017–2021. U.S. HHS ASPE, 2023 Poverty Guidelines for the 48 Contiguous States and the District of Columbia. Self-Sufficiency Standard at the Center for Women's Welfare, University of Washington, 2021 Virginia Dataset.

Virginia households with incomes above and below the self-sufficiency standard share some characteristics, but some differences do exist. Households above and below the standard have the same median age (51) and the same median number of people living in the household (two). The majority of households both above and below the self-sufficiency standard are white, but Black households make up a higher percentage (28 percent) of households below the standard than households above (16 percent) (Table 2-1). The majority of both types of households have at least one working adult, but more households above the self-sufficiency standard have someone with a bachelor's degree (52 percent versus 20 percent).

TABLE 2-1
Characteristics of Virginia households relative to self-sufficiency

	Households below self-sufficiency standard	Households at or above self-sufficiency standard
Percentage with at least 1 working adult [a]	80%	99%
Race		
White	58%	73%
Black	28	16
Asian	5	6
Other	9	6
Educational attainment [b]		
Less than high school	18%	4%
High school or GED	31	17
Some college or associate's degree	31	27
Bachelor's degree or above	20	52

SOURCE: JLARC analysis of American Community Survey, 5-year data, 2017-2021. Self-Sufficiency Standard at the Center for Women's Welfare, University of Washington, 2021 Virginia Dataset.
NOTE: [a] Reflects households where the head of household is 55 or younger. [b] Reflects highest educational attainment of the head of household.

VIEW is intended to help families improve self-sufficiency, but few households in poverty qualify

The VIEW program provides employment and training activities and supportive services to help clients overcome barriers to employment and higher wages. For example, lack of work history and limited education are the primary constraints on an individual's employability. The VIEW program, which almost all adult TANF recipients are required to participate in, assigns activities to clients that provide work experience, education, or both. These activities can include job search, job skills or readiness classes, community work experience programs, public service programs, on-the-job training, vocational education and training, GED classes, and unsubsidized employment (sidebar).

The VIEW program also provides supportive services that help address other employment barriers such as a lack of affordable child care, lack of transportation, domestic violence, substance abuse, learning disabilities, and untreated mental health problems (sidebar). Supportive services can include car repairs or a child care subsidy, for example. As described in Chapter 1, only about 8 percent of TANF funds are spent on supportive services.

Because of TANF's strict eligibility criteria, only a small proportion of Virginia families in poverty receive VIEW benefits. For example, eligibility for TANF requires having a child and an income below a certain threshold, possibly as low as 40 to 50 percent of the FPL depending on the region of the state. According to data from the Census

Subsidized employment is employment where the employer receives a TANF payment to offset some of the wages and any other costs for employing a client.

Unsubsidized employment means employment where no TANF funds are used to offset a client's wages or other employment costs.

Appendix E provides descriptions of each type of work activity offered through VIEW.

National research indicates that **between 70 and 80 percent of assistance clients have at least one barrier** to employment, and half have more than one barrier. In Virginia, local departments of social services report that between 80 and 90 percent of VIEW and SNAP E&T clients have at least one barrier. Transportation and child care are the most commonly reported barriers for Virginia clients.

Bureau, only about 11 percent of Virginia households living in poverty—approximately 36,000 families annually between 2017 and 2021—could have been eligible for TANF. In FY22, approximately 9,900 households participated in VIEW.

VIEW and SNAP E&T clients make limited progress exiting poverty or achieving self-sufficiency

Previous Virginia studies have found that clients make limited employment and wage progress. In 2005, a JLARC study of the self-sufficiency of Virginia TANF and SNAP clients found that over half of clients became *more* self-sufficient in the two years after their enrollment, but that few clients became fully self-sufficient. A similar JLARC study of wage outcomes for VIEW clients in 2000 found that clients' earnings increased after their VIEW participation, but the clients' earnings still generally fell below the poverty threshold.

The analysis previously conducted for those two JLARC studies was repeated for this study using a cohort of recent VIEW and SNAP clients. JLARC staff reviewed employment and wage outcomes for a cohort of 7,511 VIEW clients and 1,631 SNAP Employment and Training (SNAP E&T) clients enrolled during any period between January 1, 2018 and June 30, 2018. As a comparison, JLARC staff also measured the wage outcomes of 256,449 SNAP-only clients (those who did not enroll in SNAP E&T) for the same time period. (All clients who had disabilities or were age 50 or older were excluded.)

Employment rates for a cohort of VIEW and SNAP E&T clients decreased over time

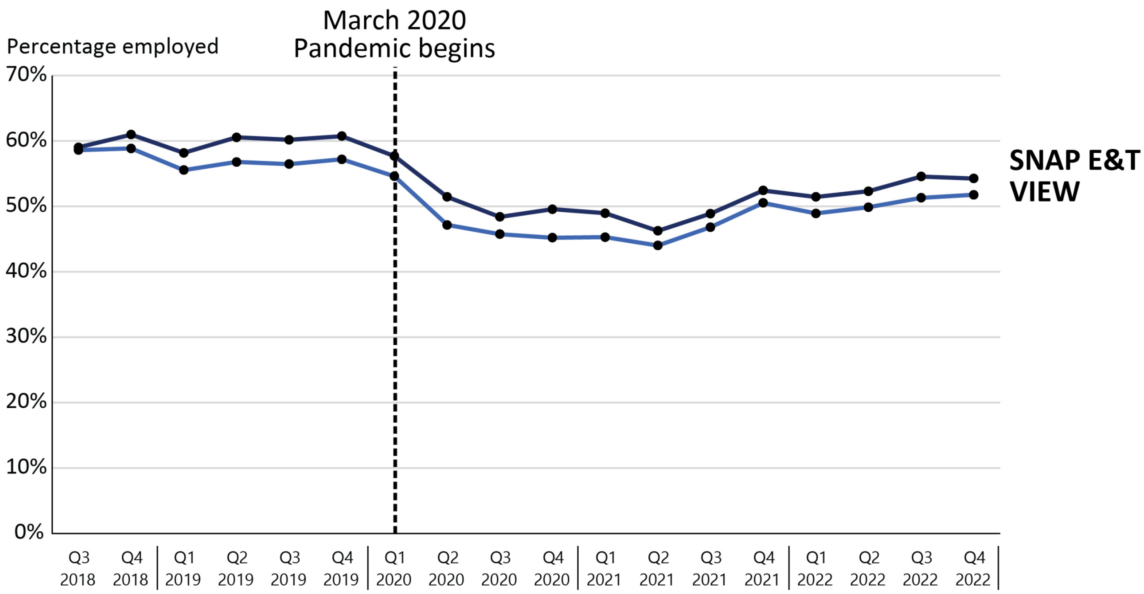
Virginia Employment Commission (VEC) quarterly wage data was used to determine the employment status and wages for studied clients.

Some clients could have employment and wages not captured in the data used for this analysis. VEC data does not include wages for individuals working for an out-of-state employer or anyone who is self-employed, which includes gig work (e.g., driving for Uber). A recent Pew Center study found that at least 7 percent of low-income Americans worked a gig job in the previous year.

In the first 18 months after starting participation in VIEW or SNAP E&T, a little more than half of the cohort, between 56 and 61 percent of studied clients, were employed (Figure 2-3) (sidebar). VIEW clients' employment rate reached its highest point (59 percent) in the third and fourth quarter of 2018, the quarters closest to their enrollment in the VIEW program, but then their employment rates dropped until reaching a low of 44 percent employed in the second quarter of 2021. For SNAP E&T clients, employment rates started at 59 percent and stayed relatively steady in subsequent quarters, but then their employment rates dropped until reaching a low of 46 percent employed in the second quarter of 2021. Employment rates for both groups declined at the beginning of the pandemic, and by the fourth quarter of 2022, employment rates had not rebounded. Over the four-year period, employment rates did not increase beyond the rates achieved in the first year following program enrollment, and they were lower, on average, than employment rates at the beginning of the period.

Overall, 13 percent of VIEW clients and 13 percent of SNAP E&T clients gained employment between 2018 and 2022, while a greater percentage of clients in both programs lost employment during this period. For comparison, the same percentage (13 percent) of SNAP-only clients gained employment over this time period.

FIGURE 2-3
VIEW and SNAP E&T clients' employment rates declined overall from 2018–2022



SOURCE: JLARC analysis of VDSS VaCMS data; VEC quarterly wage data for Q3 2018 through Q4 2022.
NOTE: Reflects employment rate for non-disabled eligible adults (age 18-49) who were enrolled in VIEW or SNAP E&T period between January 1, 2018 and June 30, 2018.

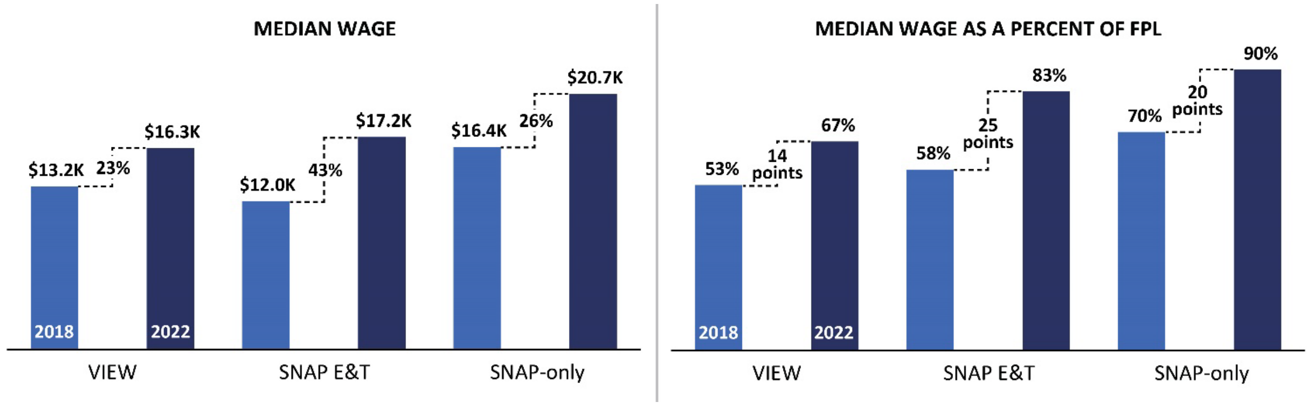
Half of VIEW and SNAP E&T clients' wages increased by 2022, but median wages remained below the federal poverty line

Overall, approximately half of VIEW (52 percent) and SNAP E&T clients (55 percent) who were employed or became employed had higher wages in 2022 than they had in 2018. For comparison, 47 percent of SNAP-only clients—who did not receive the workforce services and supports available to VIEW and SNAP E&T clients—had higher wages in 2022 than they had in 2018. The marginal differences in wage increases between clients who received workforce services and supports (VIEW and SNAP E&T) and those who did not (SNAP-only) suggest that these services and supports are not a significant factor in public assistance recipients' changes in earnings over time.

The median wage increased for both VIEW and SNAP E&T clients between 2018 and 2022 (adjusted for inflation)—43 percent for SNAP E&T clients and 23 percent for VIEW clients (Figure 2-4). However, clients' median wages still fell below the federal poverty threshold in 2022. Furthermore, the increase in VIEW clients' wages (23 percent) was slightly less than the median wage change experienced by SNAP-only clients who did not have access to employment, training, and support services.

A majority of clients increased their wages in the first year of their participation in self-sufficiency programs, but many clients did not continue to increase their wages in subsequent years. Approximately 59 percent of VIEW clients and 63 percent of SNAP E&T clients increased their wages between 2018 and 2019, but, in subsequent years (2020–2022), a lower proportion of clients (between 30 and 40 percent) increased their earnings over the previous year. Research literature has found that assistance clients tend to have the most success with wage growth during and immediately after their enrollment in assistance programs, and that wage growth typically declines in subsequent years.

FIGURE 2-4
Households with wages made gains between 2018 and 2022 relative to FPL

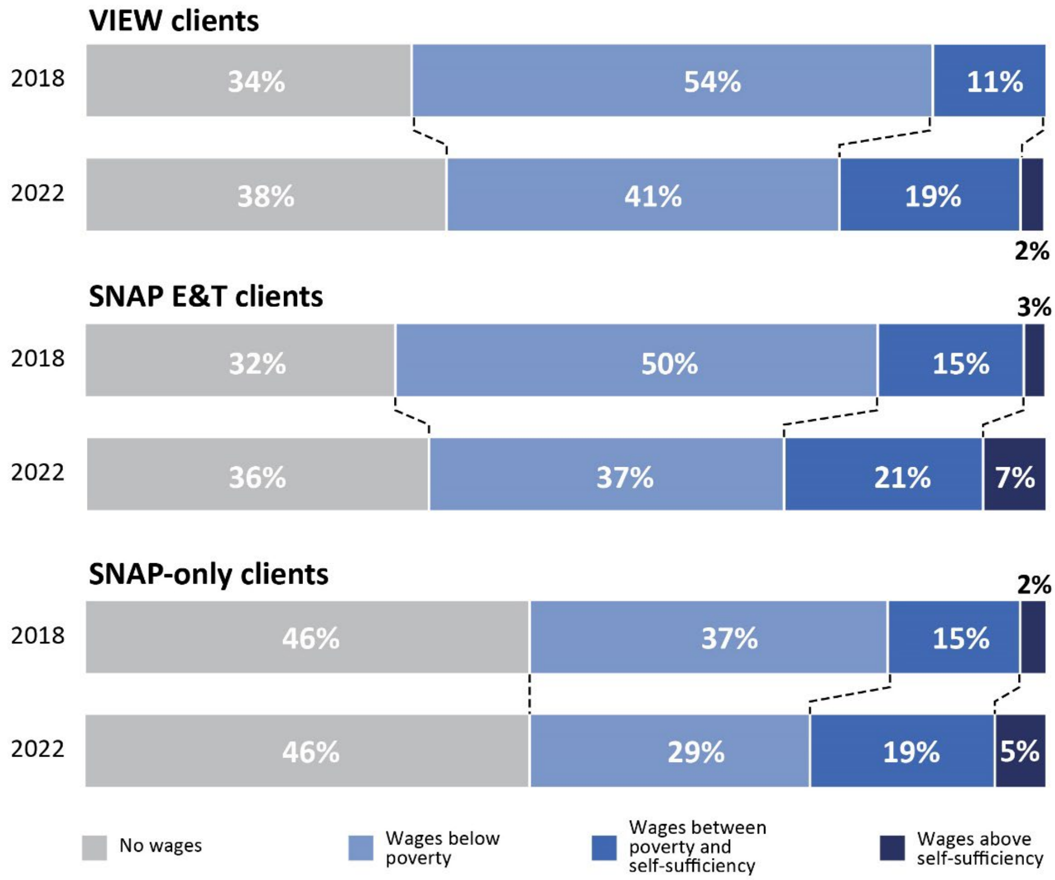


SOURCE: JLARC analysis of VDSS VaCMS data; VEC quarterly wage data for third quarter 2018 through fourth quarter 2022.
NOTE: Wages are adjusted for inflation. Reflects wages for non-disabled eligible adults (age 18–49) who were enrolled in SNAP, SNAP E&T, or VIEW for any period between January 1, 2018, and June 30, 2018. Quarterly wage data for 2018 was only available for the third and fourth quarters, so the total for 2018 was annualized.

Few clients earned wages exceeding the self-sufficiency threshold after four years

Between 2018 and 2022, the percentage of VIEW and SNAP E&T clients who earned wages meeting or exceeding the self-sufficiency standard increased slightly, from 0 to 2 percent for VIEW clients and from 3 to 7 percent for SNAP E&T clients (Figure 2-5). In that same time period, the percentage of clients with wages exceeding the poverty threshold increased modestly for both groups, from 11 to 21 percent for VIEW clients and from 18 to 28 percent for SNAP E&T clients. These clients were enrolled in VIEW, SNAP E&T, or SNAP for any period of time between January 1, 2018 and June 30, 2018, and may or may not have exited the programs by the end of 2022.

FIGURE 2-5
Few clients earned self-sufficient wages by 2022



SOURCE: JLARC analysis of VDSS VaCMS data; VEC quarterly wage data for third quarter 2018 through fourth quarter 2022; 2018-2022 Poverty Guidelines for the 48 Contiguous States and the District of Columbia.
NOTE: Reflects wages for non-disabled eligible adults (age 18–49) who were enrolled in SNAP, SNAP E&T, or VIEW for any period between January 1, 2018, and June 30, 2018.

Virginia program experience aligns with research literature and TANF programs in other states

The limited progress of JLARC's cohort is similar to the experience of clients in other states. Research literature has generally found that clients of self-sufficiency and assistance programs experience limited progress improving their employment and wages. For example,

- A 2020 meta-analysis of wage and employment outcomes for clients exiting TANF between 2007 and 2019 in nine states (sidebar) concluded that clients' employment rates rose modestly after leaving TANF, but most clients' employment was inconsistent, and clients still did not earn enough to afford basic necessities.

The **meta-analysis** was based on 13 studies across nine states, which included Colorado, Georgia, Kansas, Maine, Maryland, Mississippi, Utah, Vermont, and Washington.

- A 2008 study of current and former TANF clients in New Jersey found that clients typically experience steady economic progress, but experience among clients varies substantially, with many clients experiencing employment insecurity and cycling in and out of poverty.
- A 2007 study found that former TANF clients typically had higher incomes and wages than current TANF clients, but because of reductions in their benefits, the former TANF clients were not necessarily better off than the current TANF clients.
- A study series followed the employment and wage outcomes for former Maryland TANF clients beginning in 1997 through 2022, and found that, in general, employment and earnings increased after participating in the TANF program, but earnings generally remained low.

Program changes could improve effectiveness, but clients will still face significant barriers to self-sufficiency

Although federal requirements generally shape the operation and design of VIEW and SNAP E&T programs, all states have some flexibilities in program administration and design that can affect programs' effectiveness.

The federal government sets minimum standards for local program administration, but localities and states make important policy choices that can affect clients' potential for success. For example, federal regulations require states to offer intensive case management to assistance clients. However, states and localities determine how to operationalize this requirement in terms of staffing; assessment of clients' financial, education, and vocational needs; service planning; and frequency and types of case worker follow-up required.

States also make important choices with respect to program design. For example, federal law requires states to have a sanction policy that terminates or suspends TANF clients' receipt of cash benefits for not meeting work requirements. However, federal rules do not specify how severe sanctions should be or how they should be implemented. In some jurisdictions, such as in Washington D.C., TANF clients lose only a portion of their benefit for not meeting work requirements, while in other jurisdictions (e.g., Virginia), TANF clients lose an entire month (or more) of cash benefit payments for not meeting work requirements.

This report includes recommendations to improve the design and administration of self-sufficiency programs. Implementing these recommendations will improve the likelihood that financial assistance clients can improve their employability and earnings potential, but dramatic improvements should not be expected. Other states that have redesigned their program parameters and administration found that financial assistance clients still make only limited progress toward self-sufficiency.

Self-sufficiency clients face significant barriers to obtaining and maintaining the types of jobs and wages to become self-sufficient, and these programs alone cannot fully mitigate these barriers even after implementing this report's recommendations. For example, housing instability, substance abuse, and mental health conditions are all factors that diminish the likelihood that these clients can become self-sufficient, and helping clients overcome those circumstances is not within the scope of financial assistance programs like TANF and SNAP. Nevertheless, Virginia should ensure that the programs are designed and administered as effectively as possible. Chapters 3 through 5 include recommendations to improve program design and administration.

3 Coordination with the Workforce Development System

Virginia's workforce development system offers resources that could help TANF and SNAP recipients ("self-sufficiency clients") improve their employability and earning potential. In addition to employment services that local department of social services workers may provide directly to their self-sufficiency clients (discussed in Chapters 4 and 5), workers can refer their clients to the various entities that provide Virginia's workforce development services. Virginia's system of American Job Centers, branded Virginia Career Works (VCWs), acts as the "front door" to Virginia's workforce development system and provides career and training services funded through the federal Workforce Innovation and Opportunity Act (WIOA) (sidebar). The workforce development system specializes in providing individuals with opportunities to obtain the skills, credentials, and education required in Virginia's labor market, and these programs' services could be especially helpful for clients of self-sufficiency programs who are entering the workforce and trying to advance toward self-sufficiency. These services are entirely funded through federal grants, which totaled $57 million in 2023.

The Workforce Innovation and Opportunity Act (2014) established a national system of workforce development through federally funded, state-guided, and locally administered American Job Centers. American Job Centers offer career and training services to individuals that can help them obtain or retain employment. Career services include assistance with job search or interview skills. Training services include adult education, vocational training, on-the-job training, or other education or training opportunities. See Appendix F for more information on Virginia's workforce development system and services.

Self-sufficiency clients may be unable to receive training through Virginia's workforce system due to lack of resources, like child care and transportation

VCWs can fund and arrange for training services that may be particularly helpful for self-sufficiency clients. These training services are a component of the VCWs' career pathways system, which is a series of connected education and training programs and support services that aim to enable individuals to obtain employment in a specific industry and to advance over time to higher degrees of education or employment in that industry. Career pathways allow clients to start at an entry- or middle-level job and provide a clear understanding of each step necessary to advance their career and income. Career pathways serve as a "roadmap" for clients of what they will need to do to qualify for higher paid jobs within a single industry (sidebar).

Virginia Career Works "skill up" clients to reach a "career ladder." Skilling up clients refers to improving soft, occupational, or career skills that allow an individual to obtain or retain long-term, well-paying employment. Employment on a **career ladder** means that a client is hired to a job with opportunities for career advancement from low- or mid-level to higher levels of pay, skill, or responsibility.

Qualified VCW clients receive training vouchers that pay for occupational or educational training services through approved training providers. Training vouchers, known as individual training accounts (ITAs), may be provided to any clients deemed by VCW case managers to be deficient in basic skills, facing barriers to employment, or in need of training to obtain or retain employment.

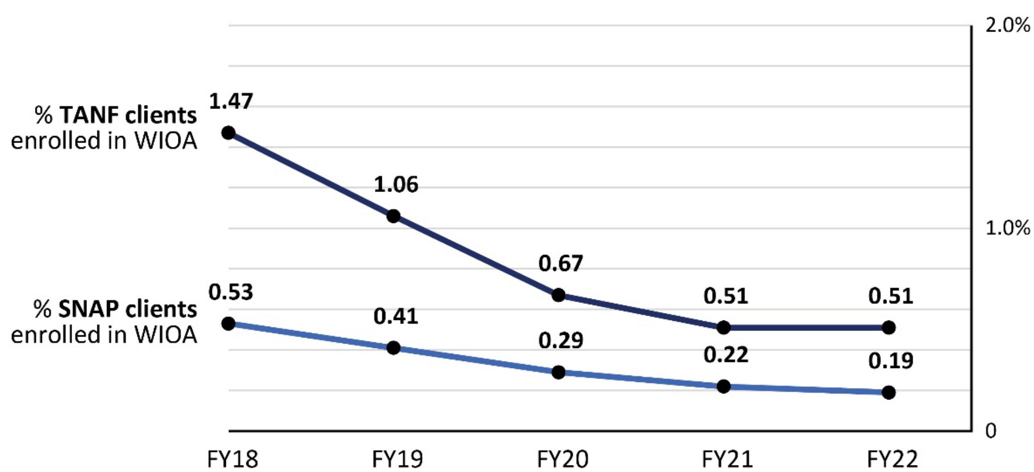
However, as discussed in Chapter 2, self-sufficiency clients tend to face multiple barriers to employment, which may hinder their ability to access VCW training services because VCW case managers may not issue a training voucher until those barriers are addressed. VCWs can provide support services to address some barriers, such as educational test application fees or transportation cost assistance, but VCW case managers sometimes determine that certain client needs are most appropriately addressed by the local department of social services, such as a client's need for child care services or reliable transportation. In some cases, VCW case managers reportedly require self-sufficiency clients to work with their local department of social services for assistance mitigating those barriers before issuing a training voucher.

Few self-sufficiency clients participate in workforce development programs; those who do have marginally better employment rates than 2018 cohort

WIOA programs **only identify whether their participants are concurrently enrolled in TANF or SNAP**. They do not identify whether their clients are enrolled in TANF's or SNAP's employment and training programs, VIEW, and SNAP E&T. As a result, this section will refer to clients as those enrolled in either TANF or SNAP.

Few (less than 2 percent) self-sufficiency clients enrolled in the state's workforce development system each year from FY18 to FY22 (Figure 3-1) (sidebar). Additionally, the number of self-sufficiency clients who enrolled in workforce development programs declined by almost 58 percent, from 1,636 individuals in FY18 to 694 in FY22. This decline may be a byproduct of the COVID-19 pandemic and the federal waivers on work requirements for TANF and SNAP clients from March 2020 to January 2023.

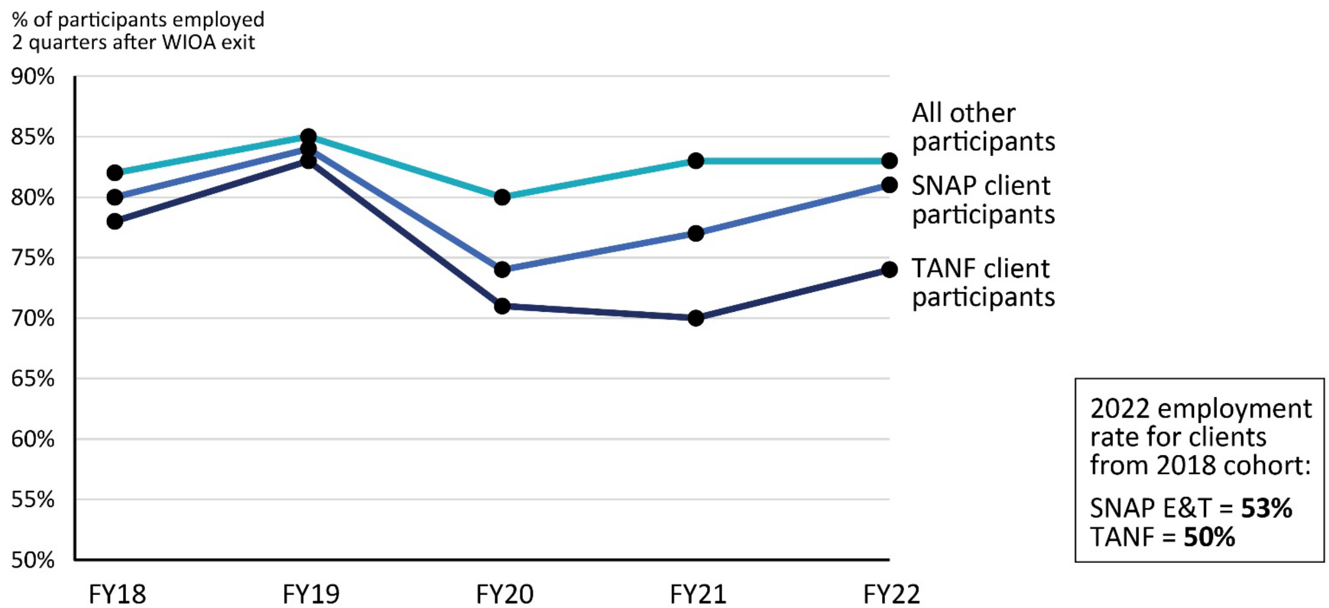
FIGURE 3-1
Few TANF and SNAP clients enrolled in WIOA programs from FY18–22



SOURCE: JLARC analysis of Virginia Community College System WIOA program participation data, WIOA fiscal years 2018 through 2022.
NOTE: Total count TANF and SNAP cases comes from Virginia Department of Social Services Statistical Reports SFY2018–2022. TANF and SNAP case counts for state fiscal year 2023 were not available at the time of the report.

Self-sufficiency clients who participated in workforce development programs appear to have marginally improved employment outcomes. According to Virginia Community College System (VCCS) data, from FY18 through FY22, between 70 and 84 percent of TANF clients and 74 and 84 percent of SNAP clients who co-enrolled in WIOA Title I programs were employed in the second quarter after exit from WIOA (Figure 3-2). (Data is not available to measure how employment after exit compares to employment at program entry, so this data should not be interpreted to mean that WIOA participation increases employment levels.)

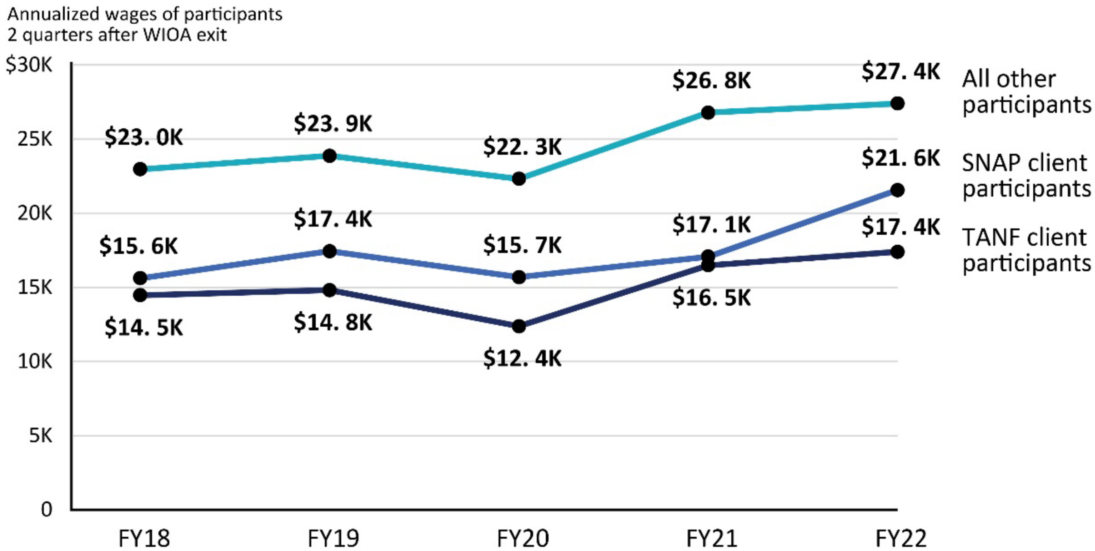
FIGURE 3-2
TANF and SNAP WIOA program participants had similar, but slightly lower, employment rates compared with other participants



SOURCE: JLARC analysis of Virginia Community College System WIOA Title I program participation data, state WIOA fiscal years 2018 through 2022.
NOTE: Full data for plan year 2023 not available at the time of the report.

Self-sufficiency clients participating in WIOA programs generally had lower wages than all other participants in the second quarter following exit from WIOA (Figure 3-3). Additionally, self-sufficiency clients who participated in WIOA programs earned similar wages to the members of the 2018 SNAP and TANF client cohort who reported wages.

FIGURE 3-3
Self-sufficiency clients earn lower wages in the second quarter after exiting WIOA programs than other participants



2022 median wage for clients from 2018 cohort:

SNAP E&T = **$17,200**
TANF = **$16,300**

SOURCE: JLARC analysis of Virginia Community College System WIOA program participation data, state WIOA fiscal years 2018 through 2022.
NOTE: Full data for plan year 2023 not available at the time of the report.

VCCS operates a new program for TANF clients called the Road to Success in Virginia Program (RSVP) that appears to have positive impacts on earnings. RSVP has enrolled 717 clients, awarded credentials to 303 clients, and had 49 clients become employed and earn wages. The 49 clients with earnings saw their average annual wages grow from $27,700 prior to training to $35,600 post-training (29 percent increase). Nine community colleges operate RSVP, which offers enrollees GED development, career coaching, and other "high touch" supports. Enrollees are also co-enrolled in at least one workforce development program (e.g., WIOA Title I Adult). This program shows some promise in terms of positive participant outcomes, but additional years of data are needed to determine whether the program can continue to produce positive outcomes for larger groups of clients. Research literature indicates that workforce development programs that focus on career pathways are effective for improving employment outcomes, but that these improvements are short term (Appendix G).

Coordination among local departments of social services and Virginia Career Works offices varies

Coordination among local departments of social services ("local departments") and VCWs is important because VCWs offer services and supports that can potentially improve clients' employability and earning potential, and it represents a more efficient use of resources to serve self-sufficiency clients. VCWs can help self-sufficiency clients assess their interests and strengths in the context of the local job market and available career pathways. Further, with careful coordination and planning between local department staff and VCW workers, the activities and services provided by the VCWs can be managed to ensure that they meet the required number of activity hours for VIEW and SNAP E&T eligibility, while still providing clients with the resources necessary to pursue a career pathway. VCWs can work together with local departments to help plan for the client's eventual exit from the self-sufficiency programs, and ensure that the client is prepared to pursue their chosen career pathway, even after the benefits of VIEW or SNAP E&T are no longer available. In addition to the potential ways coordination between VCWs and local departments can help put clients on a long-term path to improved employment and earnings, coordinating services also uses public resources most efficiently.

Local departments of social services and VCW coordination varies significantly across the state

In interviews, both state and local staff indicated collaboration among the social services and workforce development systems varies across the state. In some instances, local staff described regular meetings between social services and workforce development staff, co-location arrangements (e.g., a local department worker spending a certain number of hours or days each week at the VCW center), or the use of VCW staff to offer job readiness classes and one-on-one job search help to VIEW and SNAP E&T clients at the local department office. In other instances, local department staff described hesitancy in referring clients to VCWs and barriers self-sufficiency clients faced in accessing services at VCWs (e.g., clients going to VCWs but being told that they could not be helped because they did not have an appointment; VCW staff telling self-sufficiency clients they could not be helped because of specific barriers to employment). Some local department staff described not being familiar with the local VCW or what the centers could potentially offer self-sufficiency clients.

A majority of VCW centers have no physical co-location of workforce development and social services programs. Local department of social services staff are not present at 32 VCW centers (57 percent). Six VCW comprehensive and affiliate centers (11 percent) have local social services staff permanently co-located at the VCW center, and five of those centers are in wealthier Northern Virginia localities. (The other center is in Harrisonburg.) Seventeen VCW centers (30 percent) have social services staff present some days of the week. Workforce development and department of social services staff at the state and local level reported physical co-location was difficult because of a lack of funds to pay for staff time and resources, and local departments of social services frequently lack enough workers to allow workers to devote a certain number of hours per week to co-location.

Only some local departments have MOUs with regional workforce development boards to coordinate services even though state law requires them

The executive director of each Local Workforce Development Board (LWDB)—which oversees VCW centers and WIOA programs—must sign a memorandum of understanding (MOU), the primary coordination agreement under WIOA, with each partner program within a local workforce area (sidebar). However, federal rules, state law, and state policy provide conflicting guidance about these MOUs.

Local Workforce Development Boards (LWDBs) are governing boards that oversee VCW centers and WIOA programs in each region. Boards must be composed of a majority of business leaders. The remaining board members may be representatives of the workforce, local entities administering partner programs (e.g., local departments), and other local government officials.

Memorandums of understanding (MOUs) are locally negotiated agreements between each partner program and the LWDB regarding the operation and cost sharing of the one-stop delivery system, Virginia Career Works centers.

WIOA partner programs are other state or federal programs within the local one-stop delivery system that provide services that help clients achieve or retain employment. Virginia includes VIEW and SNAP E&T as partner programs.

Federal regulations require LWDBs to enter into an MOU with *at least one* entity that provides VIEW and SNAP E&T within the workforce area. The MOU must include descriptions of services provided by each entity; funding agreements; referral methods; how barriers to employment will be addressed; the time period of the agreement; how it can be reviewed in the future; and how it can be changed in the future.

State statute is more specific and comprehensive, requiring that each LWDB "shall develop and enter into a memorandum of understanding concerning the operation of the one-stop delivery system in the local area with *each* [emphasis added] entity that carries out any of the following programs or activities," including VIEW and SNAP E&T as defined partner programs by the state.

However, state policy of the Virginia Board of Workforce Development follows federal rules, requiring just one partner program provider in the area to join the MOU for VIEW and SNAP E&T, which is out of compliance with state law. In interviews, VCCS staff indicated that each LWDB is expected to have only one local department of social services sign the MOU to provide VIEW and SNAP E&T services. This results in a situation where even though a workforce region may have many local departments within it, the LWDB may have an agreement with only one local department. For example, the Capital workforce region covers Charles City, Chesterfield, Goochland, Hanover, Henrico, New Kent, and Powhatan counties, and Richmond City, but only Henrico County Department of Social Services has signed the LWDB's most recent MOU.

MOUs on their own are not going to ensure coordination between local entities, but the MOU is the only formal mechanism requiring coordination among local departments of social services and VCWs. Only 47 (39 percent) of 120 local departments were included in workforce region MOUs. Without formal mechanisms requiring coordination, state and local staff across both local departments and workforce development agencies described collaboration as being highly dependent on the personalities and relationships of individual staff working in local offices. This informal approach does not ensure coordination when there is frequent turnover, which occurs often, especially with local social services workers. For example, VCW staff described having robust relationships and coordinating with local social services staff in the past, but when that social services staff member left the agency, the coordination between the local department and VCW declined. In interviews, social services workers noted that many workers are relatively new to their roles and are not familiar with all community resources available to their clients, including through the workforce development system.

The office of the secretary of labor should work with the Virginia Board of Workforce Development to amend state policy and guidance to require LWDBs to have a written MOU with each partner program in their region, in accordance with state law. Better compliance with the MOU requirement should improve coordination and use of workforce services.

RECOMMENDATION 1
The Virginia Board of Workforce Development should rewrite policy number 300-02 to comply with the requirements of §2.2-2472 of the Code of Virginia that each local workforce development board shall develop and enter into a memorandum of understanding with each local department of social services for the coordination of services.

The Virginia Department of Social Services (VDSS) *encourages* local departments of social services to execute MOUs with their LWDBs, but VDSS does not require them to do so. In interviews, VDSS staff have indicated that they encourage local departments to sign on to these agreements, and they have recently offered training on the LWDBs, the services they offer, and the importance of the MOUs. However, while state law requires the LWDBs to execute the MOU with *each* entity offering partner services in their region, state law does not similarly obligate the local departments to execute an MOU with their regional LWDBs. The General Assembly should amend state law to obligate each local department to execute an MOU with their LWDB to further promote coordination.

RECOMMENDATION 2
The General Assembly may wish to consider amending §63.2-610 of the Code of Virginia to require that each local department of social services develop and enter into a memorandum of understanding with its local workforce development board concerning how the entities will coordinate to deliver workforce development activities to Virginia Initiative for Education and Work and SNAP Education and Training clients.

State should foster better collaboration between social services and workforce development system

The state has done little to determine: why few self-sufficiency clients participate in the workforce development programs, why clients who participate do not have more positive employment outcomes, and how to improve the participation of self-sufficiency clients in the workforce development system. Self-sufficiency clients are, by definition, in need of either employment or training services that can help them improve their employability and earning potential, and they appear to be ideal candidates for participation in the types of services and programs offered by the state's workforce development system. Low participation in the state's workforce development system is a long-standing problem—a 2005 JLARC study, *Self-Sufficiency among Social Services Clients in Virginia*, also found that few current or former VIEW participants used services through the state's workforce development system. That study recommended that the secretaries of health and human resources and commerce and trade identify the factors limiting collaboration between social services and the state's workforce system and identify measures to strengthen partnerships. However, it is unclear whether any changes have strengthened partnerships between the social services and workforce development systems.

State does not outline how VIEW should coordinate with workforce development system

Better coordination and integration of social services and the workforce development system would help self-sufficiency clients access workforce development services. In fact, state law requires that the secretary of health and human resources develop a plan that describes how VIEW will coordinate and integrate with the workforce development system to deliver services. This requirement has been in state law since welfare reform was implemented in Virginia in 1994. State law requires the secretary to develop the plan and update it annually, and the requirement emphasizes coordinating with local and regional providers to deliver employment and training services. The requirement also requires the secretary of commerce and trade to assist with developing this plan. In interviews, VDSS staff said they are not aware this plan's existence.

A coordination plan would help set the state's expectations of how social services and the workforce development system should integrate and coordinate at the local level, specifically among local departments and VCWs. Such a plan could set a model for what local integration plans should include, as well as determine the types of resources the state may be able to provide to local partners to ensure coordination.

If coordination remains inadequate between social services and the workforce development system after implementation of the recommendations in this report, the General Assembly could more clearly direct the secretary of health and human resources and secretary of labor to comply with the statutory requirement that a statewide coordination plan be developed. A coordination plan should describe in detail how (1) to coordinate employment and training services for TANF and SNAP clients across the various local and regional partners that offer such services, but especially VCWs and (2) to help ensure that state and federal funds allocated for WIOA-funded workforce services and TANF and SNAP-funded workforce services are used most efficiently.

State could better integrate local departments of social services and workforce development system

Given the state-administered, locally controlled structure of Virginia, providing clear, written guidance to LWDBs and local departments should be the first step to integrate VIEW and SNAP E&T with the workforce development system. In interviews, staff at local departments of social services and VCWs expressed varying levels of understanding—or even awareness—of the operations of each other's programs. For example, staff at some local departments told JLARC staff that they did not know what services VCWs provided and did not know how WIOA services differed from services provided by VIEW. Additionally, some local department staff indicated that they were new to their positions and did not know what criteria should prompt them to refer a client to the VCWs or how to do so. Providing local department staff with easy-to-understand reference materials about the workforce development system, available workforce development resources within their region, and an explanation of how workforce development activities offered through VCWs can fulfill TANF-VIEW and SNAP work requirements would help local department of social services staff better understand how to leverage the state's workforce development services for their clients.

RECOMMENDATION 3

The secretary of labor and the secretary of health and human resources should coordinate to develop for all Virginia career works centers (VCWs) and local departments of social services (i) a region-specific inventory of workforce development resources; (ii) guidelines for local department and VCW staff to improve the extent to which TANF and SNAP clients are connected with Virginia's workforce development resources; (iii) a guide to eligibility and participation requirements for TANF, SNAP, and workforce development programs; (iv) guidance on how participating in the state's workforce development programs can fulfill TANF and SNAP program requirements; and (v) best practices to foster integrated service delivery between local departments of social services and VCWs for TANF and SNAP clients.

Co-location of local department of social services and VCW staff would allow self-sufficiency clients to access needed public assistance and WIOA services in a single location, but limited funds exist to support it. Co-location would potentially create the "no wrong door" approach to service delivery described in the state's Combined State Plan, and state staff indicated that the ideal structure is for VCWs and local department staff to be co-located in all VCW comprehensive centers, at a minimum, and VCW affiliates centers where possible (sidebar). However, there are no available state funds to support co-location. Nearly all VCW funding comes from the federal government, and any additional funds to allow VCWs and local departments to co-locate come from local funds. The state's aspirational co-location structure, combined with the lack of funds to support the transition, has led some local department and VCW staff to assert that co-location was an "unfunded mandate."

Each state submits a four-year WIOA Unified State Plan to the U.S. Department of Labor that outlines what the state is doing to help citizens find high-quality jobs and careers and help employers hire and retain skilled workers through the six core WIOA programs (Adult, Dislocated Worker, Youth, Adult Education, Wagner-Peyser, and Vocational Rehabilitation). These plans must include specific strategic planning and operational planning elements.

Some states, including Virginia, submit a **WIOA Combined State Plan** that includes everything in a Unified State Plan, plus additional information for one or more partner programs, including TANF, VIEW, SNAP, and SNAP E&T.

While co-location of local department of social services staff at VCWs could benefit self-sufficiency clients, co-location of VCW staff at local department offices may be more useful and effective. Most self-sufficiency clients are familiar with their local department of social services office. Additionally, because there is a local department located in almost every locality, local department office locations would be more convenient for many self-sufficiency clients. VCW staff could co-locate at local department offices for a certain number of hours per week, offering assessments, planning, resume assistance, interview preparation, and other workforce development services to self-sufficiency clients.

Co-locating VCW staff at local departments of social services could have costs associated with it (e.g., staff time, travel time, resources), and federal WIOA governor's reserve funds could be used to fund these costs. Federal law allows governors to reserve 15 percent of their state's federal WIOA Title I allotment to spend on their highest priority workforce development initiatives. In FY22, Virginia spent $7.5 million in governor's reserve funds, with 31 percent ($2.3 million) spent on one-time grants and expenses, and 69 percent ($5.2 million) spent on ongoing operations of the workforce development system. In the future, some of these funds could help fund VCW staff co-location at local departments of social services.

RECOMMENDATION 4

The General Assembly may wish to consider including language in the Appropriation Act to dedicate a portion of the federal Workforce Innovation and Opportunity Act funding reserved by the governor for statewide workforce development initiatives to facilitate the co-location of Virginia Career Works staff at local departments of social services on a part-time basis.

Local workforce areas in at least 12 states (Arkansas, California, Colorado, Kentucky, Massachusetts, Minnesota, Missouri, Nevada, New Jersey, Pennsylvania, Tennessee, and Washington) and Washington, D.C., have fostered collaboration between their TANF employment and training programs and WIOA. Common strategies used in these states to integrate service delivery across programs include, but are not limited to: co-location of programs; joint, compulsory client enrollment; open communication; and monthly or quarterly cross-training and cross-program meetings (Appendix H). Anoka County, Minnesota, for example, used co-location, universal applications, automatic co-enrollment, and shared case management systems to provide integrated service delivery, improve efficiencies, and better serve clients. If Virginia undertakes similar initiatives, state leaders will need to monitor their implementation and progress.

Over the longer term, the General Assembly could consider further integrating the self-sufficiency programs with workforce development programs by moving the administration of these programs from VDSS and local departments to the newly created Virginia Department of Workforce Development and Advancement and VCWs. In 2023, Virginia began consolidating many workforce development programs into this new single state agency, which could present an opportunity to reconsider how the self-sufficiency programs are administered. There are no plans to transfer the administration of VIEW and SNAP E&T to the new agency. At least two states, Texas and Utah, administer their self-sufficiency programs through the same agency that administers their workforce development programs. Further, some states, such as Minnesota, and Washington, D.C., contract the employment and training components of their TANF and SNAP programs to employment and training specialists (such as VCWs), while the eligibility and cash benefit delivery continues to be managed by the social services agencies.

Moving the administration of VIEW and SNAP E&T to the workforce development system could have some advantages over the current arrangement but could also present some challenges. Clients would benefit from having either a joint case management team or a single case manager assisting with services and only need to travel to one location for case management meetings, trainings, or other services related to self-sufficiency and workforce development. Additionally, joint administration would allow clients to seamlessly transition off public assistance programs while still pursuing WIOA services. However, clients may not be able to access the eligibility determination process of TANF and SNAP through the VCW, nor would they be able to access other assistance programs, such as Medicaid. Finally, some administrative work would need to be done to ensure that case managers can charge the appropriate program for their working time, if, for example, a case manager works 15 hours on a VIEW case and 25 hours on a WIOA Title I case.

RECOMMENDATION 5

The secretary of labor, secretary of health and human resources, and leadership at the Virginia Department of Workforce Development and Advancement (VDWDA) and Virginia Department of Social Services should evaluate whether administering all or some aspects of the Virginia Initiative for Education and Work and SNAP Employment and Training programs through the VDWDA and the Virginia Career Works centers would be beneficial and report the findings as well as any recommendations to the Virginia Board of Workforce Development, House Committee on Commerce and Energy, and Senate Committee on Commerce and Energy by October 1, 2024.

4 Local Administration of Self-Sufficiency Programs

Local administration of self-sufficiency programs can contribute to the likelihood of clients' progress toward self-sufficiency. Local department of social services staff are responsible for three main functions in these programs: (1) providing case management to guide clients through their participation in self-sufficiency programs; (2) providing and connecting clients with supportive services to address barriers to participation and employment; and (3) delivering or referring clients to employment services to improve their employability and connect them with work. Local administration of these programs allows local departments of social services ("local departments") to tailor their self-sufficiency programs to the employment needs and resources of their communities, but it also creates variation in program policies, resources, and expertise that affects clients' receipt of case management, supportive services, and employment services across localities.

High caseloads prevent local department of social services staff from providing clients with necessary case management

Local departments of social services' workers typically work with each self-sufficiency client through several steps (Figure 4-1). Once a client is determined eligible for TANF and referred to VIEW, the worker first assesses the client's needs, challenges, and interests, and then develops a service plan for the client. At that point, the worker will either deliver services to the client through the local department or refer the client to outside organizations. Local departments can provide both supportive services (e.g., help with child care, transportation, behavioral health) and employment services (e.g., resume writing assistance, interview practice, access to resource room for applying to jobs, vocational training courses).

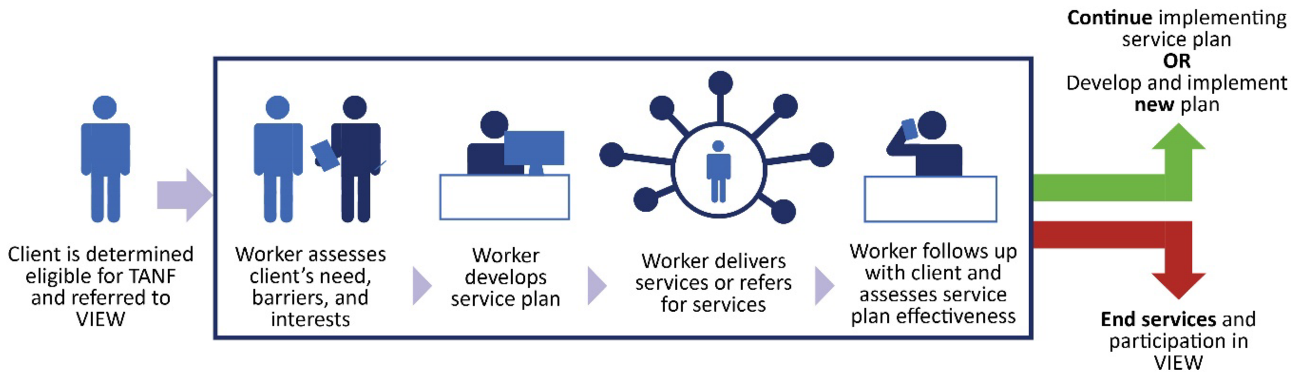
> "*The level of case management that these customers need is drastically higher than the amount workers are able to give them given their caseloads.*"
>
> **– Local department self-sufficiency program staff**

Once services have begun, the worker checks in with the client at least once per month to determine whether the client is following their service plan and whether the service plan is effective. These check-ins can lead to continuation of the service plan, service plan revisions (if it is not producing the intended effects), or sanctions against the client (if they are not complying with the service plan).

> "*Looking at the barriers that customers are facing, like mental health and domestic violence—a lot of customers don't have hope that they can move beyond that situation. Working with them to change that mindset is very difficult.*"
>
> **– Local department self-sufficiency program staff**

Clients need robust case management to benefit from self-sufficiency programs. Case work, including adequately assessing a client and planning their services and activities, takes time. Local department staff report that robust case management often requires developing personal relationships and building trust with clients. Workers frequently need to help their clients troubleshoot problems accessing services or completing their work activities. For example, a worker may provide a client who needs child care with a voucher, but that client may also need help finding a child care provider that will accept the voucher. Another client may find a job through job search but need help from their case worker developing a family schedule that accommodates their new work schedule.

FIGURE 4-1
Local department of social services' workers carry out a series of steps to help their clients progress toward self-sufficiency



SOURCE: JLARC analysis of interviews with Virginia Department of Social Services (VDSS) and local department staff.

State law and federal regulations require that clients receive intensive case management throughout their participation in self-sufficiency programs. The Code of Virginia requires that: (1) all VIEW participants be under the direction and supervision of a case manager; (2) the Virginia Department of Social Services (VDSS) ensure local departments deliver and coordinate all VIEW services through intensive case management; and (3) families participating in VIEW are offered intensive case management services throughout their participation (sidebar). Similarly, federal regulations require that all SNAP E&T clients receive case management services, and Virginia's SNAP E&T plan outlines that the program will provide intensive case management services to clients to address challenges and barriers and provide supportive services.

Intensive case management involves the provision of individualized services, including assessing, coordinating, monitoring, delivering, and brokering services and activities necessary for clients to enter employment.

Local staff report being unable to provide robust case management to clients, and state does not have caseload standards

Local department of social services' staff who work with VIEW and SNAP E&T clients reported that they were frequently unable to provide the level of case management their clients require. In interviews, staff at seven of the 10 local departments visited by JLARC staff reported that this was due to the size of their caseloads. These workers report that their large caseloads require them to spend more time processing cases and assessing compliance with program requirements than engaging with clients.

Local department staff report that, without sufficient client engagement, it is difficult to adequately identify clients' employment needs and challenges, develop individualized plans to address those needs, and provide the needed services or connect them with appropriate community resources. For example, local workers report that heavy caseloads can prevent them from supervising clients' activities during job search assignments—one of the most commonly assigned VIEW activities. VIEW policy recommends that local department of social services staff contact clients participating in job search *at least* every other week to monitor progress and help clients with any challenges, but some local staff interviewed reported contacting clients only after they are scheduled to complete their job search assignments.

Without regular contact, local department staff are unable to identify and help address any problems. Local department staff described their limited ability to engage with clients and provide what they need:

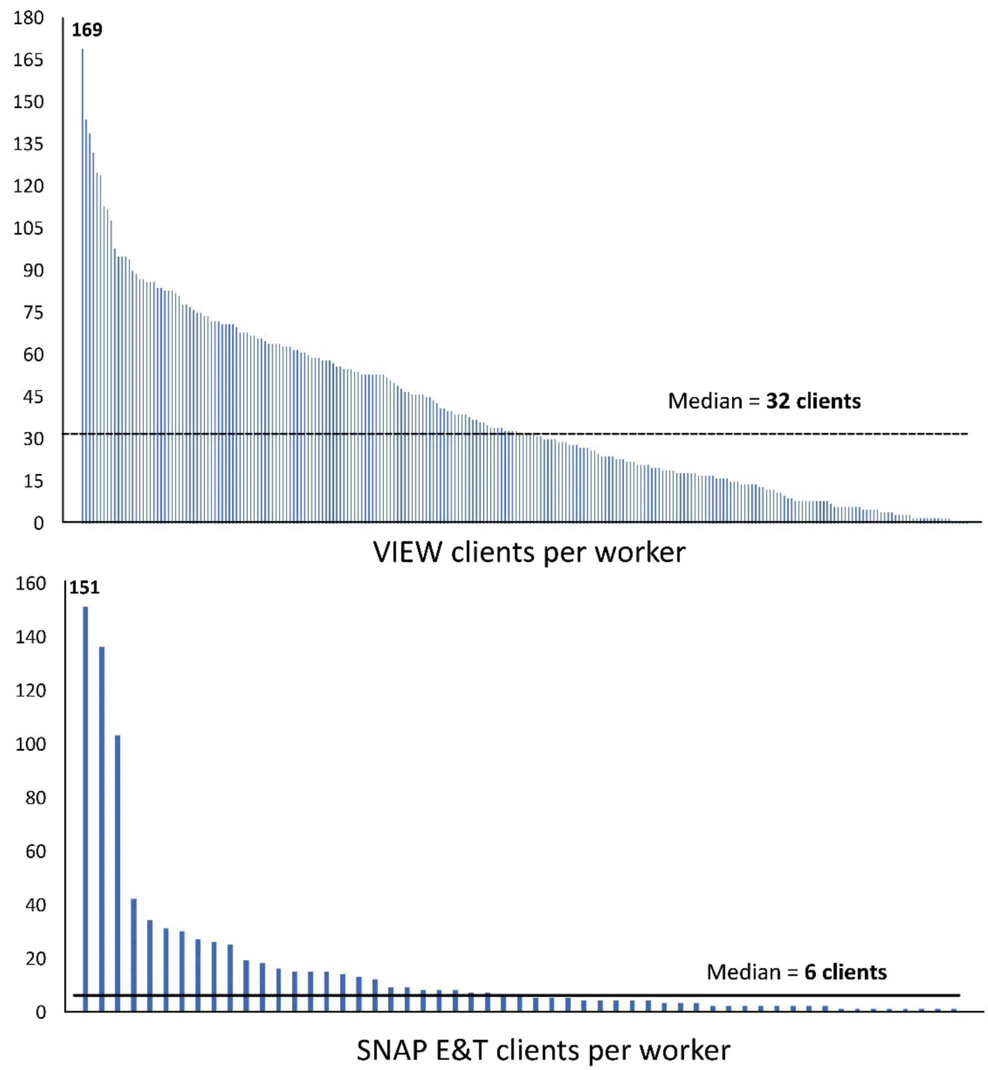
> Clients will not be successful if [I] meet with them, give them [an] activity for six weeks, and don't do anything with them. We're generally not checking back with the client until the end of the activity. Current caseloads prevent us from doing much engagement and follow-up with clients...we can't focus on the success of clients because we are just trying to get by.
>
> Right now [clients] are just a name. There are lots of things we want to provide clients or things we want to do for them, but it is very hard given the caseloads.

JLARC staff collected caseload information from local departments via a data collection instrument. A total of 106 local departments provided caseload information through this instrument.

Although current data on self-sufficiency program staff caseloads is limited, the information available suggests that some local department VIEW and SNAP E&T staff have caseloads that are much larger than others. For a large subset of local departments (sidebar), the median number of VIEW clients per worker was 32 as of August 2023; however, some workers' VIEW caseloads were much larger (Figure 4-2). The number of SNAP E&T clients per worker was lower than VIEW, with a median of six, but there was similar variation across local departments of social services. Additionally, many VIEW and SNAP E&T workers also reported carrying caseloads for other benefit programs, such as SNAP or Medicaid. Accounting for these additional programs, the median total number of benefit clients per worker was 77 clients.

While there are no specific caseload benchmarks or national standards for self-sufficiency program workers, best practices from the related fields of social work and workforce development indicate that very large caseloads can restrict the amount of time spent with customers and negatively affect the quality of case management. For example, the U.S. Department of Labor's technical assistance for workforce development systems and the National Association of Social Workers' national standards for effective case management both assert that administrators should limit the number of cases assigned to each case manager to ensure that their workload is manageable.

FIGURE 4-2
VIEW and SNAP E&T clients per worker varied substantially across local departments as of August 2023



SOURCE: JLARC analysis of data provided by 106 local departments of social services via JLARC data collection instrument.
NOTE: Caseload data as of August 1, 2023.

Title IV-F of the Social Security Act Job Opportunities and Basic Skills Training Program (JOBS) was a welfare-to-work program created in 1988, and Congress replaced it with the TANF program in 1996.

State law requires that VDSS have a target caseload standard for the VIEW program:

> It shall be the goal of the Department to have a statewide intensive case management ratio not higher than the statewide average ratio in Title IV-F of the Social Security Act Job Opportunities and Basic Skills Training Program State Plan as the ratio existed on July 1, 1995.

However, VDSS staff interviewed for this study were not aware of whether Virginia had ever established a caseload target for the VIEW program or that the state had set a caseload target in state law for VIEW's predecessor program (sidebar). Although it has since been repealed, in 1994, the Code of Virginia required that worker caseloads for VIEW's predecessor program not exceed 45 cases.

Little information on self-sufficiency programs' caseloads exists, but interviews with VDSS and local department of social services staff indicate that ideal caseloads are likely lower than the current caseloads of many local department case workers. For example, VDSS staff indicated that a reasonable caseload for VIEW program staff is likely around 45 cases per worker. Similarly, staff at seven local departments visited by JLARC reported that caseloads between 35 and 50 cases per worker would be reasonable, depending on the needs of the client and intensity of services.

VDSS does not have accurate and up-to-date workload information or clear caseload standards for benefit programs (sidebar). Without this information, it is difficult for VDSS to assess the appropriateness of local departments' staffing and for local departments to develop effective staffing plans and to justify requests for additional staffing resources.

Lack of sufficient workload information and caseload standards is a longstanding issue. JLARC previously found that VDSS does not collect sufficient information to assess adequacy of local staffing in a 2005 study.

VDSS has previously undertaken efforts to collect benefit program staff workload information to help local departments manage workloads. These efforts attempted to document staff work processes, produce time standards for case types and process flows, measure current staff workload, develop recommendations for the staff needed to manage current caseloads, and create a tool to assist with staffing plans. These efforts have been unsuccessful, primarily because of data limitations that have prevented VDSS from adequately assessing staff workload and developing accurate time and caseload standards.

VDSS should contract with a third-party expert to conduct a robust workload measures study to develop modern caseload targets for benefit programs, including VIEW and SNAP E&T. An important outcome of this study should be a tool and procedures to regularly monitor local department of social services' workloads and update caseload targets as needed. If this analysis determines that existing caseloads are too high, VDSS will need to work with local departments to consider whether and how local departments could be reorganized to more efficiently and effectively distribute cases among existing staff. Further, to the extent that additional staff positions are needed, VDSS and local departments will need to identify potential funding sources for those positions, and the General Assembly will need to determine whether to provide additional funding. Furthermore, given the challenges experienced by local departments with staffing these positions, providing funding for new positions without also improving hiring and retention is unlikely to substantially reduce workers' caseloads.

RECOMMENDATION 6
The Virginia Department of Social Services (VDSS) should contract with a third-party expert to (i) determine the information needed to be collected from local departments of social services ("local departments") to establish modern caseload targets for local social services benefit programs; (ii) collect this information in an accurate and timely manner; (iii) establish caseload targets; (iv) and develop a tool and procedures for local departments and VDSS to monitor workloads on an ongoing basis and update caseload targets as needed.

Some local departments have high worker turnover and vacancy rates

The average turnover rate for local departments of social services workers statewide is similar to the turnover rate for state employees, but some local departments have had higher turnover rates. The average annual turnover rate for local department benefit program staff (sidebar), excluding supervisors and managers, was 15 percent between 2019 and 2022. That turnover rate is similar to the rate for state employees, which was also 15 percent. However, some local departments had much higher turnover rates during this period. Turnover exceeded 25 percent for 38 local departments in 2021 and 32 departments in 2022. The percentage of VIEW clients served by local departments with turnover rates exceeding 25 percent grew from 9 percent of clients in 2019 to 25 percent of clients in 2022.

The analysis in this section focuses on "**benefit program staff**", which is a broad category of employees that includes VIEW and SNAP E&T staff, as well as other benefit program staff that may not serve VIEW or SNAP E&T clients (e.g., Medicaid staff). Data limitations prevent analysis of turnover and vacancy information for VIEW and SNAP E&T staff specifically. It is possible that the turnover and vacancy rates discussed in this section either under- or overestimate the actual rates for these specific staff positions.

Some local departments have also experienced high vacancy rates in recent years. In FY23, the vacancy rate for local departments' benefit workers was about 16 percent, compared to the state government employee vacancy rate of 13 percent. However, 22 local departments had vacancy rates of 25 percent or greater. Some of the departments with high vacancy rates are large departments that serve many VIEW clients. For example, one local department with over 650 VIEW cases experienced a 66 percent vacancy rate at the end of FY23, and two local departments with just under 300 VIEW cases experienced vacancy rates of nearly 30 percent.

High turnover and vacancy rates among social services agency staff is a well-documented challenge nationally and is typically attributed to the combination of demanding work and relatively low pay, and these same factors drive social services benefit worker staffing challenges in Virginia. In March 2023, the average wage of all benefit workers, excluding supervisors and managers, in Virginia was $36,400, which is below the self-sufficiency standard for a one adult/one child household in many parts of Virginia.

Staffing challenges affect local departments' ability to provide quality case management

Local department staff report that turnover and vacancies can diminish the quality of the case management provided to clients. High turnover rates result in more inexperienced staff serving self-sufficiency clients. Frequent turnover and vacancies also necessitate larger caseloads for the remaining staff. Caseload data provided by local departments through JLARC's data collection instrument indicates that VIEW workers in localities that experienced very high vacancy rates in FY23 had substantially more cases per worker than the statewide median.

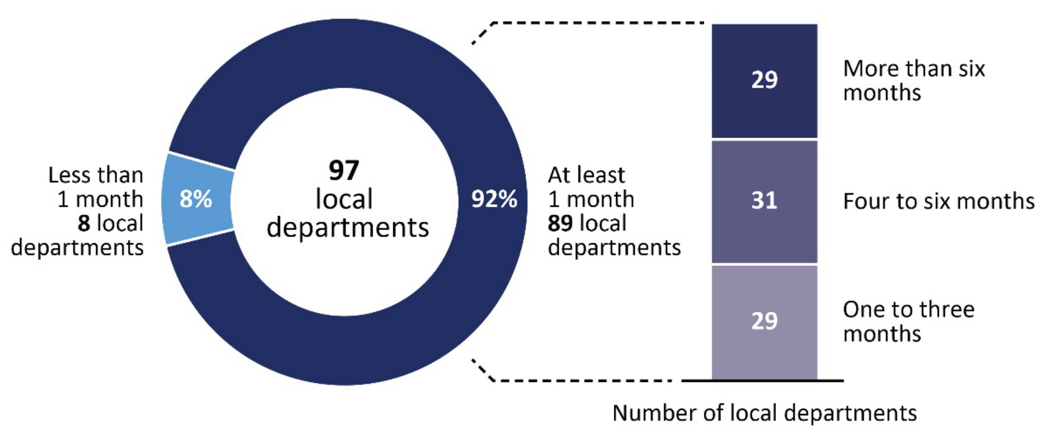
"The people the agency hired during the pandemic have never done an application interview in person. VIEW staff also have had no hands-on experience because of the pandemic."

– Local department self-sufficiency program staff

Local department benefit program staff, on average, were less experienced in FY23 compared with FY19, as average tenure for benefit workers decreased from 10 years to eight years over this time. In interviews, local department staff reported that many self-sufficiency program workers are relatively new to their jobs, and many were hired during the pandemic when VIEW participation requirements were waived (sidebar). Due to this waiver, local department staff report that many self-sufficiency program staff hired in the last few years do not know how to work effectively with clients because of their inexperience with typical program operations. In addition, local department staff report that many relationships with community partners, such as local Career Works offices, were disrupted by the pandemic and that less experienced staff are still learning about available community resources. Finally, the majority of local department staff report that it takes up to six months—and sometimes longer—before a new self-sufficiency program worker is able to handle cases independently; this lengthy training period makes it difficult to make progress addressing high worker turnover and vacancies (Figure 4-3).

VIEW work requirements were waived during the federal public health emergency related to COVID-19 and did not resume until January 2023. During this time, VIEW participation was voluntary.

FIGURE 4-3
Most local departments require at least one month to train a new self-sufficiency worker



SOURCE: Responses to JLARC's data collection tool completed by local departments of social services.
NOTE: Total local departments reflects the number of local departments that responded to question on length of training. Some respondents did not provide a response to the question. The total number of local departments responding to the data collection instrument was 106.

VDSS could provide additional resources to local departments experiencing significant staffing challenges. State law requires VDSS to ensure that local departments deliver

The Department of Behavioral Health and Developmental Services provides additional funds for recruitment and referral bonuses for certain positions in state psychiatric hospitals when vacancy rates exceed 20 percent for a quarter. This policy could serve as a model for a VDSS policy to address staffing issues at local departments of social services.

and coordinate all VIEW services using *intensive case management* and directs VDSS to assist local departments with improving case management and service delivery. For local departments experiencing significant staffing challenges, additional financial resources may be necessary to fill vacant positions or improve retention to provide the required intensive case management. VDSS could follow the approach used to address staffing challenges in Virginia's state psychiatric hospitals (sidebar), which involved the allocation of one-time financial resources for recruitment or retention bonuses. Another approach would be to provide additional training resources to facilitate efficient onboarding of new local department staff to reduce the amount of time it takes to fully train them. However, identifying additional funding will be challenging because TANF program funding is primarily from a federal block grant, which is capped.

Funding allocated for VIEW services is not fully used

VDSS allocates state and federal funds to local departments of social services to use to administer Virginia's self-sufficiency programs. These funds can pay for both workforce services (like job readiness classes, job search assistance, education, training, community work experience placements, and subsidized employment) and supportive services, which are intended to help address clients' barriers to participating in program activities and finding a job. The availability of resources for supportive services is one of the primary benefits of the VIEW and SNAP E&T programs. National research has found that supportive services are integral for mitigating the challenges self-sufficiency program clients face to finding employment, and that receiving supportive services improves the likelihood that clients will participate in associated program activities.

Local departments can provide five categories of supportive services to VIEW clients: child care, transportation and related expenses (e.g., gas cards, bus fare, vehicle repairs), medical or dental services (e.g., medical evaluations, glasses), work- or program-related expenses (e.g., uniform costs, license fees, tools), and emergency intervention services (e.g., one time utility payments, emergency hotel stay). SNAP E&T offers similar supportive services. Under both VIEW and SNAP E&T, child care supportive services are primarily, but not entirely, provided through referral to and automatic eligibility for Virginia's Child Care Subsidy Program.

Spending data for FY20 to FY23 was excluded due to the suspension of VIEW work participation requirements because of the public health emergency during this time period. FY19 is considered the most recent complete year of normal VIEW operation.

Many local departments of social services spend only a portion of funds available for VIEW services

Spending data indicates that many local departments of social services do not fully exhaust their annual allocations for VIEW services. Annually, VDSS allocates funds to local departments to pay for workforce services and supportive services for VIEW clients. Between FY14 and FY19 (sidebar), the amount of annual allocations spent by local departments decreased from an average of 79 to 72 percent. Similarly, the number of local departments that were spending less than half of their allocated funds for VIEW services grew from 18 in FY14 to 28 in FY19 (Figure 4-4). The number of

VIEW clients served by local departments that did not spend their full allocations also increased over this time, from 3 percent of VIEW clients in FY14 to about 24 percent in FY19.

VDSS uses a caseload and performance-based funding formula to allocate funding for the VIEW program. Three-quarters of the allocation is based on the actual number of VIEW cases served for the most recent year. One-quarter is based on the number of cases that received VIEW transitional payments in the prior year (sidebar). Allocations are adjusted so that the VIEW allocation for each local department of social services does not fluctuate from the previous year's allocation by more than 10 percent. If changes requiring additional funds occur throughout the year, such as an unanticipated increase in caseload, a local department may request additional funding.

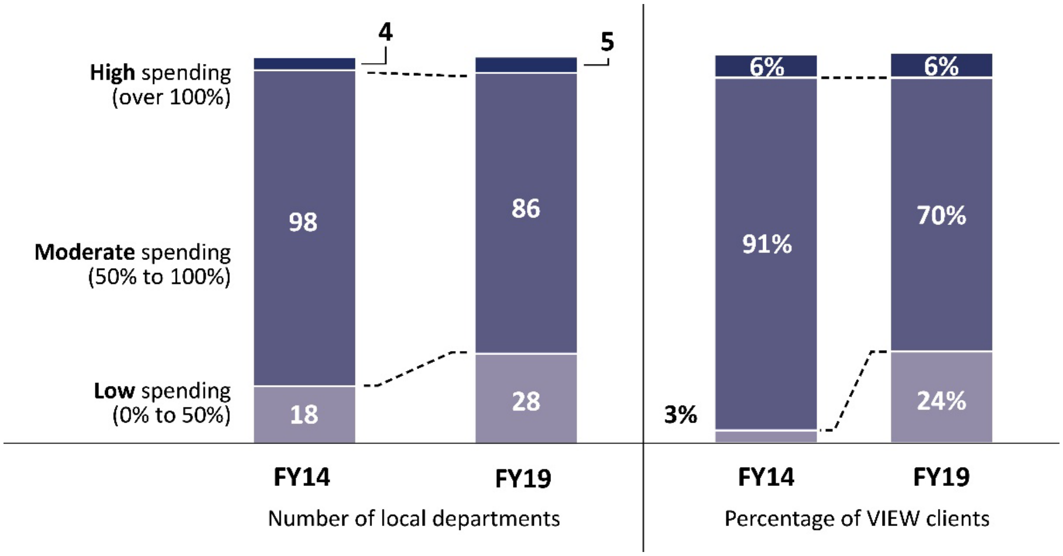
VIEW Transitional Payments are $50 per month incentive payments provided to employed, former VIEW clients whose TANF case was closed for a reason other than sanction (e.g., exceeded time limits or income thresholds). These payments may be provided for up to 12 months.

When local departments do not spend their entire allocation they usually reallocate it to help pay for administrative costs of the VIEW program. Local departments can also return unused funds to VDSS, although this occurs less frequently. When funds are returned to VDSS, VDSS either reallocates them to other local departments that request additional funds or returns them to the total pool of TANF funds to be rolled over to the next year.

Returning a substantial amount of unspent funds, especially in multiple years, could be an indication that a local department is struggling with managing their VIEW program and could use assistance. In some instances, lower-than-expected caseloads or clients who require fewer supportive services result in lower spending. However, most VIEW clients have barriers to self-sufficiency that could be addressed through supportive services. A local department that returns a significant amount of funds could mean that workers do not have the time, experience, or motivation necessary to fully assess clients and identify their barriers; follow up with clients regularly; or know about available community resources.

Differences in local boards of social services' policies can also contribute to variation in supportive services spending. Local boards have the authority to establish spending limits for VIEW supportive services, including overall "per client" spending limits or limits on spending in specific categories of services. In response to JLARC's data collection instrument, 32 percent of responding local departments of social services reported that they set a "per client" spending limit. The spending limits ranged from less than $500 per client annually to over $5,000, but most reported setting limits between $1,000 and $5,000. There was also significant variation in spending limits within certain categories of supportive services. For example, 68 percent of responding local departments of social services reported limiting spending for transportation services for each client. Of those, 25 percent set limits below $1,000 annually per client, and about 40 percent set limits between $1,000 and $2,000. Some clients may need more funds than spending limits allow to address their support needs.

FIGURE 4-4
Percentage of VIEW clients served by departments that spent less than half of their VIEW funds increased between FY14 and FY19



SOURCE: JLARC analysis of VDSS local agency budget balance reports FY14 to FY19.
NOTE: Spending data for FY20 through FY23 was excluded because of the suspension of VIEW work participation requirements because of the public health emergency during this time period. FY19 is considered the most recent complete year of normal VIEW operation. Spending data is missing for one local department in FY19, so total number of local departments is 119.

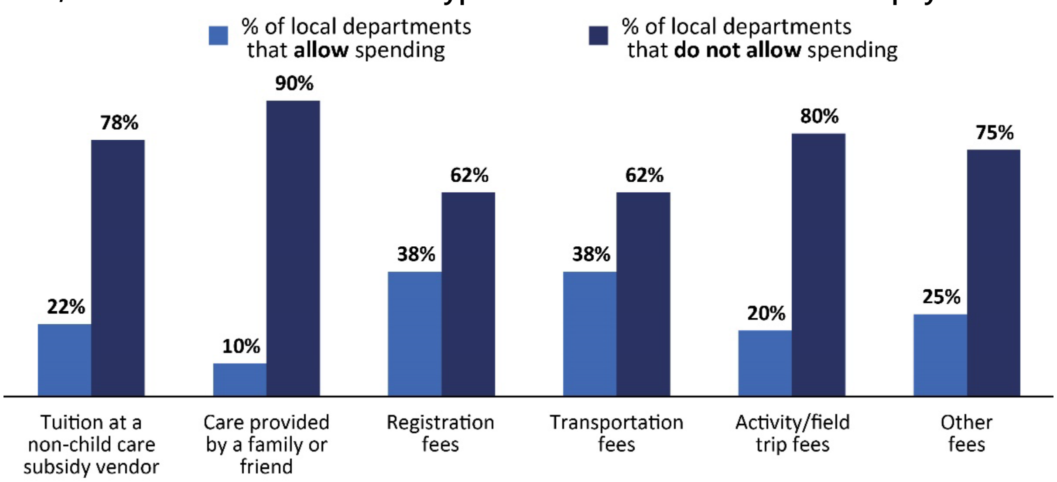
VDSS should identify local departments of social services that are not spending their full VIEW funding allocations to help ensure that they are maximizing these funds to address clients' needs for workforce and supportive services. VDSS should work with local departments that do not spend at least 75 percent of their allocation to determine why funds were not spent. (In 2019, 55 local departments spent less than 75 percent of their allocation.) VDSS should then determine whether targeted technical assistance could help these local departments identify areas where additional spending on supportive services could help address self-sufficiency clients' barriers. If so, VDSS should provide the local department with the appropriate assistance.

RECOMMENDATION 7
The Virginia Department of Social Services should evaluate, on at least a quarterly basis, local departments of social services' ("local departments") spending of their Virginia Initiative for Education and Work (VIEW) services funding to (i) determine the extent to which funds are being spent on client workforce and supportive services, (ii) identify the reasons local departments are not fully spending funds allocated for client services, and (iii) help local departments identify opportunities to fully spend funds on services that would help VIEW participants improve their employability and earnings potential.

Use of VIEW funds for child care supportive services is limited

Currently, few local departments of social services use VIEW funds to address clients' child care barriers outside of Virginia's Child Care Subsidy Program. While VIEW clients have access to financial support for child care through the subsidy program, local departments also have the ability to use VIEW funds to help address child care needs that are not met by the subsidy program. However, only 22 percent of local departments responding to JLARC's data collection instrument reported that their department uses VIEW funds to pay tuition to child care providers that do not offer the child care subsidy, and only 10 percent reported they use funds to pay for child care provided by a friend or family member. There was substantial variation in practices for using VIEW funds for other child care costs as well (Figure 4-5).

FIGURE 4-5
Majority of local departments do not permit VIEW funds to be used for child care, but those that do limit the types of child care costs VIEW will pay for



SOURCE: Responses to JLARC's data collection tool completed by local departments of socials services.
NOTE: Some respondents did not provide responses for each question. The total number of local departments responding to the data collection instrument was 106.

The state should modify its guidance to local departments on how VIEW funds can be used for supportive services. VDSS's current guidance on using VIEW funds for child care services is unclear and piecemeal but generally advises local departments to limit VIEW fund spending on child care outside of the subsidy program. As mentioned in Chapter 2, child care is one of the most commonly reported barriers to program participation and employment for self-sufficiency clients. In addition, Chapter 7 indicates that there are not enough child subsidy providers in the state to meet the demand for families who qualify for the subsidy, which means that some VIEW clients may have none of their child care expenses covered by the subsidy program, even though they are eligible for it. VDSS should encourage local departments to use available VIEW funds to help clients pay for child care costs that are not covered by the subsidy program if that is a barrier to employment for them.

RECOMMENDATION 8

The Virginia Department of Social Services (VDSS) should revise Virginia Initiative for Education and Work (VIEW) program policy to encourage local departments of social services to use available VIEW supportive services funds to pay for clients' child care costs when they cannot be covered by the Child Care Subsidy Program, and VDSS should proactively inform all local departments of social services and their local boards of this change.

5 Opportunities to Improve Self-Sufficiency Program Design and Oversight

States have considerable flexibility to design, implement, and administer their TANF programs within federal parameters. To maintain funding, federal law requires that state TANF programs: (1) restrict TANF cash assistance to "needy" families (sidebar); (2) provide Maintenance of Effort funds; (3) impose a 60-month lifetime limit on receipt of benefits; (4) require recipients to engage in work and work-related activities; and (5) meet minimum work participation standards. Outside of meeting those requirements, states have flexibility in designing how their TANF programs work, including eligibility criteria, cash assistance amounts, benefit duration (up to the federal 60-month limit), work activity requirements applicable to individual clients, and sanction policies for noncompliance.

Defining "needy" families is an example of state flexibility under the TANF block grant. Federal law requires that TANF recipients meet a test of financial need but does not provide a definition of need. Thus, each state is able to decide the criteria for defining "needy" families, resulting in significant differences in TANF eligibility across states.

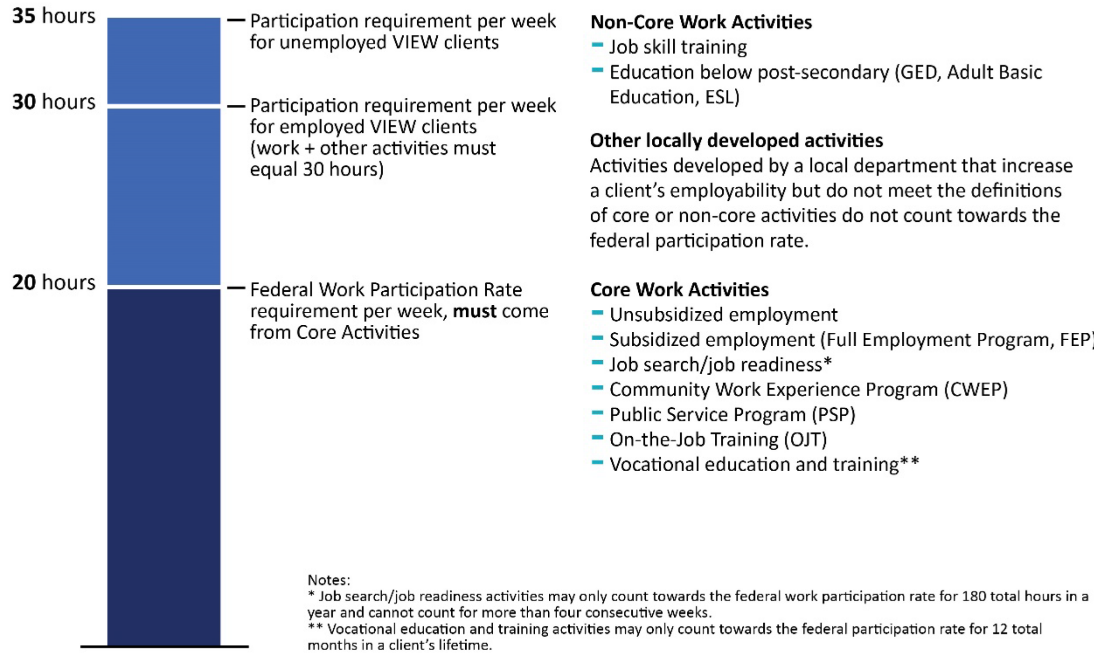
Similarly, states have broad flexibility in designing their SNAP E&T programs. Under the Food and Nutrition Act of 2008, all states must operate a SNAP E&T program to provide SNAP recipients opportunities to gain skills, training, work, or experience that will increase their ability to obtain regular employment. States have broad discretion regarding the types of activities and services that will be offered through their SNAP E&T program, the entities that will provide the activities and services, the target population for services (including whether participation is voluntary or mandatory), and the areas of the state where the program will operate.

Financial assistance programs are not designed to incentivize progress toward self-sufficiency

Under VIEW, clients must participate in work or work-related activities for 35 hours per week if unemployed, or 30 hours per week if employed full time. If not employed, clients must fulfill this hourly participation requirement by participating in work activities intended to move clients toward employment. If a client is already employed at least 30 hours per week, they are not required to participate in any other work-related activities. To count toward the federal Work Participation Rate (WPR) requirements (sidebar), at least 20 hours of the client's work activities per week must come from participation in "core work activities." Beyond those 20 hours, additional participation hours may come from "non-core work activities" (Figure 5-1). TANF funds are allocated by the Virginia Department of Social Services (VDSS) to each local department of social services ("local departments") to pay for the cost of work activities for VIEW clients.

The Work Participation Rate (WPR) is an aggregate performance measure the federal government uses to assess the percentage of work eligible families that are engaged in work or work-related activities. States must meet the targets set by the federal government for their WPR or face reductions in their TANF block grant.

FIGURE 5-1
VIEW clients must be engaged in allowable work activities to receive assistance



Notes:
* Job search/job readiness activities may only count towards the federal work participation rate for 180 total hours in a year and cannot count for more than four consecutive weeks.
** Vocational education and training activities may only count towards the federal participation rate for 12 total months in a client's lifetime.

SOURCE: JLARC synthesis of VIEW program requirements and federal regulations.

SNAP E&T offers similar work activities to VIEW, but participation in the program is voluntary for SNAP recipients, and local departments are not required to offer the program to their clients. If available at their local department, clients may participate in SNAP E&T to satisfy SNAP work requirements, but they are not required to use SNAP E&T to do so (sidebar). Instead, they may satisfy requirements by working, volunteering, or engaging in non-VDSS work programs. SNAP E&T is available only to SNAP clients who are not concurrently receiving TANF, as these clients would be either required to participate in VIEW or exempt from work requirements.

Despite the work requirements and employment services available through VIEW and SNAP E&T, clients of these programs make limited progress toward self-sufficiency during and after their participation. As discussed in Chapter 2, less than 10 percent of self-sufficiency program clients earn wages exceeding the self-sufficiency threshold four years after initial enrollment, and most continued to earn wages below the federal poverty line. This limited progress is at least partially attributable to two factors: (1) a lack of compliance with work activity requirements and (2) a lack of incentives in self-sufficiency programs to pursue opportunities that are more likely to result in employment that offers self-sufficient wages or the potential for advancement.

SNAP has two work-related requirements: the General Work Requirement and the Able Bodied Adult without Dependents (ABAWD) Work Requirement.

The General Work Requirement, or work registration requirement, requires most SNAP clients ages 16 to 59 to register for work, take a suitable job if offered, and not quit or reduce their work hours below 30 hours without good reason. Clients who work at least 30 hours per week are exempt, as are VIEW clients, parents of children under six, and persons unable to work for health reasons.

The ABAWD Work Requirement requires clients ages 18 to 49 who are able to work and do not have any dependents to engage in work activities at least 80 hours per month. ABAWDs who do not meet this requirement are limited to 3 months of SNAP benefits in a three-year period.

Most VIEW clients do not meet work participation requirements

Available data suggests that most VIEW clients do not participate in the necessary amount of work or work-related activities to count toward the federal WPR. Based on data for the four most recent federal fiscal years of typical VIEW operation, FY17–FY20, (sidebar), between about 60 and 70 percent of VIEW clients had insufficient participation hours to count toward the WPR on an average monthly basis. The vast majority of these clients with insufficient hours recorded between zero and 10 hours of participation on an average monthly basis.

VIEW work requirements were waived during the federal public health emergency related to COVID-19 and did not resume until January 2023. During this time, VIEW participation was voluntary and WPR requirements were not enforced. As a result, participation data from FY21–FY23 does not reflect typical program operations.

The WPR only measures whether or not a client met the work activities requirement (30 hours per week), instead of the degree to which it was met. For example, a client could have engaged in work activities for 25 hours per week, but that is not captured by either the WPR or any other performance measure. Therefore, the WPR underestimates the extent to which VIEW clients are participating in any work activity. Furthermore, the work activities that count toward the WPR do not include some activities that may help VIEW participants make progress toward self-sufficiency, such as participation in a substance abuse treatment program or remedial educational programs (e.g., GED classes or English proficiency classes) for more than 15 hours per week.

Virginia has not had reductions to its TANF block grant amount related to the WPR because the federal government sets low standards for the percentage of clients expected to meet the required number of hours of work activities. The federal government's target for the percentage of Virginia clients who meet the required number of hours of work activities has varied between 0 percent and 11 percent between FY17 and FY20. However, recent federal legislation will raise the standard for WPR for all states beginning in October 2026—VDSS staff expect that the WPR target for Virginia will increase to around 25 percent at that time.

More recent data from VDSS suggests that this pattern of low work and work-related activity participation has continued since typical VIEW operations resumed in January 2023. Between January and May 2023, an average of about 52 percent of VIEW clients participated in work or work-related activities for any amount of time, and Virginia's federal WPR was only about 27 percent as of July 2023. This indicates that approximately 73 percent of VIEW clients were not completing the necessary participation hours to count toward the WPR.

These low participation rates in work and work-related activities at least partially account for the lack of progress toward self-sufficiency among self-sufficiency program clients. VDSS does not collect sufficient information to determine whether and how local departments sanction VIEW clients for not meeting these requirements. More information about VDSS's monitoring efforts, including recommendations for improving self-sufficiency program performance monitoring, is included later in this chapter.

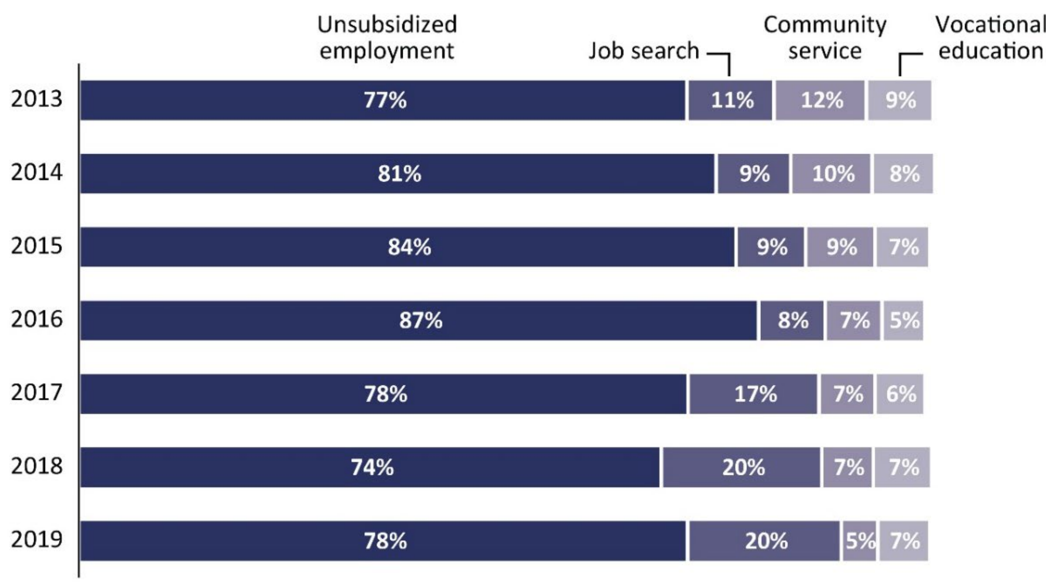
Program design and policies encourage participating in activities that will lead to relatively low-paying, dead-end, unstable jobs

The current design of self-sufficiency programs encourages short-term planning focused on activities that quickly move clients into employment, rather than long-term planning focused on improving clients' skills and employability that may lead to jobs with advancement opportunities. For example, for clients who have multiple barriers to employment, the time limits on receiving TANF and participating in VIEW may be too short to enable them to develop necessary skills and attain self-sufficient employment during their participation.

Most VIEW clients who meet participation requirements do so through activities that do not improve their employability or long-term earning potential

VIEW clients are often assigned to and encouraged to participate in low-effort activities that do not help clients gain additional skills and qualifications needed for jobs that may lead to self-sufficient wages. In addition, VIEW clients are not encouraged to pursue employment with advancement opportunities. Between FY13 and FY19, an average of 80 percent of VIEW clients who met participation requirements did so by working. The second most common activity during this period was job search, which doubled in terms of percentage of clients assigned over this time (Figure 5-2).

FIGURE 5-2
Most VIEW clients who met participation requirements did so through employment and job search between FY13 and FY19



SOURCE: JLARC analysis of federal work participation rate data.
NOTE: Totals may sum to over 100 percent as clients may be assigned to multiple work activities in a year. This figure excludes work activities that had less than 2 percent participation each year. These activities include subsidized employment, work experience, on-the-job training, job skills training, education related to employment, school attendance, and "other activities". Data only through 2019 is included because federal work participation requirements were waived between March 2020 and January 2023, and data does not reflect normal program operations.

Clients can, however, be working or engaged in job search while they undertake vocational training, which provides an opportunity to simultaneously increase their earnings and skills. Federal work participation requirements and VIEW policy allow clients to engage in multiple work activities during the same assignment, such as 20 hours of job search and 15 hours of vocational training. However, federal data suggests that only a small portion of VIEW clients "split" their time between work activities. In FY19, only 10 percent of VIEW clients who participated in work activities split their time among multiple activities, a slight decrease compared with previous years.

Virginia's VIEW program policy dictates that when a client has been determined to be "job ready" and is not already working full time, "the client's initial assignment will include individual job search, group job search, or job club." Clients assigned to job search are required to make job contacts and must accept an offer of full-time employment that pays at least minimum wage. This policy encourages clients to quickly obtain employment, regardless of the quality or earnings potential of the job. While obtaining any full-time job may be an improvement to the clients' immediate economic situation, these jobs typically do not lead to self-sufficiency in the long term.

Employed VIEW clients from the 2018 cohort analyzed for this study typically worked in industries with low wages, part-time hours, and irregular work

Many self-sufficiency program clients attain low-paying, unstable "survival" jobs. In comparison to jobs with a career ladder, survival jobs typically require fewer skills or formal qualifications, which make them easier to attain without pursuing additional training. However, these jobs also tend to have lower wages, irregular hours, and fewer benefits and are more unstable than jobs with a career ladder.

In the cohort of VIEW clients analyzed by JLARC, most clients were employed in industries and jobs with low wages. Table 5-1 lists the industries in which VIEW clients were employed in 2022. Of the 30 industries where VIEW clients worked in 2022, clients working in 19 of the industries had full-time, consistent work where the median wage was higher than the state's minimum wage ($11.00 per hour in 2022). Most clients working in the other 11 industries did not work full time (40 hours per week), did not work consistently, or did not make at least the minimum wage (this could happen in industries that offer tips)—69 percent of employed VIEW clients worked in these 11 industries (sidebar). Few of these clients earned wages that met the self-sufficiency standard, even if they were working full time.

Many clients may be discouraged from pursuing higher wage employment because of "**benefit cliff effects.**" These effects occur when the additional earned income gained from higher wages or more hours is less than the value of the public assistance the client loses by earning this additional income. If additional income would cause a client to lose eligibility for benefits, they may choose to forgo that opportunity so that they can continue to receive the more valuable benefit. More information on benefit cliffs and options for mitigating their impact is available in Appendix J.

National research and studies in other states show similar results with low wages, part-time hours, and irregular work among self-sufficiency clients. This research indicates that TANF recipients employed during or after their participation typically earn low wages, even if their incomes increased after exiting the program. For example, studies in Georgia, Kansas, Maryland, and Vermont found that clients who left TANF earned low wages and remained well below the federal poverty line. Studies in Georgia, Kansas, Maryland, Utah, and Vermont found that most clients who leave TANF work after their exit but often experience periods of joblessness that suppress their annual earnings. Additionally, longitudinal evaluations found clients who exited Maryland's TANF program were typically employed in similar low-wage industries to clients in Virginia.

TABLE 5-1
Most VIEW clients work in industries with low wages

Industry	% clients in 2022	Computed hourly median wage	% of poverty threshold
Administrative and support services (includes temp services, call centers)	69.3%	Most not working consistently, full-time, or making minimum wage [a]	
Retailers			
Home health care, nursing and residential facilities			
Food service and restaurants			
Transportation and warehouses			
Hotels, motels, and other lodging			
Personal services (e.g., barbers, salons)			
Entertainment venues			
Automotive repair			
Unclassified industries			
Agriculture, forestry, fishing, hunting			
Professional services	5.1	$14.00	148%
Manufacturing	4.5	16.63	175
Educational institutions and schools	3.5	12.16	128
Medical offices	3.3	14.44	152
Hospitals	2.1	17.36	183
Finance, insurance, and banking	2.0	19.64	207
Government	1.7	14.33	151
Construction	1.6	19.28	203
Wholesaling	1.5	15.53	164
Child care	1.5	12.59	133
Real estate	1.2	14.62	154
Media	0.7	19.58	207
Corporate or enterprise management	0.6	17.90	189
Nonprofits, unions, other associations	0.5	14.28	151
Domestic work	0.4	14.82	156
Community and human services	0.2	20.29	214
Other repair and maintenance	0.2	27.15	286
Mining, quarrying, oil and gas	0.1	26.78	282
Utilities	0.1	35.83	378

SOURCE: JLARC analysis of VDSS VaCMS data; VEC quarterly wage data for third quarter 2018 through fourth quarter 2022.

NOTE: [a] The reported wages were under the minimum wage when computed assuming 40 hours per week; this does not necessarily mean that workers were making under minimum wage. It could mean that workers were not working consistently or were not working full-time. Represents VIEW clients who had wages in 2022, does not include clients who did not have wages. Computed hourly wages were calculated using reported quarterly wages, assuming the client worked consistently throughout the quarter, 40 hours per week. Poverty threshold assumes two person household.

Several strategies may better incentivize VIEW clients to engage in activities to build skills and pursue higher paying jobs

National research suggests that programs that integrate employment-focused activities, skill development activities, and support services produce better employment and earnings outcomes than programs that focus solely on one strategy. Virginia's VIEW policy *allows* local department of social services staff to assign VIEW clients to a variety of work activities when they enter the program, depending on their needs and skills; however, policy strongly *encourages* local departments to assign all clients who are not employed full-time upon entering VIEW to job search as their initial assignment. In interviews, local staff report that they are expected to assign these clients first to job search, unless extenuating circumstances exist. While an initial assignment to job search may be appropriate for some clients, it is also likely to encourage many clients with limited work experience, skills, and education to obtain low-wage, unstable jobs because of their lack of qualifications for higher quality employment.

VDSS should consider revising VIEW policy to reduce the emphasis on immediately assigning clients to job search and instead direct local departments to assign clients to the most appropriate activity based on the client's unique needs and circumstances. For some clients, such as those with prior work history or higher levels of education, the most appropriate assignment may be job search. For other clients, such as those with limited work history or education, the most appropriate assignment may be an education or training program that helps to improve their employability and ability to obtain a job that has advancement opportunities.

Additionally, the VIEW program should place greater emphasis on assisting clients with obtaining jobs that have advancement opportunities and the potential for self-sufficient wages. This may require an alternative approach to assessing clients and planning their activities, including a greater emphasis on long-term planning beyond their VIEW participation and better connecting clients with other programs that offer education, training, or employment services. These opportunities could be provided through programs in the broader workforce development system, like those provided by the federal Workforce Innovation and Opportunity Act (WIOA) and the Virginia Community Colleges System, as well as those provided through other community resource entities, like Community Action Agencies. Developing long-term plans for clients may improve their long-term likelihood of achieving self-sufficiency.

Local social services workers would likely need input from an interdisciplinary team of program and service providers to develop long-term, individualized plans that encourage continued engagement with such activities. These plans should more robustly assess current and future client needs, including any need for additional education and training activities beyond VIEW. The plans should also identify how to access these services and how services could be sequenced to best promote clients' ability to progress towards self-sufficiency. This team could be modeled after the Family Assessment and Planning Team approach used under the Children's Services Act and bring

The Family Assessment and Planning Team (FAPT) under the Children's Services Act (CSA) is designed to encourage an interdisciplinary, collaborative approach to children's services by bringing together representatives from all relevant organizations to develop a service plan for the child. These organizations include local departments of social services, school divisions, CSBs, and juvenile court services, as well as parents. Each locality has staff that are at least partially dedicated to administering CSA operations, including coordinating FAPT team meetings and supporting the team's operations. These positions are at least partially funded by a state appropriation for local CSA administrative costs.

Community Action Agencies (CAAs) are local organizations that offer services and supports to reduce poverty and promote self-sufficiency. CAAs receive funding from the federal Community Services Block Grant (CSBG) and other grants and sources, including TANF. CAAs can offer a variety of services to individuals and families in poverty, including emergency assistance, housing assistance, and Head Start. Virginia has 31 CAAs.

together all the relevant public programs and providers to assess clients' needs and determine appropriate services (sidebar).

The General Assembly should consider directing the secretary of health and human resources and the secretary of labor to design a pilot program to test this long-term interdisciplinary approach to assessment and planning for VIEW clients at a limited number of local departments of social services. The process should identify and bring together representatives from organizations that could serve clients after their VIEW participation and promote clients' self-sufficiency (e.g., Virginia Career Works, community colleges, community action agencies). The pilot program should include at least 10 local departments of varying size and locations throughout the state. This alternative approach will likely be time-consuming for staff and may not be appropriate for all VIEW clients. Therefore, the pilot program may need to establish criteria for identifying VIEW clients who could benefit most from this approach, such as clients with limited work experience or education.

The pilot program could incorporate a "two-generation model"—also called a "whole family" approach—which involves assessing, planning, and delivering services for the adults and children in the client's household. For example, a VIEW worker using the two-generation model may determine that the adult needs vocational training and budgeting help, and the children need reliable transportation to school and after-school enrichment programs. The VIEW worker would then arrange funding for these services (e.g., VIEW services funds, CSA funds, private funds) and determine which organizations would deliver the services. This approach was developed by the Aspen Institute and is based on research that demonstrates that parents' education, employment, and income affect their children's development, future well-being, and economic stability. The two-generation model functions by integrating several service components through partnerships and community relationships (e.g., workforce development, child care, housing, transportation, physical and mental health care). The model encourages case managers to build relationships with families, incorporate their experience and perspectives into service plan design and service delivery, and track outcomes.

Incorporating the "two-generation" concept and its emphasis on integrated service delivery into a pilot program to test an interdisciplinary approach to service planning and delivery for VIEW clients would expand on Virginia's existing efforts to use two-generation service delivery. Since 2019, Virginia has funded a two-generation project at six Community Action Agencies (CAAs) (sidebar). Early evaluation data indicates that the project has had some positive impacts on families' employment and income, financial management, community involvement, access to child care, and job skills.

A plan for implementing and operating the pilot should be complete by November 1, 2024, and the program should begin operating by July 1, 2025. The Office of Research and Planning and Office of Innovation and Strategic Initiatives at VDSS could be tasked with jointly leading and coordinating the design, implementation, and evaluation of this program, in conjunction with the Division of Benefit programs. These offices have the expertise and staff necessary to design and evaluate the program and foster coordination across the spectrum of relevant stakeholders. Throughout the pilot, VDSS should annually evaluate and report on the implementation status of the program and the impact of this alternative approach on clients' progress toward self-sufficiency, including information on clients' employment and earnings outcomes. Specific performance measures incorporated in these reports should include the interim progress and short-term outcome and long-term outcome measures discussed later in this chapter. These updates should be provided to the General Assembly annually until 2030, and a final assessment on the pilot program should be delivered by November 31, 2031. The state may be able to coordinate this pilot program with new federal opportunities for states to use pilot programs to test alternative measures of TANF clients' success. More information on these opportunities is included later in this chapter.

RECOMMENDATION 9

The General Assembly may wish to consider including language in the Appropriation Act to direct the secretary of health and human resources and the secretary of labor to design and implement a pilot program for testing an alternative assessment and planning process for Virginia Initiative for Education and Work (VIEW) clients that uses an interdisciplinary team of program and service providers to develop long-term service plans for clients that encourage progress toward self-sufficiency during and after the clients' participation in VIEW.

Research has found that financial incentives encourage greater participation in and completion of training and skill-building activities, and some larger, better resourced local departments already provide incentives for earning a credential or gaining and retaining employment. For example, some localities provide gift cards to clients who retain employment for a certain amount of time (e.g., $50 for 1 month, $100 for two months, etc.) or other incentives, like a tablet or laptop, if they satisfactorily complete an education component.

The General Assembly should consider establishing and funding a pilot program to assess the potential for financial incentives to improve client outcomes. As part of this pilot, the General Assembly should direct VDSS to first work with local departments to (i) identify a subset of education and training activities that best prepare self-sufficiency clients to enter jobs with advancement opportunities and (ii) establish effective financial incentives. VDSS could then select up to 10 local departments to implement the pilot over the course of two years and then evaluate its impacts. Like the pilot program contemplated in the previous recommendation, the Office of Research and Planning and Office of Innovation and Strategic Initiatives at VDSS could design, implement, and evaluate this program, in conjunction with the Division of Benefit Programs and local departments of social services. VDSS should report the results of the evaluation of the impact of this pilot, as well as any recommendations for expanded implementation to the Senate Finance and Appropriations, Senate Rehabilitation and Social Services, House Appropriations, and House Health, Welfare and Institutions committees by October 1, 2027.

RECOMMENDATION 10

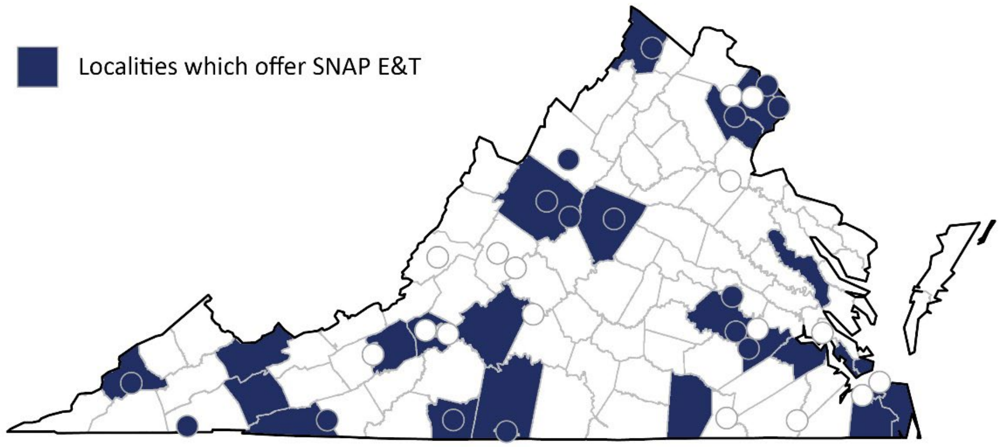
The General Assembly may wish to consider including language in the Appropriation Act to direct the Virginia Department of Social Services to establish a pilot program to assess whether the use of financial incentives would positively impact clients' participation in education and training programs.

Access to SNAP E&T across the state is limited

Virginia's SNAP E&T program has the potential to help SNAP clients progress toward self-sufficiency. JLARC analysis of employment outcomes among SNAP E&T clients between July 1, 2018 and December 31, 2022 found that, over time, SNAP E&T clients had higher employment rates than VIEW and SNAP clients who were not part of SNAP E&T. Similarly, SNAP E&T clients experienced greater wage gains than SNAP and VIEW clients. Since SNAP E&T clients generally receive the same services and supports as VIEW clients, usually delivered by the same social services workers, the difference in outcomes is likely related to the characteristics of the clients who self-select into the voluntary SNAP E&T program rather than the administration of the SNAP E&T program.

SNAP E&T is available to only about 60 percent of SNAP households in Virginia, because only 37 local departments of social services offer it (Figure 5-3). Local departments must opt into offering SNAP E&T, as there is no state requirement to offer the program. As a result, access to SNAP E&T depends on the locality in which the client resides. Additionally, SNAP E&T is available only to SNAP clients who are not receiving TANF and are required to participate in VIEW. Due to the limited availability and voluntary nature of the program, there were only about 1,160 SNAP E&T cases on an average monthly basis in FY22, the equivalent of less than 1 percent all SNAP cases. The General Assembly could require all local departments of social services to offer SNAP E&T, but doing so will result in additional administrative costs and may not substantially increase participation in SNAP E&T. It would, however, expand the number of clients who have access to the services and supports the program can offer.

FIGURE 5-3
SNAP E&T is available in fewer than one-third of Virginia localities



SOURCE: Information provided by Virginia Department of Social Services on current localities offering SNAP E&T.

Requiring all local departments of social services to offer SNAP E&T would increase the administrative costs of the program, which would be paid for through a mix of state, local, and federal funds because of the federal government's 50 percent match of state expenditures. Expanding the number of localities that offer the program would increase costs at both the local level (e.g., cost of local workers to administer the program) and state level (e.g., cost of oversight for additional localities offering the program). The General Assembly would need to weigh the fiscal impact of expanding the program against the relatively low potential the program has to help SNAP recipients move toward self-sufficiency. In reality, few SNAP clients are likely to voluntarily participate in SNAP E&T—less than 1 percent participate now, and several local departments have discontinued their SNAP E&T programs because of low enrollment. Some administrative costs would be incurred for any program that is established even if no additional SNAP clients choose to participate.

POLICY OPTION 1

The General Assembly could amend § 63.2 of the Code of Virginia to require each local department of social services to offer SNAP Employment and Training.

While federal law allows states to require all SNAP clients who are subject to SNAP's general work requirement to participate in SNAP E&T, this may not be feasible in Virginia. Requiring participation in SNAP E&T would require substantial additional resources and new responsibilities for VDSS and local departments. VDSS and local departments would be required to comply with federal screening and assessment requirements for all individuals referred to SNAP E&T and ensure compliance with participation requirements. Additionally, although clients who participated in SNAP E&T had more positive outcomes compared with VIEW and SNAP clients in

JLARC's analysis, these positive outcomes are likely to be at least partially attributable to these clients self-selecting into SNAP E&T participation. Similar outcomes should not be expected for mandatory participants, as they may not have the same motivation to engage in the program.

State does not consistently measure the extent to which clients improve their economic situations

State-supervised, locally administered systems like Virginia's social services system require oversight of local implementation of programs and performance measures that directly relate to the programs' outcomes and goals. Robust oversight ensures that local entities are appropriately implementing program requirements. Clear performance measures help the state to ensure that localities are effectively delivering services and efficiently using taxpayer resources.

VDSS monitors self-sufficiency programs but focuses on compliance rather than clients' participation and outcomes

VDSS's regular monitoring of self-sufficiency programs focuses primarily on local departments' compliance with program policies and procedures. For instance, VDSS reviews cases regularly to evaluate compliance with procedures for eligibility determinations, assessments, and activity assignments. VDSS also requires that each department submit an annual plan outlining their VIEW and SNAP E&T programs (if applicable), including descriptions of program components, standard operating procedures, and spending plans for annual program allocations. Regional VDSS staff review these plans annually for completeness and compliance with state and federal regulations.

VDSS does collect some information regarding VIEW and SNAP E&T client engagement with work and work-related activities and short-term employment outcomes and compares this information to internal targets (sidebar). Examples of these measures include employment rates in the first quarter following program exit and clients' overall average hourly wage during the current month. These measures are important and provide some insight into the effectiveness of self-sufficiency programs; however, these measures are currently only tracked at the aggregate, state level and do not measure clients' long-term employment and wage-related outcomes.

VDSS is also expected to report the percentage of TANF participants gainfully employed six months after program exit to the Department of Planning and Budget, as part of the agency's strategic plan. However, this measure has not been reported since 2019 because of technical challenges related to VDSS's implementation of a new client information system.

VDSS does not systematically monitor compliance with state and federal work requirements or compliance with sanction policies

VDSS does not regularly monitor whether VIEW clients are meeting work activity participation requirements or whether sanctions are appropriately applied when clients do not comply (sidebar). VDSS staff reported they only monitored VIEW clients' participation in work activities, including the extent to which their participation counts toward the federal WPR, on an ad hoc basis and typically only if an issue is brought to their attention. The WPR is the federal TANF performance measure used to assess

Sanctions are the suspension of TANF payments for clients who do not comply with VIEW program requirements. According to state policy, clients who do not meet work activity requirements should have their TANF payments suspended for at least a month, and suspensions should continue until the client complies with requirements.

the percentage of work eligible families that are engaged in certain work or work-related activities for at least 30 hours per week. As discussed earlier in this chapter, available data indicates that nearly half of VIEW clients are not participating in any work or work-related activities, and nearly three-quarters are not participating in the specific activities for the number of hours needed to meet the federal WPR. This data suggests that there is widespread lack of compliance with work requirements.

Similarly, VDSS does not adequately monitor whether local departments sanction VIEW clients for noncompliance. In interviews, local departments reported commonly sanctioning clients for noncompliance, with one department reporting that it had sanctioned more than 40 clients in August 2023 alone (approximately 15 percent of that local department's VIEW clients). However, VDSS data on sanctions is inconsistent with the rate reported by local departments—between June 2018 and June 2023, VDSS data shows no more than 27 clients being sanctioned per month, less than 1 percent of clients in any given month.

VDSS should regularly monitor VIEW clients' work activity participation data and local departments' sanction data to assess whether local departments are appropriately and effectively administering the VIEW program. Currently, VDSS does not adequately monitor the reasons clients are not meeting federal WPR requirements, such as clients completing an insufficient number of hours or participating in activities that do not count toward the WPR, or if local departments are accurately recording and reporting clients' participation. Although Virginia is not currently at risk of incurring penalties for failure to meet federal WPR targets, the state could face future reductions in TANF block grant funding if the WPR target is not met (sidebar).

Recent federal legislation is changing the calculation for WPR credits. Currently, Virginia's WPR target is 0 percent because of federal credits for caseload reductions. However, beginning in October 2026, the base year for caseload reduction credit will change from FY05 to FY15. VDSS staff estimate that this will increase Virginia's WPR target to approximately 25 percent, but it could be even higher depending on future changes to TANF caseloads.

RECOMMENDATION 11

The Virginia Department of Social Services should monitor data from each local department of social services on (i) VIEW clients' work participation rate and (ii) departments' sanctions for non-compliance with work participation requirements on at least a quarterly basis and report the results of this monitoring to the Senate Rehabilitation and Social Services and House Health, Welfare and Institutions committees annually.

VDSS should use the results of this monitoring to identify and provide technical assistance to local departments that may have high rates of client non-compliance or are not appropriately applying sanctions. For instance, a local department with a low participation rate *and* a low number of sanctions may indicate that the department does not apply sanctions appropriately. VDSS should identify any such departments through this monitoring and provide technical assistance on how to appropriately apply sanctions. VDSS could also provide technical assistance to departments regarding effective activity and service plan design. In addition, VDSS could help these local departments with strategies for increasing client participation with assigned activities (e.g., checking in with clients more frequently, offering incentives to clients for completing assigned activities each month) or encouraging departments to assign multiple activities to ensure that clients fully participate in the program (e.g., assigning 15 hours of GED classes plus 20 hours of community work experience).

Maryland's Department of Human Services has partnered with the University of Maryland to conduct a large-scale, longitudinal study of families that exit TANF. This longitudinal study has produced annual updates since 1997 to examine long-term outcomes related to employment, earnings, job industries, and program recidivism. The 2022 update to this report found that employment and earnings increased for most recipients compared with earnings prior to their participation, but earnings remained substantially low, many recipients work in low-wage industries, and many families continue to rely on other income supports after leaving TANF.

Other measures could better assess the extent to which clients make progress toward self-sufficiency during and after their enrollment

VDSS should expand VIEW performance monitoring to better assess clients' progress toward self-sufficiency. Currently, the federal WPR is the primary performance measure for the VIEW program, and while this is an important measure, it does not allow states to assess the extent to which clients make progress toward self-sufficiency during or after their participation in the program. The WPR measures only whether a client met the work activities requirement (30 hours per week), but it does not measure any of the clients short-term or longer-term outcomes (e.g., median wages while participating in the program, percentage of clients employed after their participation in the program, percentage of clients who return to VIEW in the years after their participation).

At least eight other state and local TANF programs have developed performance measures beyond the WPR, including several states with state-supervised, locally administered social services systems (California, Colorado, and Minnesota). The specific performance measures used by these programs vary, but they typically measure a mix of education and training, employment, and earnings outcomes for current and former TANF recipients (sidebar).

To better assess clients' progress toward self-sufficiency, VDSS should measure a mix of intermediate "progress toward employment" measures, short-term client outcomes, and longer-term client outcomes. Table 5-2 includes some of the specific types of outcomes that could be measured, drawn from best practices identified in national research and measures used by other states' TANF programs.

TABLE 5-2
Additional performance measures would better assess VIEW clients' progress toward self-sufficiency

Interim progress measures	• Number and share of clients that completed training, education, work experience, or on-the-job training components • Number and share of clients that obtained a recognized credential • Number and share of clients that completed a job readiness assignment
Short-term outcome measures	• Employment rates while participating (compared to rates before program entrance) • Median wages while participating (compared to wages before program entrance) • Number and share of previous clients employed the 2nd quarter after exit (compared to rates before program entrance) • Median earnings in the 2nd quarter after exit (compared to earnings before entrance) • Reasons for case closures, (e.g., exceeding income threshold, sanctions) • Number and share of previous clients who returned to VIEW within 6 months
Long-term outcome measures	• Number and share of previous clients employed 1 year, 3 years, and 5 years after exit (compared to employment rates before entrance) • Number and share of previous clients who worked all four quarters in the year 1 year, 3 years, and 5 years after exit • Median earnings for employed previous clients in 1 year, 3 years, and 5 years after exit (compared to FPL, self-sufficiency standard, and earnings before entrance) • Most common industries of employment 1 year, 3 years, and 5 years after exit • Number and share of previous clients who returned to VIEW within 1 year, 3 years, and 5 years after exit

SOURCE: JLARC synthesis of research on best practices for TANF performance monitoring and other states' TANF program performance measures, including California, Colorado, Maryland, Minnesota, New York, Texas, Utah, Washington, and Wisconsin.

VDSS should already have access to most, if not all, of the data necessary for these performance measures. Most of the information is available through the Virginia Employment Commission's quarterly wage records or reported by clients to local departments for eligibility determinations. VDSS should monitor the measures for each local department and share these results with local departments and local boards of social services on an annual basis. When sharing results of this monitoring, VDSS should provide comparisons to other similarly sized departments. VDSS should also report the results of this monitoring annually to the Senate Rehabilitation and Social Services and House Health, Welfare and Institutions Committees.

RECOMMENDATION 12
The Virginia Department of Social Services (VDSS) should regularly monitor intermediate progress and outcome measures for the clients of the Virginia Initiative for Education and Work program. VDSS should monitor these measures for each local department of social services, and the results of this monitoring should be reported annually to each local board of social services, and to the Senate Rehabilitation and Social Services and House Health, Welfare and Institutions committees, beginning October 1, 2024.

Cross-program coordination would be improved if self-sufficiency program and workforce program performance measures were aligned

Other work-focused programs, including WIOA and SNAP E&T, already use performance measures that assess skill building, employment, and earnings outcomes. Many of the measures listed in Table 5-2 and measures used in other states are based on WIOA performance measures. WIOA's primary performance measures include entry into, retention of, and earnings from unsubsidized employment; credential attainment; and measurable skills gains. In 2018, the U.S. Department of Agriculture began requiring states to report on performance measures for SNAP E&T participants that are similar to WIOA measures. Beginning October 1, 2024, federal law requires states to report on the employment rate for TANF clients in unsubsidized employment following their exit from the program and their median earnings. States will also be required to report on the percentage of TANF clients under age 24 who obtain a high school degree or equivalent while in the TANF program or within a year of their exit.

As VDSS implements the previous recommendation regarding VIEW performance measures, the agency should ensure the new measures align with the existing employment and education outcome measures under WIOA and SNAP E&T. Aligning these measures can facilitate coordination across these programs as they work toward common outcomes.

Virginia should also apply for a federal pilot program that would refocus the state's VIEW program on clients' long-term employability and increased earning potential. The Fiscal Responsibility Act of 2023 included provisions for states to operate pilot programs to test new ways of assessing TANF clients' success. Five states could receive federal grants for testing new measures of family well-being, employment outcomes, and self-sufficiency. States participating in these pilots will be exempt from the WPR targets, requirements, and penalties during the performance period.

The General Assembly should direct VDSS to pursue this pilot program opportunity when it becomes available. This is an unusual opportunity under federal law to alter TANF performance measures, and it is likely to be very competitive. This pilot opportunity may also provide a chance for the state to implement many of the recommendations in this report, including recommendations 9, 10, and 12 in this chapter. Because of the potential to receive additional federal funding for Virginia's TANF program and to improve its design and effectiveness, the General Assembly should also direct VDSS to provide regular updates to the Virginia Board of Social Services to ensure that the board is informed of the opportunities available through the pilot projects and the participation requirements.

RECOMMENDATION 13
The General Assembly may wish to consider including language in the Appropriation Act directing the Virginia Department of Social Services to pursue participation in the outcome-based performance measure pilot program authorized under the Fiscal Responsibility Act of 2023 and to provide quarterly updates to the Virginia Board of Social Services regarding the process for applying for and implementing a pilot program through this federal opportunity.

Virginia has been spending more of its block grant on "expanded TANF" programs that may not advance self-sufficiency

States have broad flexibility to use TANF block grant funds for activities that advance the four main purposes of the program (sidebar). In Virginia, TANF block grant funds are spent on four main categories: cash assistance and employment and training services, state and local administration, transfers to other block grants, and expanded TANF programs. Expanded TANF programs are funded using TANF surplus dollars that come from unspent funds in previous years.

The four purposes of TANF are (1) to provide assistance to needy families so that children may be cared for in their own homes or in the homes of relatives; (2) to end the dependence of needy parents on government benefits; (3) to prevent and reduce the incidence of out-of-wedlock pregnancies; and (4) to encourage the formation and maintenance of two-parent families.

Spending on expanded TANF grants has increased, but Virginia will soon run out of federal funds supporting those grants

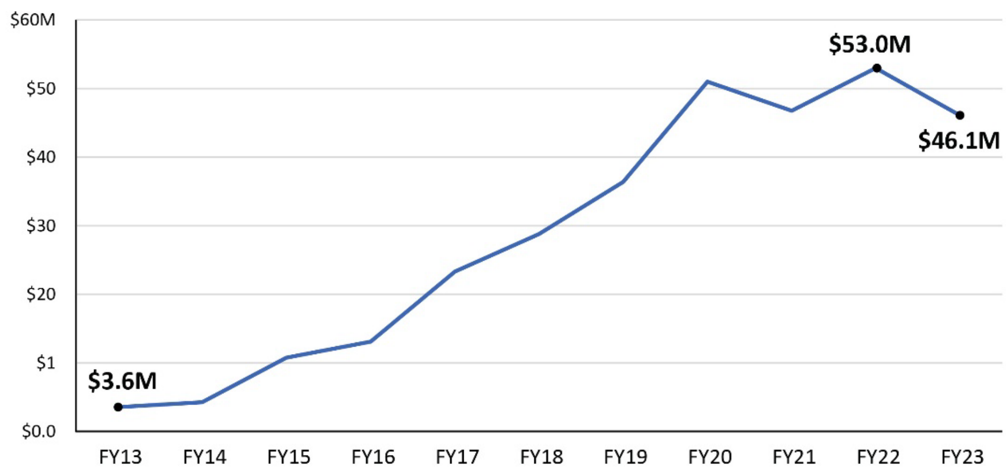
TANF spending over the past decade has shifted away from direct client benefits and services to expanded TANF grants. Between 2013 and 2023, expanded TANF grant spending increased 13-fold, from $3.6 million in 2013 to $46.1 million in 2023 (adjusting for inflation) (Figure 5-4). In the same period, spending on cash benefits declined 23 percent, spending on direct services for clients declined 43 percent, and spending on local administration declined 18 percent (adjusting for inflation). By 2023, spending on direct cash benefits and services for TANF clients accounted for 41 percent of TANF spending, compared with 67 percent of TANF spending in 2013. Expanded TANF grant spending grew from accounting for 1 percent of TANF spending in 2013 to 14 percent of TANF spending in 2023. These funds were allocated to 22 programs delivered by more than 50 organizations.

Excess federal TANF funds, resulting from years of falling caseloads, provided Virginia with discretionary funds that were directed to expanded TANF grants. Since 1996, federal TANF funding has been provided to each state as a block grant that generally remains the same amount year after year, regardless of changes in the number of people receiving the benefit or inflation. Any federal TANF funds that states

Virginia TANF enrollment was cut in half from approximately 73,000 cases in 1995 (the year before federal welfare reform was enacted) to approximately 35,000 cases in 2005, and in 2022, TANF enrollment was approximately 16,000 cases (80 percent fewer cases than in 1995). These falling caseloads were mostly a result of new work requirements, time limits on enrollment, and not adjusting eligibility criteria to reflect changes in cost-of-living.

do not spend in the year they are awarded are carried forward into future years. Virginia's TANF program experienced a large decrease in enrollment in the decade following welfare reform (sidebar), which resulted in Virginia spending less each year on TANF benefits and eventually building up a large amount of federal carryover funds. Virginia, like many other states, began to use these federal carryover funds for grants to organizations that advance any of the four goals of TANF described in federal law; this was called "expanded TANF" in Virginia.

FIGURE 5-4
Spending on Expanded TANF program has grown substantially since 2013



SOURCE: JLARC analysis of VDSS expenditure data, FY13 to FY23.
NOTE: Adjusted for inflation.

Expanded TANF spending increased substantially in the past decade, but Virginia's reserve of federal TANF carryover funds is nearly exhausted, and VDSS projects that the state will run out of these funds in FY26. The federal TANF carryover funds are nearly exhausted because expanded TANF spending grew substantially since FY13, and General Assembly-directed changes to TANF have increased the state's TANF benefit spending. The General Assembly increased the income level at which families become eligible for TANF and the monthly cash benefit amount TANF clients receive, which have slowly increased TANF spending on benefits for clients. VDSS and the secretary of health and human resources have been working with the General Assembly, as well as organizations receiving expanded TANF funding, to understand when funds will expire and develop a plan for discontinuing expanded TANF grants or identifying alternative funding sources for these programs.

Not all expanded TANF grants served TANF clients or advanced self-sufficiency

Many expanded TANF programs serve populations that may not be eligible for TANF. While most expanded TANF programs focus on providing services to low-income families and individuals, programs are not required to limit their service provision to TANF clients and many serve a wide range of target populations. For example, one expanded TANF program serves low-income families earning up to 250 percent of the federal poverty line. Most individuals earning this amount would not qualify for TANF.

Additionally, expanded TANF programs are not required to track and report the number of TANF clients they serve. VDSS staff report that they do not require programs to report characteristics of the individuals they serve, including income information. Without this information, it is unclear the extent to which TANF clients are currently being served by expanded TANF programs.

Some expanded TANF programs do not appear to be aligned with the main goals of Virginia's TANF program (sidebar). A review of the programs funded with expanded TANF grants in FY23 indicates that at least 10 programs do not have purposes directly related to promoting self-sufficiency. Additionally, at least 13 programs do not report self-sufficiency related outcome measures. For example, one program that received $1 million in FY23 provides support to young mothers and their siblings to reduce additional out-of-wedlock pregnancies. While this is a federal goal for the broader TANF block grant, it does not align with the specific self-sufficiency goals of Virginia's TANF program. In another example, a program that received $2 million in FY23 provides support services to families to prevent homelessness. While the purpose of this program could be tied to improving self-sufficiency, this program did not report any outcomes related to their services.

§ 63.2-601 of the Code of Virginia states that the goals of Virginia's TANF program include (1) offering Virginians living in poverty the opportunity to achieve economic independence by removing barriers and disincentives to work and providing positive incentives to work; (2) providing families in poverty with the opportunities and work skills necessary for self-sufficiency; and (3) allowing families living in poverty to contribute materially to their own self-sufficiency.

Even though Virginia will soon exhaust the current balance of excess TANF funds, the state could potentially build up a reserve of excess TANF funds in the future. If the eligibility criteria and TANF cash benefit amounts are kept constant in the future, fewer families would be eligible for TANF as wages and the cost-of-living increases. This could result in underspending the federal TANF grant in the future and building up a new reserve of federal TANF carryover funds.

As a block grant, total TANF funding is limited and should be allocated to most efficiently and effectively support the priorities of Virginia's TANF program. In the future, any available TANF discretionary funds could be allocated to provide additional supportive and employment services that help clients progress toward self-sufficiency. Repurposing these funds should be informed by comparing the goals of each program that could receive funds to the goals of Virginia's TANF program and by evaluating information about these programs' impact on TANF clients, including how many current and former TANF clients these programs serve and the outcomes of each program.

Any future excess TANF funds could also be used to support some of the proposed recommendations in this report that may require additional funds at the state and local levels. Specifically, excess TANF funds could be allocated to

- support co-location of local departments of social services and Virginia Career Works staff (Recommendation 4);
- develop and implement a new assessment and planning process focused on long-term outcomes for VIEW clients (Recommendation 9); or
- establish a pilot program to assess whether providing financial incentives would improve self-sufficiency program clients' participation in education and training programs (Recommendation 10).

6 Child Care Access in Virginia

Lack of access to affordable child care can be a significant barrier to self-sufficiency. Research literature indicates that without child care, parents may have to reduce their work hours, take lower-level or lower-paying jobs, or drop out of the labor force altogether. This reduces their household income, which can inhibit their ability to achieve or maintain self-sufficiency.

Beyond enabling parents to work, child care can also be very beneficial for children. Child care provides a place for children to learn and develop social, emotional, cognitive, and behavioral skills through their interactions with adults and other children. Many child care programs also incorporate academic instruction into day-to-day activities, including preparing children for school and strengthening early reading and math skills. An extensive body of research suggests that high-quality early childhood programs improve children's brain and skill development, resulting in better short- and long-term academic, health, financial, and other life outcomes (sidebar).

In 2017, **JLARC highlighted the importance of early childhood programs in the context of child brain development** as part of its review of state-supported early childhood development programs.

In Virginia—as in the United States generally—child care is delivered through a public-private system made up of many different types of child care providers. Child care providers operate in the private market, with the federal and state governments funding care for some children (e.g., low-income children). The child care market is very diverse and decentralized; many child care providers are independent businesses rather than large, for-profit chains. Different types of child care providers, such as child care centers, family homes, religious institutions, schools, community organizations, nannies, and relatives, offer child care.

This report focuses on access to formal rather than informal or unregulated child care (sidebar). Because the state does not regulate informal or unregulated providers, little is known about the use, availability, or affordability of this type of child care. This limits the conclusions that can be drawn about the overall availability of affordable child care in Virginia and the extent to which access to child care affects workforce participation and earnings. However, a substantial portion of child care is provided by formal child care providers and monitoring the availability and affordability of this type of care is worthwhile given that state policymakers and policies can impact the supply, affordability, and quality of it, and there is well-documented unmet demand.

"Formal" child care is delivered by child care centers, family homes, religious institutions, schools, community organizations, and other similar entities. These providers are required to comply with (at least some) state laws and regulations.

"Informal" child care is provided by relatives, friends, neighbors, nannies, etc.

Family homes that provide child care to fewer than five children have the option to not be licensed or registered. These providers, and any unsanctioned child care, are considered **"unregulated" child care**.

Child care is unaffordable for many Virginia families

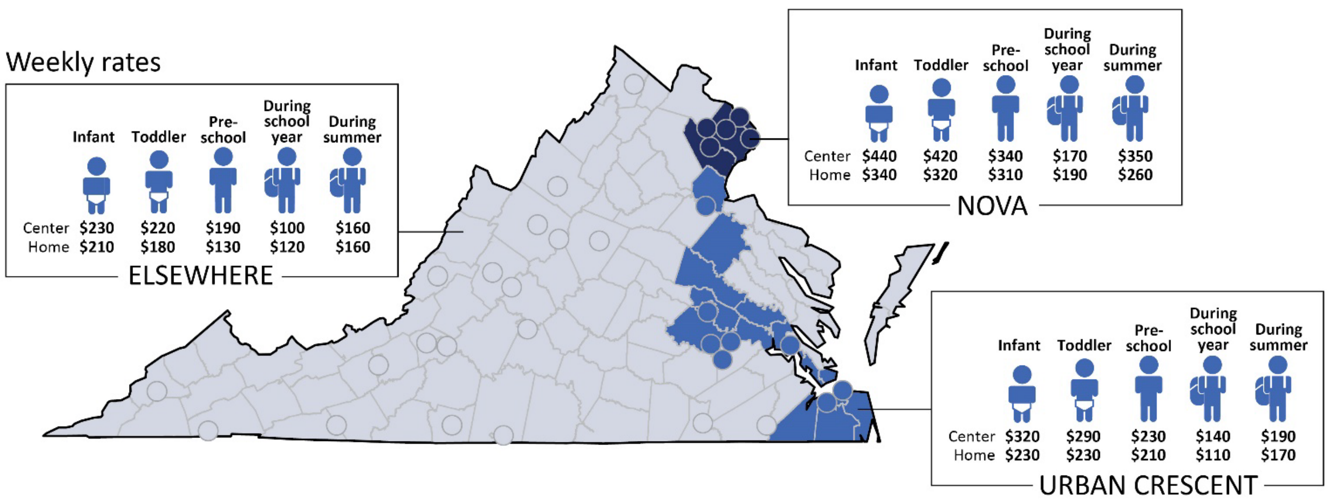
National research indicates child care can be very expensive, requiring parents and families to spend a significant portion of their income on it. In some areas of the country, including the Northeast and South, child care can be a family's largest household expense—more expensive than even their rent or mortgage. The cost of formal child care can lead parents to seek cheaper informal or unregulated child care or to stop working.

JLARC staff collected information regarding providers' rates through a **survey of licensed and regulated child care providers**. The survey also captured data and perspectives regarding enrollment, capacity, waitlists, staffing, regulations, and the subsidy program. A total of 1,079 providers responded to the survey (22 percent). See Appendix B for more information about the survey and Appendix K for more detailed information on survey responses.

Virginia families spend $100 to $440 per week, per child, on child care

Full-time formal child care in Virginia costs between $100 and $440 per week, per child, on average (Figure 6-1) (sidebar). Child care is generally more expensive for younger children than older children, at child care centers than family homes, and in Northern Virginia than other areas of the state. The cost of informal child care is unknown; however, some types of informal child care (e.g., family, neighbor) are likely less expensive than formal child care, while others (e.g., nanny, au pair) can be more expensive.

FIGURE 6-1
Cost of child care is more expensive in Northern Virginia, at child care centers, and for younger kids



SOURCE: JLARC analysis of data collected through the 2023 child care provider survey.
NOTE: Represents average rates and does not include additional fees. "During school year" represents before or after school care. "Center" refers to child care centers. "Home" refers to family homes.

These rates mean that full-time child care for younger children costs between $6,000 and $22,000 annually (similar to cost assumptions made in the self-sufficiency standard), with variation based on the age of child, type of provider, and region of the state. (Appendix L includes data comparing the annual cost of infant and preschool care in Virginia to other states.) Additionally, before or after school care for school-age kids can cost $3,500 to $6,000 per school year (double for before *and* after care), and summer care for school-age kids can cost $1,500 to $3,500 per summer—varying based on the type of provider and region of the state.

Many child care providers charge fees on top of base tuition rates, which further increase the cost of child care. The majority (69 percent) of providers responding to

JLARC's survey of child care providers reported that they charge fees, such as registration, transportation, and/or food and meal fees, in addition to the base rates. These can range from one-time fees to recurring daily, monthly, or annual fees depending on the services being provided.

Some providers adjust their rates to make child care more affordable for parents and families. For example, 51 percent of providers surveyed reported providing discounts for multiple kids from the same family; 21 percent offer scholarships or other forms of financial assistance; 9 percent charge lower rates for families with lower incomes; and 12 percent adjust their rates in another way (e.g., offer military discount).

Most Virginia families with young children and some with school-age children spend a substantial portion of their income on child care

Child care can account for a significant portion of a household's income, especially if the household has young children (sidebar). In all regions of the state, child care costs exceed 10 percent of the median income for most types of child care and for both one- and two-adult households (Table 6-1) (sidebar). For most types of child care, child care costs exceed 20 percent of the median income for households with one adult. This exceeds what the federal government has deemed affordable, which is child care costs accounting for 7 percent or less of household income.

The cost of child care being most expensive when children are the youngest is notable because **parents often have lower incomes when their children are younger**. This means the cost of child care is often the most expensive when parents have the least ability to pay.

Families **spend more of their income on child care if they have multiple children**. For example, a typical two-parent household with one infant and one preschooler that lives outside of Northern Virginia or the Urban Crescent would spend 20 percent of their income on child care.

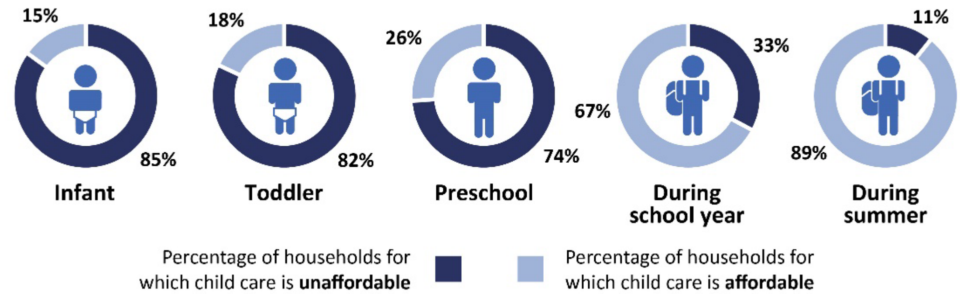
TABLE 6-1
Cost of most types of child care exceeds 7 percent of median household income

	Percentage of median income spent on child care					
	Child care center			Family home		
	Infant	Toddler	Preschool	Infant	Toddler	Preschool
Northern Virginia						
1 Adult + 1 Child	28%	26%	21%	21%	20%	19%
2 Adults + 1 Child	11	11	9	9	8	8
Urban Crescent						
1 Adult + 1 Child	35	31	25	25	25	23
2 Adults + 1 Child	14	13	10	10	10	9
All other parts of state						
1 Adult + 1 Child	29	28	24	26	22	16
2 Adults + 1 Child	12	11	10	11	9	7

SOURCE: JLARC analysis of data collected through the 2023 child care provider survey and American Community Survey, 5-year data, 2017–2021.
NOTE: Percentage of household income spent on child care = annual cost of child care / median household income. Assumes all adults in the household are working.

Child care is unaffordable for most Virginia families with younger children and some Virginia families with school-age children. The costs of infant and toddler care exceed 7 percent of household income for more than 80 percent of Virginia families, and the cost of preschool exceeds 7 percent of household income for 74 percent of Virginia families (Figure 6-2). School-age child care is affordable for the majority of Virginia families; the cost of before or after school care exceeds 7 percent of household income for 33 percent of families, and the cost of care during the summer exceeds 7 percent of household income for 11 percent of families.

FIGURE 6-2
Child care is unaffordable for many Virginia households, most notably those with young children



SOURCE: JLARC analysis of data collected through the 2023 child care provider survey and American Community Survey, 5-year data, 2017–2021.
NOTE: Child care considered unaffordable if it exceeds 7 percent of a household's income. "During school year" represents before or after school care. School-age child care is more likely to be affordable for families because it is less expensive. It is less expensive primarily because it requires fewer staff and is needed for fewer hours per day during the school year.

The annual income needed to afford child care for infants and toddlers in family homes ranges from approximately $160,000 in the state's Urban Crescent localities to approximately $230,000 in Northern Virginia, and from $130,000 to $150,000 in all other parts of the state. In each region, annual incomes need to be approximately 13 to 38 percent higher to afford care for infants and toddlers in child care centers, depending on the region of the state. These incomes would be necessary to afford care for one child; higher incomes would be needed to afford care for more than one child.

The **recent increase in child care costs has slightly outpaced increases in income**. According to data from the Bureau of Labor Statistics, workers' compensation increased 5 percent from June 2022 to June 2023. In comparison, 37 percent of child care providers responding to the JLARC survey indicated they had increased their rates by 5 percent or more between 2022 and 2023; 10 percent increased their rates more than 10 percent.

Cost of child care has increased in recent years

The cost of child care has increased recently, slightly outpacing increases in income (sidebar). Sixty-two percent of providers responding to JLARC's survey reported increasing rates from 2022 to 2023, and 55 percent increased their rates from 2021 to 2022. The majority of providers who reported increasing their rates in the past year did so by 10 percent or less. Child care centers were more likely to have increased their rates (75 percent) than family homes (49 percent). More providers have increased their rates in the last two years than prior to the pandemic (about one-third of providers increased rates from 2018 to 2019 or 2019 to 2020).

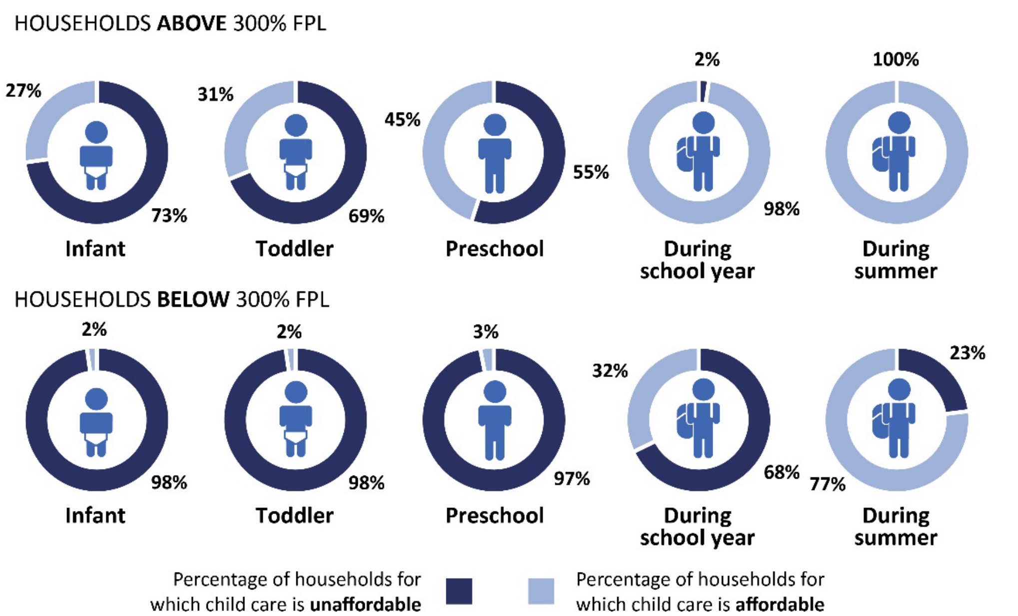
Child care providers have been increasing rates to accommodate higher operating costs. Many providers reported in interviews and through JLARC's survey that personnel and non-personnel costs have increased in recent years, and they have had to increase their rates to cover increased expenses. Some providers described having to increase compensation to improve staff recruitment and retention, as well as to comply with the state's recent minimum wage increases. Providers also reported that inflation has resulted in higher non-personnel costs, such as rent, food, materials, and other supplies.

Cost can make child care unattainable for lower-income families, and these parents may drop out of the labor force

Child care is more unaffordable for lower-income families because the cost of child care accounts for a larger percentage of these households' income. For example, the average cost of preschool at a child care center in the Urban Crescent would account for 25 percent of the median income of a one parent/one child household, but would account for 30 percent of the same household's income if its income was at 200 percent of the federal poverty level (FPL), and 59 percent if they were at the FPL (sidebar). As a result, infant, toddler, and preschool child care are unaffordable for nearly all lower-income households, compared with half to three-quarters of households with higher incomes (Figure 6-3).

The average annual costs of infant and toddler care in Northern Virginia **are higher than the federal poverty level.**

FIGURE 6-3
Child care is unaffordable for nearly all low-income families with young children and some with school age



SOURCE: JLARC analysis of data collected through the 2023 child care provider survey and American Community Survey, 5-year data, 2017–2021.
NOTE: Child care considered unaffordable if it exceeds 7 percent of a household's income. "During school year" represents before or after school care. "FPL" = federal poverty level. Does not account for low-income families that receive subsidized child care (~24,000 households in 2022). 300 percent FPL represents the threshold where differences in affordability between families with higher and lower incomes becomes apparent.

"Some families just can't go to work because [child care] is more expensive…than working."

– Regional child care leader

As discussed in Chapters 1 and 7, the **Child Care Subsidy Program** helps some low-income families afford child care by funding a portion of the cost.

Even school-age child care—which is relatively affordable for the majority of Virginia families—can be unaffordable for lower-income Virginians. For example, before or after school child care is unaffordable for the majority of lower-income families, but only 2 percent of families with higher incomes (Figure 6-3).

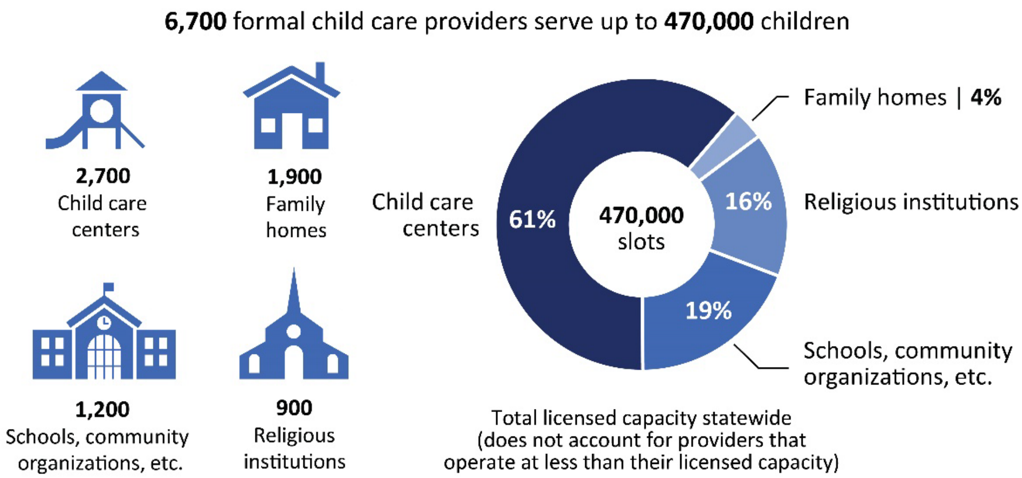
The cost of child care can lead parents to drop out of the labor force. Staff at local departments of social services ("local departments") and other relevant stakeholders reported the high cost of child care has led some parents to stop working to take care of their children because the cost of child care does not leave them with sufficient income to afford their other expenses. The cost of child care has also led some parents who receive subsidized child care to abstain from promotions or higher-paying jobs because their new income would be too high for them to remain eligible for the subsidy, and without the subsidy the cost of child care would be unaffordable (sidebar).

Research literature indicates the negative impact of child care costs on parental labor force participation is most significant among families with lower incomes. When child care becomes more affordable, low-income parents are more likely to participate in the labor force. For example, a breadth of research studies has found that employment rates are higher among mothers—especially single mothers—in families that receive subsidized child care than those that do not.

Virginia lacks sufficient child care slots, especially for infants and toddlers

Virginia has nearly 6,700 formal child care providers, with the capacity to serve up to 470,000 children. These providers include child care centers, family homes, religious institutions, and other entities such as public and private schools and community organizations (Figure 6-4). The majority (61 percent) of Virginia's formal child care slots are located at child care centers. Additionally, an unknown quantity of (i) informal and (ii) unregulated providers also provide child care to many Virginia children.

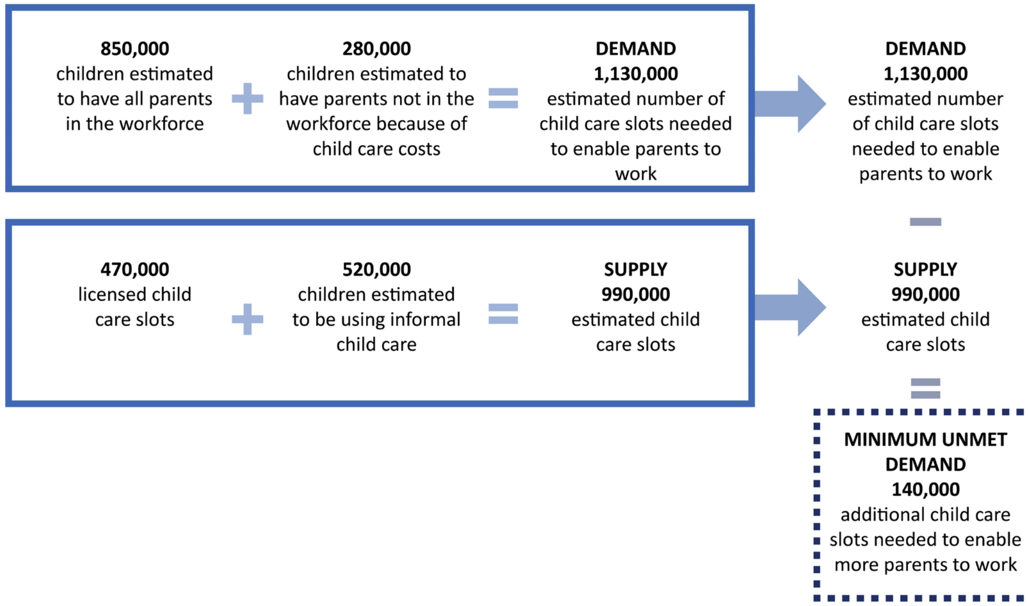
FIGURE 6-4
Formal, regulated child care is available through different types of providers, most commonly child care centers



SOURCE: JLARC analysis of Virginia Department of Education (VDOE) data (as of April 2023).
NOTE: "Formal child care providers" represents those licensed or registered with VDOE. "Slots" represents total licensed capacity across all licensed or registered child care providers. Some providers operate at less than their licensed capacity because of operational constraints such as staffing shortages.

The demand for child care slots exceeds supply, making it difficult for parents and families to find child care. Approximately 1.13 million children in Virginia are age 12 and younger and estimated to need child care. About 55 percent (630,000) of these children are school-age and only need child care coverage during the parts of the day and year when they are not in school. The remaining 45 percent (500,000) are infants, toddlers, and preschoolers who need full-day, year-round care. Of the Virginia children estimated to need child care, an estimated 990,000 have access to either formal or informal child care. This leaves a statewide shortage of at least 140,000 slots (Figure 6-5).

FIGURE 6-5
Virginia needs at least 140,000 more child care slots to meet demand



SOURCE: JLARC analysis of VDOE child care licensing data (2023); JLARC child care provider survey data (2023); American Community Survey, 5-year data, (2017–2021); and Household Pulse Survey data (2023).
NOTE: "Children" refers to children age 12 and younger. Supply at licensed providers based on number of licensed slots and does not account for fact that many providers operate at less than licensed capacity. This estimation does not account for the cost of formal child care slots. Some formal child care slots could be too expensive for families to use, which would increase unmet demand. Methodology for the 280,000 and 520,000 estimates is discussed in Appendix B; 280,000 includes families with children living below 115 percent of self-sufficiency threshold where one or more parents are not working.

In interviews, child care providers, regional child care leaders, and local department staff across the state reported that it is common for child care providers to have a waitlist. The majority (58 percent) of child care providers responding to JLARC's survey reported having a waitlist. Waitlists are often very long, and, in extreme cases, can include hundreds of children.

This estimate of unmet demand for child care in Virginia should be interpreted as the minimum number of child care slots needed. Due to data limitations, the supply of child care slots used in this analysis was based on providers' licensed capacity; however, many providers operate at less than their licensed capacity because of operational constraints such as staffing shortages. According to JLARC's survey, child care centers are operating at 85 percent of their capacity, on average. Using licensed capacity, therefore, overestimates the supply of child care slots. Additionally, this analysis does not account for the affordability of available child care slots, and—as discussed earlier in this chapter—research indicates *many* families cannot afford existing child care. This means that the state likely needs substantially more than 140,000 additional slots to fully meet demand and that many of the state's slots need to be offered at a reduced cost to families. However, not all of these slots require the same staffing levels—and therefore investment—because required staff-to-child ratios vary by age, with older children requiring fewer staff. Moreover, a substantial portion (just over three-quarters) of the needed slots are for school-age children who do not need full-day or year-round care, and creating and maintaining these slots requires fewer staff.

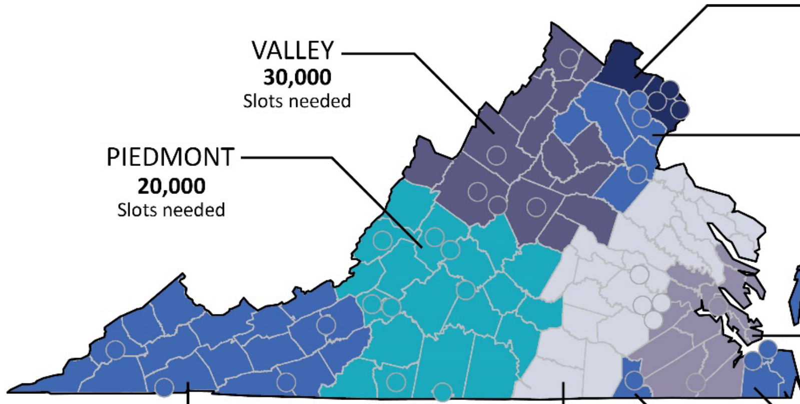
Some regions of Virginia have more unmet demand than others, and families in rural regions can have particular difficulty accessing care

With the exception of the Fairfax region, every region of the state is unable to meet the demand for child care with existing formal child care. Most regions need at least 20,000 formal child care slots to meet demand (Figure 6-6). The Fairfax region—made up of Arlington, Loudoun, and Fairfax counties and Alexandria, Fairfax, and Falls Church—is estimated to have the right number of child care slots relative to demand; however, this does not account for the cost of these slots, which could be unaffordable for many who need them. Additionally, regional estimates do not account for families that use child care in a different region from which they live—such as the one in which they work—nor families from border states that use child care in Virginia (which could be especially notable in the Fairfax region with parents coming from the District of Columbia). Further, as with the statewide estimates, many of the needed slots are for school-age children, which are considerably different from slots for younger children because school-age children do not need full-day or year-round care and require less staff.

Although rural regions of the state do not have significantly more unmet demand for child care than other regions, there are fewer child care providers in rural areas and families must travel greater distances to access them. Rural localities have 12 child care providers each, on average, whereas urban and suburban localities have 57 and 164, respectively. Some rural localities, including Alleghany, Craig, and Highland counties, only have one formal child care provider. Having such limited access to providers can require families to drive long distances to access child care. For example, as one child care provider in Southwest Virginia described "people drive an hour each way for infant care."

> "*[In Southwest Virginia], child care centers are basically located only along the 81 corridor, but you have a whole region around that who would have to drive hours to get to a center.*"
>
> **– Regional child care leader**

FIGURE 6-6
Most regions have unmet demand for child care and need more slots



SOURCE: JLARC analysis of VDOE child care licensing data (2023); JLARC child care provider survey data (2023); American Community Survey, 5-year data, (2017–2021); and Household Pulse Survey data (2023).
NOTE: "Slots" refers to number of child care slots needed to enable more parents to work. Estimates should be interpreted as the minimum number of child care slots needed. Estimates do not account for families that use child care in a different region from where they live, nor families from border states that use child care in Virginia. *For the Fairfax region, regional estimates indicate there is not unmet demand for child care in the Fairfax region. However, these estimates do not account for the cost of formal child care slots in the region (which could be unaffordable), nor the fact that families from other regions or the District of Columbia could be using slots in this region.

Greatest shortage of child care slots is for infants and toddlers

Child care slots are especially needed for infants and toddlers, with a shortage of at least 33,000 slots statewide. Most regions of the state need 3,000 or more infant-toddler slots to meet demand (Figure 6-7). Most notably, the Eastern and Northern regions need 7,000 more infant-toddler slots. Further, although the Western region does not need as many infant-toddler slots as other regions, it has the highest unmet need in the state; there are 2.3 infants and toddlers per infant-toddler slot in the Western region compared with 1.4 per slot statewide.

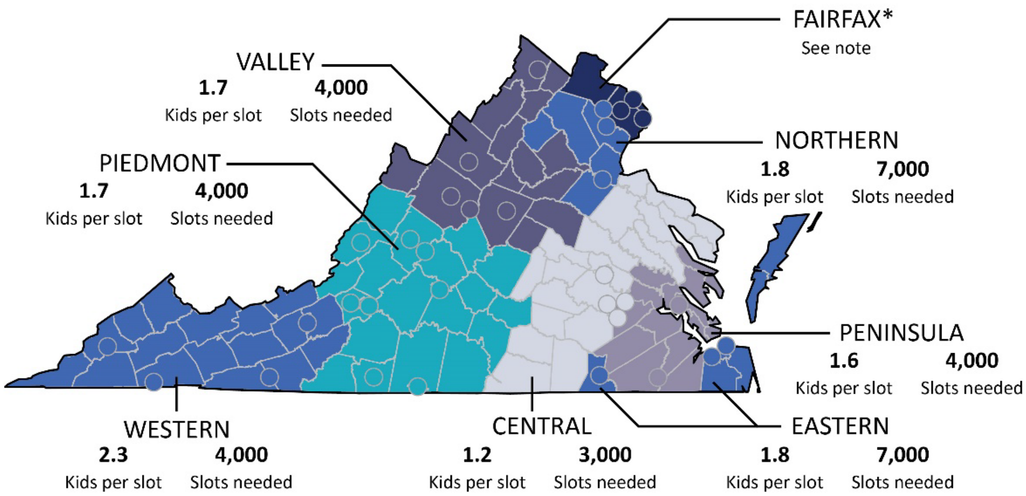
"We don't have any infant care here…There is one licensed center in Abingdon for infant care and they can only take eight kids. I know there are more than eight babies out there."

– Child care provider

As with the overall statewide estimates, this analysis does not take into account operational constraints that may reduce the number of actual slots available and does not account for the affordability of available infant-toddler child care slots, which—as discussed earlier in this chapter—research indicates is a significant obstacle for most families. This means the state likely needs substantially more than 33,000 slots to meet the demand for infant and toddler child care and many of those slots need to be provided at a reduced cost to families.

The lack of child care for infants and toddlers was identified as a significant issue in interviews with child care providers, regional child care leaders, and local department staff. According to stakeholders, lack of infant-toddler child care at least partially stems from the high costs required to run infant-toddler programs. Child care providers are required to have more staff for infant-toddler programs because children in these age groups require more attention, interaction, and support than older children. Additional staff requirements increase providers' operational costs. These costs must either be covered by increasing rates—which reduces the pool of families willing or able to use infant-toddler care—or be partially absorbed by the provider, which may not be sustainable depending on the providers' other costs and revenues.

FIGURE 6-7
Most regions need at least 3,000 infant-toddler slots to meet demand



SOURCE: JLARC analysis of VDOE child care licensing data (2023); JLARC child care provider survey data (2023); American Community Survey, 5-year data, (2017–2021); and Household Pulse Survey data (2023).
NOTE: "Slots" refers to number of infant-toddler care slots needed to enable more parents to work. Estimates should be interpreted as the minimum number of infant-toddler care slots needed. Estimates do not account for families that use child care in a different region from where they live, nor families from border states that use child care in Virginia. *For the Fairfax region, regional estimates indicate there is not unmet demand for infant-toddler care in the Fairfax region. However, these estimates do not account for the cost of infant-toddler care in the region (which could be unaffordable), nor the fact that families from other regions or the District of Columbia could be using slots in this region.

Generally, Virginia has about the right amount of slots for preschoolers relative to demand. However, some regions—specifically the Eastern, Valley, and Western regions—do have unmet demand for preschool slots, each needing 3,000 more slots to meet demand.

Finally, data indicates the state has a shortage of more than 100,000 school-age slots, however this is likely an overestimate. Working parents with school-age children—especially older school-age children—are less likely to view child care as essential for these children and are more likely to make other arrangements outside formal child care (e.g., participation in sports or clubs after school, staying at a friend's house after school). This dynamic is not accounted for in unmet demand calculations. Therefore, while additional school-age child care slots are needed—especially for younger school-age children—the number needed is likely substantially less than 100,000. These types of slots are generally easier to create than infant-toddler or preschool slots because they are not full-day or year-round and require fewer staff.

Regulations influence the cost of child care, but most of Virginia's regulations appear appropriate

To ensure the health and safety of children, the state sets minimum requirements for staffing, facilities, and other aspects of providing child care in state law and regulations. Some regulations, such as background check requirements, apply to all child care providers, regardless of whether they are licensed by the state. However, the majority of the state's regulations apply only to licensed child care providers and providers participating in the state's Child Care Subsidy Program.

Some localities also have local regulations that affect the cost of child care. Arlington and Fairfax counties and Alexandria regulate (at least some) child care providers at the local level. These local regulations can be more stringent than state regulations and further increase the cost of child care.

Research indicates that state regulations—especially staffing-related regulations—influence the cost of child care (sidebar). Staffing-related regulations include qualification, training, and supervision requirements, such as minimum staff-to-child ratios and maximum group size. Child care providers indicate these regulations drive staffing, dictating how they staff and operate their programs, and therefore drive operating costs. Further, research literature analyzing the relationship between regulations and the cost of child care has found that stricter staffing regulations, including staffing ratios and education qualifications, are associated with higher costs.

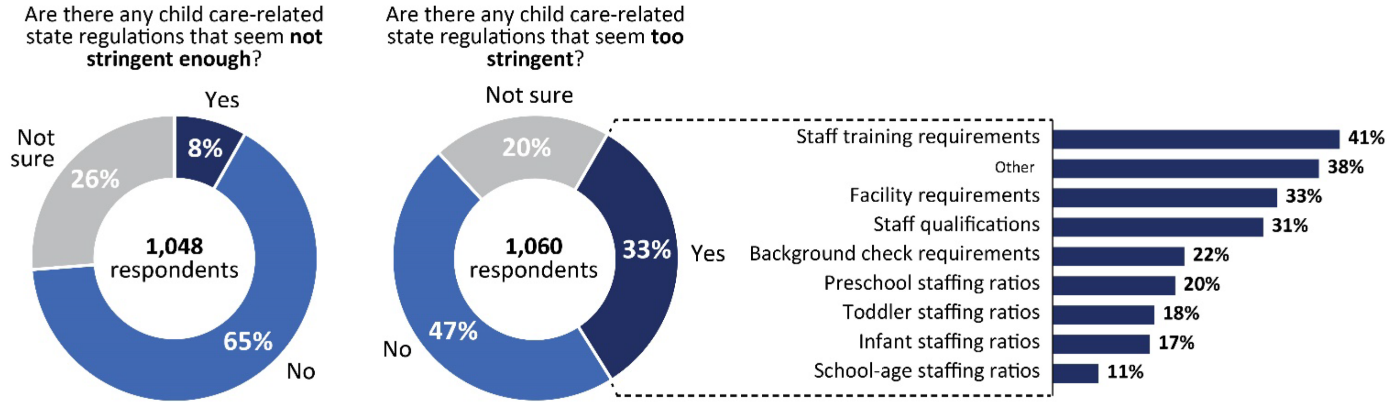
Virginia's child care regulations are in-line with other states and generally viewed by providers as appropriate

Virginia's **staffing ratios generally align with peer states, and staff qualification and training requirements are similar to other states**. The state is in the process of updating these regulations; however, these changes are not expected to significantly affect staffing ratios or qualification or training requirements.

Virginia's child care-related regulations appear appropriate. The state's regulations generally align with other states and best practices (sidebar), and providers mostly believe they are appropriate. (Appendix M includes more information about Virginia's regulations and how they compare to other states.) The majority of providers responding to JLARC's survey do not believe that regulations seem too stringent or not stringent enough (Figure 6-8). Just one-third of providers reported at least some regulations are too stringent. Further, most child care providers and other relevant stakeholders interviewed reported that the state's regulations seem appropriate to maintain children's health and safety, and the staffing ratios create manageable working conditions.

One way the state could lower the cost of child care would be to allow individual child care staff to care for more children. This would allow providers to hire fewer staff to maintain their operations. However, feedback from child care providers and other stakeholders suggests that allowing providers to increase the number of children that individual staff are responsible for would negatively affect working conditions and is not a feasible strategy for decreasing the cost of child care. For example, in interviews, child care providers said they "can't imagine" teachers being able to care for more children and that the number they are currently allowed to care for is already "a lot" to deal with. One provider remarked that "if [the number of children per teacher] were any higher, you would have some pretty unhappy teachers."

FIGURE 6-8
One-third of providers believe that some child care regulations are too stringent



SOURCE: JLARC survey of child care workers (2023).
NOTE: Percentages in bar chart reflect proportion of respondents that responded "Yes" to if there are any regulations that seem too stringent (N=347).

When child care providers *did* express concerns about the state's child care regulations, they most commonly centered on staff training processes and requirements. Forty-one percent of survey respondents that indicated some of the state's regulations appear too stringent—and 13 percent of *all* survey respondents—reported staff training requirements are too stringent (Figure 6-8). Some providers also expressed similar concerns in interviews. Commonly reported concerns included that (i) new staff cannot begin training until the entire background check process is complete and (ii) the material in the preservice training required for new child care center staff is not universally relevant.

Virginia's background check requirements are stricter than other states and federal guidance and can delay hiring

Virginia requires child care staff to pass a background check and complete initial and ongoing trainings. The specific training requirements vary by type of provider. Most commonly, staff at licensed providers (i) must complete a preservice training upon being hired, (ii) take 16 hours of training each year, and (iii) be certified in CPR and first aid.

New staff cannot begin training or working until their background check has cleared, which can take weeks, particularly if the person has lived out of state. Providers at child care centers report that this can be challenging, especially in the strong labor market, because some prospective staff find other jobs while they are waiting for their background check to be complete. As one provider described: "Sometimes I might be hiring someone, and then they leave for a job elsewhere because it takes too long. They need a job now, not in two or three weeks." These providers believe that if they were able to have prospective staff at least begin training while waiting for the background check process to finish, it would deter these individuals from taking other jobs before they begin working.

Virginia's requirement that background checks be fully completed before employment is stricter than federal requirements and procedures in other states. The federal government allows states to let prospective child care employees begin working provisionally once they pass the fingerprint-based components of the background check as long as they remain under constant supervision until the rest of the background check comes back clear. Many other states have structured their regulations accordingly (sidebar). In contrast, Virginia statute requires "all applicants…to undergo a background check…prior to employment," not allowing employees to be hired—even provisionally—until the entire background check is complete.

A recent report to Congress published by the Administration for Children and Families (ACF) found **only three states (Mississippi, Tennessee, and Virginia) do not allow staff to begin working provisionally while waiting for parts of the background check to be complete**.

Many providers are not currently operating at their full capacity because of staffing shortages. Relaxing the state's background check requirement to allow providers to train prospective employees (or even hire staff provisionally) once they pass the fingerprint-based parts of the background check but are awaiting the results of the registry checks in other states—the longest part of the process—could enable child care providers to more quickly fill vacant positions, making additional child care slots available. While this is unlikely to have a meaningful impact on the availability of slots in aggregate, the waitlists at some child care providers are so extensive that even a relatively small increase in capacity would benefit families.

The same recent report to Congress suggests **most child care employment disqualifications come from one of the aspects of the background that occur before the other state checks are initiated**, such as the FBI fingerprint, the in-state criminal registry check, or the in-state child abuse and neglect registry check. This led the authors to recommend the federal government reevaluate the need for provisionally hired staff to be supervised while awaiting the out-of-state checks. This finding was based on analysis conducted by ACF's Office of Planning, Research, and Evaluation using 2019 data from five states.

However, relaxing these requirements could expose children to safety risks. The out-of-state checks—which must be completed in all states in which the prospective employee has lived in the past five years—entail checking other states' criminal registry, sex offender registry or repository, and child abuse and neglect registry. These checks can uncover significant offenses, such as felony convictions, drug offenses, or violent misdemeanors committed against children, that would disqualify an individual from employment. Although there is some evidence to suggest that a prospective employee would be unlikely to pass the initial in-state portion of the background check and then be disqualified because of out-of-state offenses (sidebar), there is no data that can be used to assess this for Virginia specifically.

Therefore, if the General Assembly wishes to allow child care providers to hire applicants prior to the completion of background checks—as most other states have done—protections should be put in place to ensure that these employees have no interaction with children until they have passed all aspects of the background check process. For example, the General Assembly could amend statute to allow providers to initiate applicant training (and therefore place applicants on the provider's payroll) once applicants pass the fingerprint-based parts (Virginia and federal portions) of the background check but prohibit providers from allowing these applicants to have any access to children until the *entire* background check, including checks in other states where the applicant has lived, comes back clear.

Material in required training for new child care center staff is not always applicable and may be a poor use of staff time

One other commonly reported concern was that the material in the state-provided preservice training is not always relevant to child care staff. New staff at child care centers are required to complete a 10-hour Virginia Department of Education (VDOE)-sponsored preservice course within 90 days of beginning employment. Of child care providers responding to JLARC's survey indicating they had concerns about the state's regulations, the state's required training was the most commonly cited concern. Multiple child care providers and stakeholders interviewed for this study described the information covered in this course as not always relevant to their work, making the training a poor use of their time. For example, one provider responding to JLARC's survey noted: "The ten hour training video is too lengthy and covers topics that do not pertain to my program (like subsidy) or covers topics that my 16–18 year old assistants do not have to know in order to do their jobs (like subsidy information)." Other providers described in interviews and through the survey that although they are exclusively school-age providers, the training covers information about caring for infants and toddlers.

To ensure that preservice training is effective and worthwhile for new staff, VDOE should review and, as needed, improve, the Virginia Preservice Training for Child Care Staff course. At a minimum, VDOE should ensure that the information provided through the course is applicable to all staff that are required to take it, which might require customizing the training to different types of child care staff. If needed, VDOE should, in place of the current training materials, develop specific preservice courses for different types of child care and different types of roles (e.g., assistant, lead teacher, director), so that new staff are required to take only the training that is relevant to their positions and responsibilities.

RECOMMENDATION 14
The Virginia Department of Education should review and improve the Virginia Preservice Training for Child Care Staff course to ensure the material is relevant, useful, and applicable to all staff at child care centers and that staff are only required to take training that pertains to their roles and responsibilities.

Child care providers face major staffing challenges, further affecting the availability of child care

Staffing is the biggest driver of child care costs. Staffing ratios and maximum group sizes dictate the amount of staff needed for a given group of children, and child care providers organize and staff their programs accordingly. (See Appendix M for an overview of Virginia's staffing regulations, including a description of the minimum qualifications to work in child care.) The ratios necessitate employing relatively large numbers of staff, resulting in sizeable personnel costs. Because more staff are required for

Some providers attempt to make infant and toddler care more affordable by **cross subsidizing** this part of their business with the care they provide to older children. Essentially, these providers set their infant and toddler rates at less than what it costs to provide this type of care and charge slightly higher rates than needed for preschoolers or school-age children, using these profits to make up for losses in the infant-toddler age group.

younger children, providing care to younger children costs providers more—which is passed on to families through higher rates (sidebar). As described above, Virginia's child care providers generally believe that the required staffing ratios are appropriate.

Child care workers generally are paid low wages, which helps moderate the cost of child care given its labor-intensive nature. However, these low wages make it challenging for providers to maintain a qualified and stable workforce. In Virginia, child care workers often earn at or just slightly above the minimum wage; a fall 2022 survey conducted by a University of Virginia research group that studies child care staffing in Virginia found, on average, lead teachers in Virginia earn $16.00 per hour and assistants earn $13.00 per hour. National research has found that many child care workers qualify for public financial assistance, like TANF and SNAP. Some Virginia child care providers reported in interviews that their staff's incomes were low enough to qualify for subsidized child care.

Child care providers face significant staffing challenges, primarily driven by low compensation

Child care providers face significant staffing challenges, including high turnover and difficulty recruiting and retaining staff, and these challenges have increased in recent years. Nearly all child care providers and other relevant stakeholders interviewed reported child care staffing has become increasingly difficult. These challenges were echoed on JLARC's survey of child care providers:

- 66 percent of providers that reported they have recruited and/or hired staff in the past year reported having difficulty doing so (47 percent reported substantial difficulty; 19 percent reported moderate difficulty); and
- 27 percent of providers reported having difficulty retaining staff in the past year (11 percent reported substantial difficulty; 16 percent reported moderate difficulty).

Virginia child care providers experience significant staff turnover, which has increased since before the pandemic. According to surveys of publicly funded child care providers conducted by the University of Virginia research group, 38 percent of lead teachers and 49 percent of assistants left their jobs from fall 2021 to fall 2022, 16 and 23 percentage point increases, respectively, compared to turnover from May to December 2019. As one provider described: "Staffing challenges are the worst right now. I have never experienced turnover at the rate I'm experiencing it now."

Child care staffing challenges are driven by lack of benefits, limited career advancement, burnout, and—most notably—low compensation. Child care providers reported through interviews and JLARC's survey that low compensation and lack of benefits are common reasons for difficulty recruiting and retaining staff. Additionally, burnout from the demanding nature of the work and limited career advancement opportunities were cited as reasons for staff retention challenges and turnover. Further, national- and state-level research indicates that turnover is closely tied to compensation; on average, child care centers with lower compensation have higher turnover rates.

In interviews, child care providers and other stakeholders consistently described that child care workers can easily find higher-paying jobs outside of child care. Often these jobs are easier to perform or involve less responsibility than working in child care and sometimes offer benefits that are less commonly provided to child care workers, such as health insurance or more career advancement opportunities (sidebar). For example, child care providers reported their staff "can make just as much if not more at fast food and get benefits with a whole lot less responsibility" and consistently voiced that starting wages at fast food, retail, and other similar jobs are $4.00 to $7.00 more per hour than what providers can offer.

The **majority of Virginia child care staff do not earn benefits**. In fall 2022, a Study of Early Education through Partnerships (the research group at the University of Virginia) survey found approximately 60 percent of child care providers did not offer health insurance and/or retirement benefits to teachers. This aligns with national research.

Individuals often use child care as a stepping stone to a job in **K–12, which offers better compensation and benefits**. JLARC and Study of Early Education through Partnerships surveys have found that in recent years, 20 to 25 percent of staff that left child care recently went to work in K–12.

Staffing challenges limit the availability of child care, but addressing staffing without increasing the cost of child care is difficult

Staffing challenges affect day-to-day operations at child care programs and can limit the availability of child care. In interviews, child care providers and other stakeholders reported providers regularly have to reallocate staff and reconfigure classrooms to compensate for staffing vacancies while still staying in compliance with staffing ratios. Providers reported in interviews and through JLARC's survey that, at times, child care program directors may have to personally staff classrooms. In extreme situations, child care providers may have to reduce their hours or close classrooms because of a lack of staff, which reduces provider capacity and affects the availability of child care. In interviews and through JLARC's survey, child care providers reported having to close classrooms because of staffing issues. The University of Virginia research group has also found staffing challenges have limited the availability of child care in recent years, with 52 percent of providers responding to a survey conducted from September to November 2022 reporting staffing challenges led them to serve fewer families and/or have to turn families away.

Staffing challenges affect the cost, and therefore affordability, of child care, as many child care providers increase wages to recruit and retain staff, increasing their operating costs. As one child care provider described, because of staffing challenges, child care providers have had to "offer more compensation and benefits…and that just drives [their] costs up." This results in higher rates charged to parents and families to account for the increased personnel costs.

> "*It is hard to balance having 'fair' tuition rates, and pay the staff what they should be earning. Parents do not always realize all the operating costs that go into a center; they only see the bottom line, and do not want tuition to be too expensive.*"
>
> **– Child care provider**

The availability and affordability of child care are each linked to staff compensation, but in opposite ways. Higher compensation leads to more staffing, increasing the availability of child care, but also increases the cost. Lower compensation decreases operating costs, lowering the cost of child care paid by parents and families, but can lead to staffing shortages that limit providers' capacity. Because of this dynamic, child care providers must balance being able to hire enough high-quality staff with keeping rates affordable. For policymakers, this dynamic makes it challenging to take measures that will increase access to child care as well as make it more affordable.

7 Improving Access to Child Care

Child care is inaccessible to many parents in Virginia. This is driven by an insufficient supply of child care slots that meet parents' needs in terms of proximity, cost, scheduling, services provided, and other factors. Improving access to child care requires increasing the number of affordable child care slots across the state.

State government has historically had a relatively small role in child care, particularly in regards to the availability of it. The state's involvement has generally been limited to (i) licensing and regulating child care providers and (ii) administering the Child Care Subsidy Program. The subsidy program—which provides financial assistance to low-income families—is the primary state-funded and state-administered program to assist Virginians with accessing child care. The state has also overseen and funded early childhood development programs, such as the Virginia Preschool Initiative. Although the primary goals of these early childhood development programs are not to provide child care, they do offer some coverage during the day.

The state has recently become more involved in the quality of child care, most notably through its focus on and expansion of early childhood development programs. This has included grant programs to expand access to government-funded preschool programs and a statewide system to measure and improve the quality of government-funded early childhood programs. Most of these initiatives have focused specifically on improving access to or the quality of *early* childhood care and education, with the emphasis on education and school readiness rather than child care as a means for parents to be able to work.

The **Commission on Early Childhood Care and Education** includes General Assembly members, child care providers, parent representatives, local government officials, and stakeholders from the education, business, and economic development sectors. The commission replaced the School Readiness Committee and met for the first time in July 2023.

The 2023 General Assembly established the Commission on Early Childhood Care and Education to identify ways to (i) expand access to child care, (ii) improve the early childhood care and education workforce, and (iii) develop recommendations for financing the state's early childhood care and education system (sidebar). The commission is required to publish recommendations regarding improving and financing early childhood care and education in Virginia each October.

Child care subsidy improves affordability, but key expansions are set to expire

Virginia's Child Care Subsidy Program is intended to help parents afford child care, enabling them to work, look for employment, or participate in an education or training program. The program uses federal and state funds to reimburse providers for the care they provide to children from low-income families, including TANF and SNAP E&T participants (sidebar). This makes child care more affordable for these families, improving their access to child care and facilitating parents' employment. On average,

See **Chapter 1 for more information** about the Child Care Subsidy Program, including eligibility parameters, participation, and program funding.

As discussed in Chapter 6, the U.S. Department of Health and Human Services considers child care to be **affordable when a household is spending 7 percent or less of its income on child care**.

families participating in the subsidy program pay $860 a year, or 2 percent of their income, on child care—significantly less than the cost of child care for private-paying families and far below the federal government's affordability threshold (sidebar).

State used soon-to-expire COVID-19 relief funds to significantly increase low-income Virginians' access to affordable child care

The 2022 Appropriation Act authorized the Virginia Department of Education (VDOE) to pay for eight changes to the Child Care Subsidy Program using federal COVID-19 relief funding. VDOE used $199 million of federal relief funding in FY23 and is planning to use $182 million in FY24 (although additional federal funds are available if costs exceed the planned $182 million in spending) to cover the cost of those changes. The most significant changes were to (i) increase reimbursement rates for subsidy providers; (ii) raise the qualifying income for families with young children from between 150 and 250 percent of the federal poverty level (FPL) (with variation based on locality) to 85 percent of the state median income (roughly equivalent to 350 percent FPL); (iii) reduce, and in some cases eliminate, copayments; and (iv) allow parents who are *looking* for work to be eligible for the subsidy. The Appropriation Act also directed VDOE to maximize federal funding for the state's subsidy program to eliminate waitlists (for a child care subsidy, this does not refer to waitlists that child care providers may have for a slot in their programs) (sidebar).

When the number of families determined to be eligible for subsidized child care exceeds the number of subsidies the program can fund, families are put on **waitlists** until funding becomes available.

These changes improved access to affordable child care because more children received child care through the subsidy program. On average, 9,400 more children received subsidized child care in FY23 (36,000) than in FY22 (26,600)—a 35 percent increase. Subsidy program participation increased further during the latter stages of FY23, with the most recent data from VDOE indicating 40,300 children received subsidized care in June 2023.

> "*The increased income limits have been wonderful [and] have really allowed more parents to work [in] families where one parent might have had to stay home otherwise.*"
>
> **– Local department staff**

These changes also improved the affordability of the program for subsidy recipients because the cost of subsidized child care decreased. The average monthly copayment paid by subsidy families decreased 12 percent, and copayments now account for a smaller proportion of subsidy families' income (Table 7-1). Further, following these changes, no families spend more than 7 percent of their income on subsidy copayments.

> "*The subsidy program has done a good job eliminating some of the barriers previously associated with the program, like copayments.*"
>
> **– Local department staff**

The elimination of subsidy waitlists through increased funding has been a larger driver of increased subsidy participation than the program eligibility changes. With the influx in federal funding from pandemic relief funds and the state maximizing available funding, staff at local departments of social services ("local departments") have been able to clear waitlists for the subsidy, enabling more eligible families to receive subsidized child care. On average, only five children were on a subsidy waitlist in FY22 (including none from March 2022 through the end of the fiscal year), compared with more than 1,100 in FY21.

TABLE 7-1
Changes improved cost and affordability of subsidized child care for families

	Old	New	Change
Cost			
Average monthly copayment	$82	$72	-12%
Maximum monthly copayment	$776	$540	-30%
Affordability			
Proportion of families with no copayments	34%	42%	+8
Proportion of families with copayments exceeding 7% of income	9%	0%	-9

SOURCE: JLARC analysis of Virginia Department of Social Services (VDSS) data, 2018 and 2022.
NOTE: Staff used 2018 data as the basis for the "old" comparison point and 2022 data (the most recent complete data available) as the basis for the "new" comparison point. Changes to the copayment scale went into effect January 1, 2023, and therefore were not reflected in VDSS's 2022 data. JLARC staff used the new scale to estimate monthly copayments for families in the 2022 data based on income and household characteristics. The federal government considers child care affordable when a household is spending 7 percent or less of its income on child care.

With the recent program eligibility changes, the proportion of eligible families that enrolled in the subsidy program did not change significantly and remains relatively low. Only 12 percent of children estimated to be eligible for subsidized child care received a subsidy in FY23 (under the new eligibility rules)—under the old eligibility rules, approximately 11 percent of children estimated to be eligible for subsidized child care received a subsidy in FY19. This is a nationwide phenomenon. A 2023 report from the U.S. Government Accountability Office (GAO) found just 23 percent of eligible children received subsidized child care nationwide in federal FY19. Some of this is driven by a lack of funding, leading to waitlists for subsidies. However, the GAO and other research literature have found that this can also be driven by other factors, such as not knowing about the program or finding it too difficult to apply. Further, some families who receive a child care subsidy have to forgo it when they are not able to find a slot with a child care provider willing to accept the subsidy (discussed more later in this chapter) or not able to afford the required copayment.

The future of the recent changes made to Virginia's Child Care Subsidy Program is uncertain. These changes were funded using one-time pandemic-related federal funding, which is set to expire in 2024. Therefore, the 2022–23 Appropriation Act requires these changes to be reversed on June 30, 2024. Unless intervening action is taken, program parameters and funding will return to pre-pandemic levels at the start of FY25, significantly reducing the number of families that receive subsidized child care and reducing the affordability of subsidized child care. The Commission on Early Childhood Care and Education is considering the impact of recent changes and funding on the subsidy program and will issue a report in October 2023 with recommendations for financing the Child Care Subsidy Program beyond FY24.

Extending all recent expansions to the program and maintaining current enrollment would cost at least $319 million annually

The **base cost** of the Child Care Subsidy Program is what it would cost to operate the program without any of the changes that were made in the 2022 Appropriation Act. If all changes were rescinded, $130 million would fund subsidies for approximately 16,200 children.

The recent expansion of Virginia's Child Care Subsidy Program demonstrated that government investment can improve access to affordable child care. If Virginia extended all of the subsidy program's recent expansions beyond the end of FY24, it would cost at least $319 million in state general funds annually to continue to provide subsidized child care to 40,000 children (Table 7-2). This would be in addition to the $130 million in federal funds that currently support the base program (sidebar). The state could extend just the four most significant changes made to the program—expanded eligibility (both in terms of the income level for families with younger children and job search), increased reimbursement rates, and reduced copayments. Continuing these changes would maintain the accessibility and affordability of the subsidy program and would cost about $265 million annually in state general funds to maintain the program's current level of enrollment. (Appendix N includes a detailed description of the estimated cost of extending recent changes made to the Child Care Subsidy Program, including different combinations of changes.)

TABLE 7-2
General fund costs of extending changes to subsidy program and maintaining current program enrollment

Changes		Estimated cost (in millions)
- Provider reimbursement rates - Family copayments - Categorical eligibility - Reimbursement for planned closures	- Family income eligibility criteria - Job search eligibility - Enrollment-based reimbursement - Reimbursement for sick days	$319
- Provider reimbursement rates - Family copayments	- Family income eligibility criteria - Job search eligibility	265

SOURCE: JLARC staff analysis of VDOE cost estimate documents.
NOTE: Estimated costs (i) would be in addition to the $130 million in base costs currently needed to fund the program (which is covered by federal, state, and local funds) and (ii) are based on funding 40,000 child care subsidies. Does not contain every possible combination of options. See Appendix N for detailed description of the estimated cost, as well as the cost of other combinations of changes.

If recent expansions are not extended or are unfunded, more than 25,000 children will lose access to subsidized child care

If recent expansions are not extended, program policies, including eligibility thresholds and the copayment scale, will revert to the policies in place as of FY22 on June 30, 2024. If this happens, children will lose access to subsidized child care and families' copayments will increase. Most notably, families with young children that became eligible when the state increased the income eligibility threshold to 85 percent of the state median income would no longer qualify for subsidized child care because their household income would exceed the new program parameters. This would make more than 130,000 children currently eligible for the subsidy program ineligible—a 43 percent decrease from the number of children currently eligible (between 10 and 15 percent of eligible children have historically used the subsidy). Additionally, copayments for families that remained in the subsidy program would increase. Modeling of data from families that received subsidized child care in 2022 indicates copayments would increase 40 percent, on average, and 25 percent of families would have copayments that would be considered unaffordable (i.e., would exceed 7 percent of their income).

For the purposes of this chapter, **extending recent changes made to the subsidy program is not the same as funding them**. "Extending recent changes" means maintaining the new program parameters. "Extending and funding recent changes" means maintaining the new program parameters and directing additional state funding to the program. The new program parameters increased the unit cost of providing subsidized child care, so additional funding is needed to maintain the same level of access to subsidized child care.

If the recent programmatic changes are kept in place but additional funding is not directed to the program (sidebar), the amount of children who receive subsidized child care will decrease significantly. The amount of children that receive subsidized child care is based on (i) the cost of providing subsidized child care and (ii) program funding. The recent changes—most notably the increased reimbursement rates—increased the cost of providing subsidized child care by about $270 per child per month. Given the new cost per child, the $130 million in funding that will be available in FY25 could fund subsidized child care for only 11,600 children (Table 7-3). The remaining 28,400 children currently receiving subsidized child care (71 percent) would need to be put on waitlists for the subsidy. Additional funding, or only extending the most significant recent changes (expanded eligibility, increased provider rates, and reduced copays), could lead to more children receiving subsidized child care.

TABLE 7-3
Number of children who can receive subsidized care depends on how much the state spends on the program after FY24

		Number of children who would receive subsidized child care			
	Monthly cost per subsidy	$130 million [a]	$130 million [a] + $50 million	$130 million [a] + $100 million	$130 million [a] + $265 million [b]
Extend all recent changes	$930	11,600	16,100	20,600	35,300
Extend most significant recent changes	$820	13,200	18,300	23,400	40,000

SOURCE: JLARC summary analysis.
NOTE: For comparison, 40,300 children received subsidized care as of June 2023. [a] Base cost needed to fund program without any changes, which currently funds about 16,200 subsidies. [b] Cost of extending most significant recent changes and maintaining current enrollment (Table 7-2).

If recent changes are not kept in place or go unfunded, it is also likely that fewer providers will participate in the subsidy program or offer as many subsidy slots. As a result, there may be fewer available slots than funded slots, making subsidized child care more difficult to access. One of the key recent changes—the increased reimbursement rates—made it much more financially viable for child care providers to offer subsidized child care. Providers decide whether to be vendors and offer subsidized child care. Providers also independently decide how much of their capacity they allocate to subsidy clients versus private-paying clients. According to VDOE, Virginia's old reimbursement rates were not high enough to cover the cost of providing child care, leading some vendors to lose money on the care they provided to subsidy clients. To address this, vendors often cross-subsidized their businesses with tuition from private-paying children. The new reimbursement rates more accurately reflect the cost of providing child care, making subsidy providers' businesses more viable. This can enable subsidy providers to offer more of their capacity to subsidy clients and incentivize more child care providers to become subsidy vendors. Additionally, the new rates should reduce the need for vendors to cross-subsidize their businesses, potentially lowering costs for private-paying families. However, if reimbursement rates decrease to what they were prior to the recent changes, fewer providers will find it financially viable to offer subsidized child care (potentially even less financially viable than previously because the cost of delivering child care has increased in recent years).

Fewer than half of licensed child care providers participate in the subsidy, and finding subsidy slots is a challenge for families

Families must find a vendor that can provide subsidized child care to their child *while* local department staff determine whether they are eligible for the program. If a family cannot find a vendor with availability during this time, their application is denied and they do not receive a subsidy. These families are permitted to reapply for the subsidy program whenever they find a vendor with availability.

According to local department staff and other stakeholders, there are not enough subsidy slots in Virginia to meet demand and it can be very challenging—sometimes impossible—for eligible families to find a vendor with availability. Finding a subsidy slot is still challenging, even though many families have recently had success finding a willing provider with the expansion of the child care subsidy. Staff at multiple local departments reported that from the clients' perspective, finding a slot is the "biggest challenge" of the subsidy program. Some local department staff reported that families forgo their subsidy and either pay for child care out-of-pocket or make other arrangements (e.g., stop working) because they were unable to find a subsidized slot.

It is **unclear exactly how much of the state's licensed capacity is available for subsidized child care** because vendors can choose what proportion of their capacity they allocate to subsidy versus private-paying clients. However, it is uncommon for vendors to allocate their entire capacity to subsidy clients, and some vendors have only one or two subsidy clients.

The primary reasons for the shortage of subsidy slots are (i) an insufficient number of vendors, (ii) decreased vendor capacity due to operational constraints such as staffing, and (iii) increased demand for the subsidy program. Fewer than half (42 percent) of the state's licensed child care providers are subsidy vendors, and an even smaller (but unknown) proportion of the state's child care slots can be used by subsidy clients (sidebar).

Child care providers choose not to be subsidy vendors for several reasons, but the most common is that they have sufficient enrollment from private-paying families. Another common reason for not participating in the subsidy program, according to JLARC survey respondents, was that the reimbursement process is too burdensome or time-consuming (19 percent). Additionally, 10 percent of respondents reported they do not want to be involved with or overseen by the state (beyond what is required to be a licensed or registered provider). Further, in interviews, stakeholders observed that participating in the subsidy program requires significant administrative work that can deter providers from being vendors, such as tracking attendance and getting reimbursed.

The state has control over some of the reasons providers do not participate in the subsidy program but not others. For example, the state cannot influence a provider's willingness to be involved with or overseen by the state or the extent to which they have sufficient enrollment from private-paying families. However, the state can take other steps, such as increasing reimbursement rates and—as discussed in the next section—reducing the burden associated with some vendor procedures, to make being a subsidy vendor more attractive.

Improving vendor application and reimbursement processes could lead more providers to become vendors, creating more subsidy slots

Stakeholders indicate that the administrative processes associated with being a subsidy vendor—most notably the one used for reimbursement—can be burdensome and time consuming, deterring providers from becoming vendors. Currently, subsidy vendors are reimbursed for the days they provide care to children in the Child Care Subsidy Program, and therefore have to track and report children's attendance. Virginia uses a "swipe system" to track attendance, where parents swipe a card when they check their child in and out of their provider. If a parent does not swipe their child in and out, the provider will not be reimbursed for the care they provided that day. This process was the most common complaint voiced by providers and other stakeholders about the subsidy program. According to stakeholders, the swipe system is prone to many challenges, including parents forgetting their cards, swipe machines not working, providers having to follow-up on missed swipes, and the stigma associated with having to swipe (as it is an indication that a family is receiving public assistance). For example, as providers described: "Swiping daily with a card is a hassle. Chasing down parents (when other family members or friends are dropping off) is difficult." Another stated: "Parents are horrible about swiping, and we as providers are not allowed to swipe for them, which leaves us with the only option of badgering parents every few days about their missing swipes."

Stakeholders also reported that the application process and additional requirements for vendors are burdensome and could deter others from becoming vendors. In interviews, child care providers, local department staff, and other stakeholders said the vendor application process can be slow and unnecessarily onerous, especially for providers that are already licensed with the state. For example, when applying to be a subsidy vendor, licensed child care providers have to submit all of their child care license information to VDOE, even though the agency already has this information because it is responsible for granting operator's licenses to child care providers. Stakeholders also reported in interviews and through JLARC's survey that subsidy vendors are subject to additional requirements, such as extra training and a quality-improvement program, that exceed those of a licensed child care provider. Some of these requirements stem from federal regulations associated with the subsidy program, but others—such as the requirement that subsidy vendors participate in VQB5 (sidebar)—are set by the state.

VQB5, or the Unified Virginia Quality Birth to Five System, is a state system used to measure and improve the quality of early childhood programs. The state has been transitioning from Virginia Quality (the previous quality rating and improvement system) to VQB5 since 2021. As of fall 2023, all publicly funded early childhood programs—which includes all subsidy vendors—are required to participate in VQB5.

The state is working to improve some aspects of being a subsidy vendor, including addressing two of the most commonly cited problems. VDOE staff acknowledged that the vendor application process "has been a pain point" and are currently working to improve the process and make it easier and less burdensome for licensed providers to become subsidy vendors. Further, VDOE staff recognize that the state's swipe system is a barrier to providers participating in the program and is in the process of replacing the existing system. The agency is working on issuing a request for proposal for a new attendance tracking system that will not involve swipe cards.

The state could address the attendance tracking issue by reimbursing vendors based on the number of subsidy clients they have enrolled in their program, rather than subsidy clients' attendance. Some states, such as New Mexico and North Carolina, typically reimburse providers based on enrollment rather than attendance, and many states shifted to doing so temporarily during the pandemic (sidebar). Additionally, the federal government has recently proposed requiring states to pay providers based on enrollment because this reflects standard practice in private-paying child care (sidebar). Shifting to an enrollment-based reimbursement system would make the subsidy program less burdensome for vendors, which could encourage more providers to participate in the subsidy program. According to a May 2023 GAO report, one state administrator reported shifting from attendance- to enrollment-based reimbursement during the pandemic "incentivized additional providers to join [their] state subsidy program."

More than 30 states temporarily shifted to reimbursing providers based on enrollment during the pandemic, and some (e.g., New Jersey) are currently considering whether to shift to this payment process permanently.

Shifting to an enrollment-based reimbursement process would not eliminate Virginia child care providers' responsibility to monitor children's attendance, because state regulations require licensed providers to track student attendance each day. Virginia can also continue to monitor children's attendance to ensure that enrollment-based reimbursements accurately reflect children's use of subsidy slots, as some states have done. For example, North Carolina requires providers to report attendance to the state for this purpose. This is intended to avoid reimbursing the provider for more care than families use. North Carolina's approach to tracking attendance is more efficient than Virginia's. Instead of parents using a card-swipe system to check their child in and out each day, providers report attendance rosters to the state each month through an online portal.

The **U.S. Department of Health and Human Services issued a notice of proposed rulemaking** in July 2023 that proposes amendments to the federal regulations governing the child care subsidy program that include a requirement that states pay providers based on enrollment.

As part of the recent changes made to the subsidy program, the 2022 Appropriation Act directed VDOE to issue subsidy payments based on enrollment. However, according to VDOE staff, technological limitations associated with the state's current attendance tracking ("swipe") system prevented the agency from doing so. VDOE staff report being interested in moving to a pay-by-enrollment model, but believe even if they do, they should continue to monitor attendance to (i) ensure fiscal accountability and (ii) be able to monitor student outcomes. VDOE staff indicate the new attendance tracking system they are in the process of procuring will enable them to reimburse providers based on enrollment, while using an "attendance threshold" to ensure enrollment-based reimbursement is appropriate for each child—if a child is absent for more than a certain number of days, payment is based on the child's attendance instead of their enrollment (sidebar).

North Carolina's reimbursement system bases payment on enrollment with an "**attendance threshold**." If a child is absent for 10 or more days, North Carolina reimburses that provider based on that child's attendance, rather than their enrollment.

Therefore, to comply with the Appropriation Act, VDOE should begin reimbursing subsidy vendors based on enrollment rather than attendance once the new attendance system is operational. VDOE should work with the selected contractor for the new attendance tracking system to develop a practical—but expedited—timeframe for implementing enrollment-based reimbursement and ensure that the timeframe and parameters are clearly articulated in the contract.

The current Appropriation Act requirement that reimbursement be enrollment-based expires at the end of FY24 but should be extended through the new Appropriation Act. Regardless of the new attendance tracking system being developed or the timing of its implementation, VDOE should be directed to issue payments to Child Care Subsidy Program vendors based on authorized enrollment going forward. The requirement should remain effective in future years to limit the burden on providers regardless of the particular attendance system VDOE uses or whether program expansions remain.

RECOMMENDATION 15

The General Assembly may wish to consider including language in the Appropriation Act that requires the Virginia Department of Education (VDOE) to issue payments to Child Care Subsidy Program vendors based on authorized enrollment, subject to the attendance threshold established by VDOE, on an ongoing basis.

Until the new attendance system is developed, VDOE and the Virginia Department of Social Services (VDSS) should develop a process to reimburse subsidy vendors based on enrollment rather than attendance. Agency staff might be able to use an existing system, such as VaCMS (VDSS's client management system) or LinkB5 (the state's data system for VQB5), to collect the enrollment data needed to reimburse vendors and facilitate reimbursement. However, if agency staff are unable to employ an existing system, staff can work with vendors, local departments, Conduent (the contractor that currently facilitates vendor reimbursement), and other necessary stakeholders to manually collect enrollment data and use it to reimburse vendors. Once VDOE and VDSS develop this enrollment-based reimbursement system, VDOE should discontinue tracking attendance through the "swipe system" and collect attendance information from providers who are already required by state regulations to collect this data. Once the new attendance tracking system is implemented, VDOE should rely on it to ensure that reimbursements are informed by children's attendance.

RECOMMENDATION 16
The Virginia Department of Education (VDOE) and Virginia Department of Social Services should develop and implement a process to reimburse subsidy vendors based on children's enrollment rather than attendance as soon as possible, but no later than January 1, 2024. Once this process is in place, and until a new automated attendance tracking system is operational, VDOE should discontinue tracking children's attendance through the current "swipe" system and instead collect attendance data from vendors.

Setting limits on job search activities could free up slots for parents actively working or engaged in work-related activities

Job search was added as a qualifying activity temporarily in March 2021 (HB 2206). The 2022 Appropriation Act formally expanded this aspect of subsidy program eligibility through FY24.

Before this change, **Virginia was one of only two states** that did not allow parents looking for work to be eligible for subsidized child care.

Local department staff voiced concerns about the 2022 program change that allows parents who are searching for work to be eligible for the Child Care Subsidy Program (sidebar). Although local department staff were generally supportive of helping parents access child care while they look for work, staff at *every* local department JLARC staff spoke with about the subsidy program voiced concerns that the program does not limit how long parents can search for employment and remain eligible for the subsidy. Some local department staff believe the absence of a time limit has resulted in some parents *saying* they are looking for work but not doing so in earnest (or at all). Staff at multiple local departments described situations where "people are coming back in for their annual [eligibility] renewal who are saying they have been searching [for work for] 40 hours a week for a year and haven't found anything and still need child care." Although the local department staff are skeptical of these subsidy recipients' job search efforts, they have no choice but to find them eligible for subsidized child care.

"*With the way the program is set up, one could lose a job, sit at home, and still have child care.*"

– Local department staff

According to local department staff, some families who are using job search eligibility long term are using the limited child care subsidy slots, reducing the number available for parents who are working or participating in an education or training program. If the subsidy program's expansions expire after FY24, subsidy slots will be even more limited, and parents who are working or receiving education or training may be unable to access slots while parents looking for work occupy subsidy slots indefinitely.

To maximize the subsidy slots available to parents actively engaged in work-related activities, the state should limit the extent to which parents who are searching for work are eligible for subsidized child care. If the General Assembly continues to allow job search to be a qualifying activity for subsidized child care through the Appropriation Act after the end of FY24, it should include limitations in budget language (and should make this change effective prior to the end of FY24).

There are multiple ways such limitations could be structured. Local department staff suggested limiting the length of time clients can job search and remain eligible for the subsidy program, and 41 states set some sort of time limit. These limits vary across states in terms of the length of time parents are able to job search and remain eligible for subsidized child care, ranging from 30 to 180 days. Many (33) states set a limit for a certain number of days *per job loss occurrence*; however eight states set a limit for a certain number of days *per year*. The most commonly used time limit—used in 27 states—is 90 days per job loss occurrence. Additionally, 24 states limit job search only when determining a family's continuing eligibility, while others (16) limit when determining both initial and continuing eligibility. The General Assembly could also set a limit on job search only for parents who are receiving subsidized child care solely because they are looking for work, rather than those who are simultaneously working and conducting a job search.

> *"There are…parents that are perpetually job searching, and we don't require any verification—they never find a job…We have seen some parents come back for annual recertification and they are still job searching and still eligible."*
>
> **– Local department staff**

RECOMMENDATION 17

The General Assembly may wish to consider including language in the Appropriation Act that limits the amount of time families are eligible for the Child Care Subsidy Program while the parents or guardians search for work on a full-time basis to 90 days per job loss occurrence.

State has some options beyond the subsidy program to improve child care access, but they are limited

States have limited options to improve the availability and affordability of child care aside from the income-based subsidy program. Child care primarily operates in a private market, which limits states' influence on it. The main ways states improve access to child care include ensuring regulations are not constraining the supply of providers or child care slots by being unnecessarily burdensome, building a strong child care staff pipeline, incentivizing more providers to enter or stay in the market, and subsidizing child care. However, despite states' efforts, child care generally remains unaffordable and difficult to access nationally.

Virginia has implemented nearly all of the approaches most commonly used in other states to improve the availability and affordability of child care. For example, the state is in the process of reviewing its child care regulations for opportunities to reduce the regulatory burden on providers, has significantly—but temporarily—expanded aspects of the state's Child Care Subsidy Program, and has many initiatives to incentivize staff and providers to enter and stay in the child care market.

State could consider expanding current initiatives to address child care access

Virginia already provides training and professional development to child care staff; funds scholarships for prospective and existing child care staff; increases provider compensation through retention bonuses; offers tax incentives to lessen household child care costs; and subsidizes preschool and child care for low-income families (Table 7-4). (See Appendix O for a description of these initiatives.) Some of these initiatives improve access to child care by reducing the cost of preschool or child care generally, while others improve access by expanding provider capacity.

The **RecognizeB5** program provides incentives to full-time lead and assistant teachers at government-funded early childhood care and education providers to improve staff retention. In the most recently completed school year (2022–23), just under 11,500 teachers received a bonus. The incentive is $3,000 for 2023–2024, split into two payments—one contingent on working the first half of the school year and the other contingent on working the second half.

The Study of Early Education through Partnerships (SEE-P)—a research group at the University of Virginia—has found the **RecognizeB5 program reduces child care staff turnover**.

TABLE 7-4
Expanding existing initiatives and programs could improve access to child care

	Extent to which increases access to affordable child care
Efforts to reduce cost of child care	
Child Care Subsidy Program	✓✓✓
Virginia Preschool Initiative	✓✓
Mixed Delivery program	✓✓
Head Start and Early Head Start [a]	✓
Child and dependent care tax deduction	✓
Efforts to build, stabilize, and support child care workforce	
RecognizeB5	✓✓
Virginia Child Care Provider Scholarship Program	✓
Project Pathfinders	✓
Get Skilled, Get a Job, Give Back (G3) Program	✓
Fast Track [b]	✓✓
State-funded trainings and professional development	✓
Efforts to expand child care capacity	
Community grant and child care start-up programs	✓

Extent increases access to affordable child care: ✓ = slightly; ✓✓ = moderately; ✓✓✓ = significantly

SOURCE: JLARC summary analysis.
NOTE: [a] Head Start and Early Head Start are federally funded programs that operate in Virginia. [b] Only in pilot phase but has the potential to improve access to child care by increasing provider capacity.

The state could consider expanding some or all of these existing initiatives to further improve access to child care. The cost of expanding these initiatives would depend on the initiative and the extent to which it is expanded. For example, if the state wanted to further improve child care staff retention, it could expand the RecognizeB5 program, which provides retention bonuses to certain full-time lead and assistant child care teachers (sidebar). If the state increased funding by $5 million, more than 1,600 more child care teachers would receive an incentive (a 14 percent increase); if the state doubled funding, more than 3,300 more teachers would receive an incentive (29 percent increase). The state could target this additional funding to maximize improving access to child care, such as directing the additional funding to programs in regions with critical staff shortages.

Maintaining recent expansions to the Child Care Subsidy Program is the state's best opportunity to improve access for families that are most likely to *not* work because of child care. As discussed in Chapter 6, child care is more unaffordable for low-income families because the cost of child care accounts for a larger percentage of these households' income. This can lead low-income parents to drop out of the labor force because it is more economical for them to stay at home and take care of their children than to work and have to pay for child care. The recent expansions to the Child Care Subsidy Program significantly improved access to affordable child care in Virginia by funding more subsidized child care, reducing copayments, increasing the number of eligible families, and increasing provider participation. Extending these changes beyond FY24 would maintain the accessibility and affordability of the subsidy program at the current level.

Still, families with higher incomes cannot qualify for subsidized care. As discussed in Chapter 6, there is a shortage of child care slots statewide that affects Virginia families at all income levels, and the cost of child care exceeds the federal government's threshold for what is considered affordable for more than 80 percent of Virginia families. Therefore, the state should take further steps to improve child care availability and affordability for more than just low-income Virginians.

One other way some states try to improve child care capacity is by **offering tax incentives to employers to incentivize on-site child care**. Virginia used to offer a tax credit for up to 25 percent of expenses incurred establishing a child care facility for employees (up to $25,000). However, the state eliminated this credit at the end of 2013.

State could consider options used by other states to expand child care access, but some have significant implementation considerations

Virginia is already—at least to some extent—implementing most of the strategies used in other states to expand access to affordable child care. The state could consider implementing some of the remaining initiatives, such as providing grants or seed funding to open new child care programs and creating a substitute teacher pool (sidebar). Over the longer-term, Virginia could also offer universal preschool as other states have done, but careful consideration should be given to the impacts of expanding government-funded preschool on the costs of child care for younger children (sidebar).

Universal preschool can increase the cost of infant and toddler care. First, when providers lose older children to universal preschool, they become unable to cross-subsidize their businesses and have to set their infant-toddler rates relative to the actual cost of providing this type of child care. Further, some providers that would otherwise be offering infant-toddler care can be incentivized to provide only preschool care if the state's universal preschool reimbursement rates are higher than the rates they charge private-paying families. This reduces infant-toddler supply, which can result in higher prices.

Other states have undertaken these types of initiatives to address child care access. For example, some states, such as Georgia and New York, have created grant programs to help providers open new and expand existing child care programs. Some of these programs have targeted increasing access to specific types of child care, such as infant-toddler care or weekend care, or care in certain high-need regions. Additionally, other states have developed substitute worker pools that provide stability to the child care market so that providers do not have to reduce their capacity when staff are out or quit on short notice. Montana, Oregon, and Washington (among other states) have implemented initiatives to recruit and train individuals to become child care substitutes and then connect these substitutes with providers through a state-supported technology platform. Further, some states, including California and Colorado, have recently passed legislation to provide free preschool to all four-year-olds, regardless of income.

Implementing these strategies would require significant state effort, would be expensive, and would not offer comprehensive solutions to the child care shortage. Most notably, although universal preschool significantly increases access to preschool, it: (i) only provides coverage during the school day (often just *part* of the school day), and many families must still find child care outside of these hours; (ii) often drives up the cost of infant and toddler care; and (iii) does not mitigate staffing challenges. Other strategies, such as grants or seed funding to open new child care programs could be very expensive. For example, a recent grant program in New York aimed at opening new child care providers in high-need areas required nearly $6,000 per slot created. Finally, although substitute worker pools can offer providers short-term help with staffing, they will not permanently improve providers' capacity.

The recently established Commission on Early Childhood Care and Education could examine the feasibility, costs, and effectiveness of these and other strategies.

Appendix A: Study resolution

Effectiveness of self-sufficiency programs and availability and affordability of childcare

Authorized by the Commission on November 7, 2022

WHEREAS, the Virginia Department of Social Services defines one of its objectives as "working to help people move from poverty to self-sufficiency," and as of June 2022, there were 913,000 participants in the Supplemental Nutrition Assistance Program (SNAP), 53,000 recipients of Temporary Assistance for Needy Families (TANF), and 170,000 recipients of fuel or cooling assistance; and

WHEREAS, though the programs are not directly intended to help Virginians achieve self-sufficiency, there were also 2 million participants in the Medicaid or Family Access to Medical Insurance Security (FAMIS) programs; and

WHEREAS, access to affordable and quality childcare is a critical component of parents being able to work and be self-sufficient through the wages they earn, and many Virginians may face challenges finding childcare within a reasonable geographic proximity to their home or job, or may be unable to afford quality childcare that is available; and

WHEREAS, the state regulates approximately 5,000 licensed child care facilities, provides child care subsidies to support nearly 15,000 families, and offers a child care tax credit intended to reimburse individuals who file a tax return for a portion of the cost of child care; and

WHEREAS, JLARC has not reviewed the state's child care regulations since 2004 and the impact of the state's financial assistance programs on self-sufficiency since 2005, and JLARC reviewed some but not all aspects of child care availability and affordability in 2017; now therefore be it

RESOLVED by the Joint Legislative Audit and Review Commission that staff be directed to review the effectiveness of Virginia's financial assistance programs intended to help participants achieve self-sufficiency, as well as child care availability and affordability. In conducting its study staff shall (i) determine how effective relevant federal and state financial assistance programs are at helping participants achieve self-sufficiency, (ii) identify barriers program participants face achieving self-sufficiency, (iii) evaluate the supply of and demand for child care services, including availability, proximity, and affordability, (iv) identify barriers child care providers and families face in providing and receiving childcare, and (v) evaluate the effectiveness and impacts of state regulations on the quality and availability of child care.

JLARC shall make recommendations as necessary and review other issues as warranted.

All agencies of the Commonwealth, including the Virginia Department of Social Services, local departments of social services, Virginia Department of Education, and Department of Medical Assistance Services shall provide assistance, information, and data to JLARC for this study, upon request.

JLARC staff shall have access to all information in the possession of agencies pursuant to § 30-59 and § 30-69 of the Code of Virginia. No provision of the Code of Virginia shall be interpreted as limiting or restricting the access of JLARC staff to information pursuant to its statutory authority.

Appendix B: Research activities and methods

Key research activities performed by JLARC staff for this study included:

- structured interviews with leadership and staff at state agencies, staff at local departments of social services, staff at local workforce centers, child care providers, subject-matter experts, and other stakeholders;
- a survey of child care providers;
- data analysis of household financial need and self-sufficiency;
- data analysis of assistance clients' employment and wage outcomes;
- data analysis of child care supply, demand, cost, and affordability;
- data analysis of workforce development system participation, exit, and outcomes;
- review of research literature and other documents; and
- review of state laws, regulations, and policies relevant to assistance programs and child care.

Structured interviews

Structured interviews were a key research method for this report. JLARC staff conducted over 75 structured interviews for this study. Key interviews included:

- state agency staff, including staff from the Virginia Department of Social Services (VDSS), the Virginia Department of Education (VDOE), the Virginia Employment Commission (VEC), and the Virginia Community College System (VCCS);
- local department of social services staff;
- Virginia Career Works center staff;
- child care providers;
- regional self-sufficiency, workforce, and child care stakeholders; and
- stakeholder associations and subject-matter experts

State agencies

JLARC staff conducted 17 interviews with VDSS staff. Topics varied across interviews, but were primarily focused on TANF, VIEW, SNAP, and SNAP E&T program design and administration, program funding, VDSS monitoring practices (including the role and activities of regional practice consultants), previous and ongoing VDSS research activities related to self-sufficiency, and the availability of data.

JLARC staff conducted six interviews with VDOE staff. Interviews focused on child care supply and demand, child care costs, licensing and regulating child care providers, the Child Care Subsidy Program, child care-related initiatives, ways to improve the availability and affordability of child care in Virginia, and the availability of data.

JLARC staff conducted two interviews with VCCS staff, two interviews with VEC staff, and two interviews with staff in the secretary of labor's office. Interviews with VCCS staff focused on how Workforce Innovation and Opportunity Act (WIOA) services are administered and how they may be useful for individuals receiving public assistance; policy requirements for memorandums of understanding; and opportunities for improving collaboration between workforce development programs and public assistance programs; and the availability of data. Interviews with VEC staff primarily focused on the administration of the Wagner-Peyser Employment Service by local VEC staff, barriers faced by individuals who receive Wagner-Peyser services, and data availability.

Local departments of social services staff

JLARC staff conducted interviews with 67 staff at 11 local departments of social services (representing 16 localities). Local departments of social services were selected to ensure localities in different regions and local departments with different caseload sizes were represented. JLARC staff interviewed staff at the following local departments:

- Bedford County Department of Social Services,
- Chesterfield-Colonial Heights Department of Social Services,
- Fairfax Department of Family Services (serves Fairfax County and Falls Church),
- Fredericksburg Department of Social Services,
- Greensville-Emporia Department of Social Services,
- Middlesex County Department of Social Services,
- Norfolk Department of Human Services,
- Roanoke City Department of Social Services,
- Shenandoah Valley Social Services (serves Augusta County, Staunton, Waynesboro),
- Stafford County Department of Social Services, and
- Washington County Department of Social Services.

Staff spoke with local department directors and program administrators, benefit workers, VIEW and SNAP E&T workers, child care subsidy workers, and self-sufficiency specialists. The primary purpose of these interviews was to understand how the VIEW, SNAP E&T, and Child Care Subsidy Program are administered and services are provided; the challenges faced by assistance clients and local staff; and opportunities to improve assistance programs.

Virginia Career Works center staff

JLARC staff conducted interviews with 14 staff at six local workforce centers. These included Virginia Career Works':

- Alexandria Center;
- Bristol Center;
- Fairfax Annandale Center;
- Fredericksburg Center;
- Henrico Center; and
- Norfolk Center.

Staff spoke with Career Works center directors, WIOA Title I and Title III managers, and executive directors of local workforce development boards. The purpose of these interviews was to understand how WIOA services are provided to individuals who come into local centers; what WIOA services VIEW, SNAP E&T, and other public assistance clients could be utilizing to their benefit; how often self-sufficiency clients participate in the workforce development system; the day-to-day challenges Career Works staff face; and opportunities for improving collaboration with local departments of social services.

Child care providers

JLARC staff conducted interviews with 14 child care providers. These included child care centers and family homes from different regions of the state, and varied in terms of size, age groups served, and participation in the subsidy program. The purpose of these interviews was to hear providers' experiences providing child care in Virginia, including factors that affect the availability of child care (e.g., barriers to opening and operating child care facilities), factors that affect the affordability of child care (e.g., cost drivers associated with opening and operating child care facilities); how the state's laws and regulations affect the supply and cost of child care; and opportunities for the state to improve access to affordable child care.

Regional stakeholders

JLARC staff conducted interviews with staff at three Community Action Agencies (CAAs)—People Incorporated of Virginia, Total Action for Progress, and Hampton Roads Community Action Program—and the Virginia Community Action Partnership. The purpose of these interviews was to understand the role of CAAs as a partner in Virginia's social services system (including their coordination with local departments of social services), how CAAs use TANF funds, what services they provide to self-sufficiency program clients, CAAs' role in operating Head Start programs, and opportunities to better promote self-sufficiency for low-income families.

JLARC staff conducted interviews with staff at three regional child care initiatives: Ready Region Southwest, Ready Region West, and Bright Beginnings Central Virginia. The purpose of these interviews was to understand the child care needs in these regions, identify challenges facing child care providers and parents' and families' seeking child care in these regions, and learn about regional efforts to improve access to affordable child care.

Stakeholder associations and subject-matter experts

JLARC staff interviewed representatives from multiple stakeholder organizations with interests in child care policy in Virginia. These stakeholders included:

- Virginia Early Childhood Foundation,
- Voices for Virginia's Children,
- Child Care Aware of Virginia,
- Virginia Partnership for Out-of-School Time, and
- Virginia Alliance of YMCAs.

The purpose of these interviews was to gather stakeholder perspectives on several topics, including the availability and affordability of child care in Virginia; factors that limit access to child care and drive the cost of child care; and opportunities for the state to improve access to affordable child care.

JLARC staff also spoke with state-level early childhood experts at the Study of Early Education through Partnerships, a research group at the University of Virginia that works in partnership with VDOE. The purpose of this interview was to discuss the findings of the recent child care provider surveys the group conducted on behalf of VDOE, and the availability of data.

JLARC staff also interviewed several national subject-matter experts, including staff from the Office of Planning, Research and Evaluation in the U.S. Department of Health and Human Services' Administration for Children and Families and the Center on Budget and Policy Priorities. The purpose of these interviews was to learn about other state and national research on self-sufficiency programs and opportunities to improve the design and administration of VIEW to better promote self-sufficiency.

Surveys

For this study, JLARC conducted a survey of all child care providers licensed by or registered with the state.

Survey of child care providers

The survey of child care staff was administered electronically to 5,154 child care providers. This represented all providers licensed or registered with VDOE as of April 15, 2023 (including approximately 40 unlicensed providers registered with the state), with providers that operate multiple sites—and therefore have multiple licenses—counted as one provider. The survey covered numerous topics, including staffing challenges, the Child Care Subsidy Program, and state regulations, and was also used to collect data regarding enrollment, waitlists, capacity, rates, and staffing. A total of 1,079 child care providers submitted responses to the survey, including 378 licensed child care centers (35 percent of respondents), 345 licensed family homes (32 percent of respondents), 208 religious institutions (20 percent of respondents), 114 other types of family homes (e.g., voluntarily registered, unlicensed unregistered) (11 percent of respondents), and 20 other types of providers (2 percent of respondents). Another 14 providers whose programs had closed since April 2023 also responded to the survey, which included a mix of licensed and registered child care centers and family homes; these responses were not used in analysis. The response rate was 22 percent.

Data collection and analysis

JLARC staff collected several types of data from state agencies to analyze for this study. Staff received client-level data from VDSS on TANF, SNAP, and Child Care Subsidy Program participation. Client-level data from VDSS was cross-matched with quarterly wage records from VEC regarding clients' employment status and earnings. JLARC staff also received client-level data from VCCS on WIOA program participation, program completion, and employment and wage outcomes. Staff also received data from VDOE regarding the characteristics and licensed capacity of child care providers licensed or registered with the state.

JLARC staff also collected data from local departments of social services on staff caseloads and local supportive services spending practices. VDSS data on local department's VIEW budgets was analyzed to assess patterns in local spending.

JLARC staff also accessed and analyzed publicly available data, including American Community Survey data from the U.S. Census Bureau and self-sufficiency standard data from the University of Washington.

Analysis of financial need and self-sufficiency among Virginia households

JLARC staff relied primarily on data from the U.S. Census Bureau American Community Survey (ACS) 5-year files to conduct analysis around household financial need and self-sufficiency. Additionally, JLARC staff relied on data from the Self-Sufficiency Standard at the Center for Women's Welfare at the University of Washington to determine the extent to which household income met the self-sufficiency standard. Steps JLARC staff took to extract and analyze the data are described below.

American Community Survey (ACS) data extraction—The self-sufficiency analysis dataset was created from the ACS 5-year person and housing files for 2017–2021. Virginia records were extracted from each of the ACS files. Data was matched at the household level to simplify analysis. The number, ages, and employment status of each individual in the household was matched to the household. Demographic information (e.g., race, sex, marital status) extracted from the person files is based on the survey respondent.

Inflation adjustments to the ACS data—The ACS files include adjustment factors for income and wages in both the person and house files.

Locality record creation in ACS data—The ACS data contains geographic information at the Public Use Microdata Areas (PUMA) level, which are non-overlapping statistical geographic areas that partition each state into areas containing no fewer than 100,000 people each. In Virginia, that means that in some cases, several rural localities can be grouped into a single PUMA; in other cases, a large suburban locality (e.g., Fairfax County) can be divided into several PUMAs. JLARC staff used data from the University of Missouri's Missouri Census Data Center GeoCorr application to transform household records at the PUMA-level to household records at the locality-level. The GeoCorr data included the proportion of locality population contained in each PUMA and the factors that should be applied to the ACS household weight. The ACS dataset was merged with the GeoCorr file and apportioning factors were applied to create a new weight factor.

Calculating percentage of poverty threshold and percentage of self-sufficiency standard—The analysis file was matched to a file with the federal poverty thresholds for 2021 based on household size. Inflation-adjusted household income was then divided against the appropriate federal poverty threshold to determine the percentage of poverty threshold for each household-level record.

Next, each household record was assigned a family composition code based on the number of individuals living in the household and whether those individuals were adults, infants, toddlers, school-age children, or teens. The family composition code and the locality FIPS code were matched to the 2021 Virginia dataset produced by the Self-Sufficiency Standard at the Center for Women's Welfare at the

University of Washington to assign a self-sufficiency standard income amount for each record. Inflation-adjusted household income was then divided against the self-sufficiency standard to determine the percentage of self-sufficiency for each household-level record.

Using the percentage of the poverty threshold and percentage of the self-sufficiency standard, each household record was assigned a label reflecting its income in relation to the federal poverty line and self-sufficiency standard. This allowed for summarizing the data according to the number of households that fell into each category at the statewide level, various regional designations, and locality level. Additionally, summary statistics (e.g., mean, median, quartiles) were computed by inflation-adjusted income, percentage of poverty threshold, and percentage of self-sufficiency standard at the statewide-level, various regional designations, and locality level.

Analysis of employment and wage outcomes for self-sufficiency clients

JLARC staff used data from VDSS's client management system, VaCMS (Virginia Case Management System), and VEC's quarterly wage files to follow the employment and wage outcomes for a cohort of VIEW, SNAP E&T, and SNAP clients. JLARC staff requested that VDSS staff provide basic client information for any client who received TANF or SNAP benefits for any period of time between January 1, 2018, and June 30, 2018. In addition to basic client information, JLARC staff requested data on any receipt of TANF or SNAP benefits for these clients from January 1, 2018 ,until December 31, 2022.

JLARC staff extracted individual identifiers from the VaCMS data and requested that VEC provide quarterly wage data from July 1, 2018, through March 30, 2023 for the cohort of clients. VEC keeps 20 quarters of wage data available for extraction. When the data was requested, the third quarter of 2018 was the oldest wage data available. Additionally, although JLARC staff requested and received data from the first quarter of 2023, wage data for that quarter was not substantially complete at the time the data was requested and received, so that data was excluded from all analyses.

JLARC staff assigned a 2018 cohort identifier to each individual client record that identified the client as being primarily enrolled in VIEW, SNAP E&T, or SNAP during the January 1, 2018, through June 30, 2018 time period. If a client was enrolled in VIEW for the majority of time during that period, even if they were also enrolled in SNAP, they were identified as a VIEW client. Clients who were identified as SNAP and SNAP E&T clients were enrolled in those programs for the majority of their enrollment during that six-month period, and they were not enrolled in TANF or VIEW during the majority of their enrollment during that six-month period. Clients who were enrolled in non-VIEW TANF were excluded from the analysis. Additionally, because they are generally not subject to any of the work requirements, any clients age 50 and older or who had a disability were excluded from the analysis. Ultimately, the analysis file contained 7,511 individual VIEW clients, 1,631 individual SNAP E&T clients, and 256,449 individual SNAP clients.

VaCMS client cohort records containing primary program assignment (e.g. VIEW, SNAP E&T, SNAP), age, locality, and household size were matched to the VEC wage data. Additionally, based on household size and locality, poverty thresholds and self-sufficiency standards were matched to the analysis file. This allowed for summarizing the data according to the number of clients with wages relative to the poverty threshold and self-sufficiency standard. Additionally, summary statistics (e.g., mean, median, quartiles) were computed by inflation-adjusted wages, percent of poverty threshold, and percent of self-sufficiency standard across all primary programs and by primary program.

Collection and analysis of local employment service worker caseload data

JLARC used a data collection instrument to gather information from local departments of social services on the caseloads for local staff who serve VIEW and SNAP E&T clients. Specifically, JLARC requested each local department of social services provide information on each worker at their department whose caseload included VIEW and SNAP E&T clients. For each qualifying worker, the local department was asked to provide the worker's name, the number of VIEW and/or SNAP E&T clients assigned to the worker, and the total number of benefit clients assigned to each worker serving at least one self-sufficiency client. This data was reported as of August 1, 2023. Eighty percent of local departments (96 of 120) provided data on workers' caseloads. JLARC staff then analyzed the data provided by local departments to determine the average and median VIEW, SNAP E&T, and total caseloads across local workers, and to assess variation across localities.

Analysis of local variation in provision of supportive services

Using the same data collection instrument used to collect caseload information, JLARC collected information from local departments regarding allowable use of funds and spending limits for VIEW and SNAP E&T supportive services. Local departments were asked to indicate if they have local policies that limit spending, either in terms of total spending per client or for spending per client in specific categories of supportive services (e.g., child care, transportation, medical services). JLARC staff then analyzed this data to assess how local spending policies affect the availability and provision of VIEW and SNAP E&T supportive services across local departments.

Analysis of local department budget data

JLARC staff used year-end local department budget balance data and reports on local agency budget revision requests from VDSS's Locally Automated System for Expenditure Reimbursement (LASER) to assess the extent to which local social services departments expend their allocated VIEW budgets. JLARC staff used year-to-date budget amounts, total expenditures, and the percentage of budget expended for VIEW Purchased Services funding (budget line 872) to determine how many local departments had low spending (less than 50 percent of their budget), moderate spending (50 to 100 percent of their budget), and high spending (greater than 100 percent of their budget) on an annual basis between FY14 and FY19. FY20 through FY23 were excluded from this analysis because of the suspension of VIEW participation requirements in response to the COVID-19 public health emergency. JLARC staff then compared the local social services departments in each spending category to their TANF caseloads to determine the percentage of TANF clients served by local social services departments with low, moderate, and high VIEW spending.

JLARC staff also analyzed local department budget revision requests approvals for FY19 to determine the frequency in which unexpended funds were transferred to other purposes or returned to the state.

Analysis of WIOA participation and co-enrollment amongst TANF and SNAP clients

JLARC staff calculated WIOA program participation and co-enrollment for TANF and SNAP clients using data received from VCCS. This data contained de-identified, client-level records for individuals who received WIOA services from 2009 through August 3, 2023. Individuals were sorted into WIOA cohorts by plan year based on when they began receiving WIOA services. Individuals within plan years were further sorted into public assistance categories (no public assistance, TANF, and SNAP) based on a self-reported check when entering WIOA participation. This data was then matched with TANF and SNAP case data from VDSS.

JLARC staff analyzed this data to determine WIOA participation among TANF and SNAP clients, overall and by plan year. WIOA participation was the sum of individuals with a "soft exit" within each plan year cohort by public assistance category. Individuals that "soft exited" either completed services or gained employment and were recorded as successfully completing WIOA services (as opposed to other types of uncontrollable exits, such as death, medical issue, mental health, etc.).

Analysis of WIOA employment and wage outcomes for TANF and SNAP clients

Using the same WIOA participation dataset used to analyze participation amongst TANF and SNAP clients, JLARC staff analyzed employment and wage outcomes for TANF and SNAP clients that utilized WIOA services. These analyses used the same methodology that VCCS is required to use to report employment outcomes to the U.S. Department of Labor.

Employment rate analysis—JLARC staff used the WIOA participation dataset to calculate annual employment rates for participants following the second quarter (Q2) after exit from WIOA services, including overall and by public assistance category. Individuals that "soft exited" WIOA services were sorted into cohorts by plan year based on when they exited services. Individuals within plan years were further sorted into public assistance categories (no public assistance, TANF, and SNAP). JLARC staff then calculated Q2 employment rates as follows:

$$Employment\ rate = \frac{\sum clients\ employed\ in\ cohort}{\sum all\ clients\ in\ cohort}$$

Staff calculated Q2 employment rates for plan years 2017 through 2022 for all clients and by public assistance category.

Average wage analysis—JLARC staff used the WIOA participation dataset to calculate average quarterly wages for Q2 after exit from WIOA services, including overall and by public assistance category. Individuals that "soft exited" WIOA services were sorted into cohorts by plan year based on when they exited services. Individuals within plan years were further sorted into public assistance categories (no public assistance, TANF, and SNAP). JLARC staff then calculated Q2 average quarterly wages as follows:

$$Average\ quarterly\ wage = \frac{\sum client\ quarterly\ wages}{\sum all\ clients\ in\ cohort}$$

Staff calculated annualized Q2 average quarterly wages by multiplying the plan year cohort average wages by four. Staff then calculated annualized Q2 average quarterly wages for plan years 2017 through 2022 for all clients and by public assistance category.

Analysis of availability of child care

JLARC staff used Virginia records from national survey data, VDOE data, and data collected via JLARC's survey of child care providers to estimate the availability of and unmet need for formal child care.

Net demand for formal child care—JLARC staff estimated the net demand for formal child care by starting with the number of children under age 13 in Virginia households in which all parents are working (either both parents if a two-parent household or the sole parent in a single-parent household). This is a commonly used metric for quantifying the demand for child care in research literature and national research. Because all parents are working, these children are estimated to need child care. This came from Virginia records from the U.S. Census Bureau ACS 5-year files for 2017 to 2021.

JLARC staff then accounted for children in families in which the parents are assumed to not be in the labor force because of their economic situation, meaning they could have been forced to stop working because they could not afford child care. Staff determined these children *should* be included in the net demand for formal child care because if circumstances (i.e., the cost of child care) allowed for it, these families would be utilizing formal child care. To do this, JLARC staff estimated the number of children under age 13 in Virginia households at or below 115 percent of the self-sufficiency standard where all parents are *not* working and added this to the number of children with all parents in the labor force. This came from Virginia records from the U.S. Census Bureau ACS 5-year files for 2017 to 2021 and the 2021 Virginia dataset from the Self-Sufficiency Standard at the Center for Women's Welfare, University of Washington.

JLARC staff then accounted for children in families that utilize informal child care, such as relatives, neighbors, nannies, etc. Staff determined these children *should not* be included in the net demand for formal child care because these families are utilizing informal child care. To do this, JLARC staff adjusted the number of children estimated to need formal child care by the proportion of children estimated to be utilizing informal child care. This data came from the U.S. Census Bureau Household Pulse Survey—Week 54 (2023) and the 2019 Early Childhood Program Participation Survey (of the National Household Education Surveys Program) from the U.S. Department of Education's National Center for Education Statistics. Two different surveys were used to account for age-level variation in informal child care usage. Specifically, based on the results of the Household Pulse Survey, JLARC staff estimated 55 percent of school-age children in Virginia utilized informal care in February 2023. As such, JLARC reduced the demand for formal child care among school-age children by 55 percent. The Household Pulse Survey does not differentiate between infants and toddlers and preschool-age children, so JLARC staff used the survey's results for children under five years old in tandem with data from the Early Childhood Program Participation Survey. Specifically, based on the results of the Early Childhood Program Participation Survey, JLARC staff estimated 51 percent of infants and toddlers and 20 percent of preschool-age children nationally utilized informal child care in 2019. (On average, this was similar to the results from the Household Pulse Survey for all children under five.) As such, JLARC reduced the demand for formal child care among infants and toddlers by 51 percent and among preschool-age children by 20 percent.

In total, the net demand for formal child care was estimated to equal

$$\#\ of\ children\ ages\ 0\ to\ 12\ estimated\ to\ have\ all\ parents\ in\ the\ labor\ force\ +$$

$$\#\ of\ children\ ages\ 0\ to\ 12\ estimated\ to\ have\ parents\ not\ in\ the\ labor\ force\ due\ to\ economic\ situation -$$
$$\#\ of\ children\ ages\ 0\ to\ 12\ estimated\ to\ be\ using\ informal\ child\ care$$

where the number of children estimated to be using informal child care was adjusted for age-level variation.

Supply of formal child care—JLARC staff estimated the supply of formal child care using VDOE data and the results from JLARC's survey of child care providers.

Staff used data from VDOE describing the licensed capacity of all child care providers licensed and registered with the state. This data included only total licensed capacity, rather than licensed capacity by age group, so JLARC staff used data collected from the survey of child care providers to estimate licensed capacity by age group. To do this, staff used data regarding survey respondents' capacity by age group to determine the average proportions of capacity allocated to (i) infants and toddlers, (ii) preschoolers, and (iii) school-age children, by region and type of provider, and divided all providers' licensed capacity proportionately.

JLARC staff also used VDOE data describing the characteristics and licensed capacity of child care providers licensed or registered with the state to analyze the number of providers and subsidy vendors across localities, including by locality-level characteristics.

Availability and unmet need for formal child care—JLARC staff estimated the availability and unmet need for formal child care using the net demand for formal child care and supply of formal child care. To estimate unmet need for formal child care, staff subtracted the number of formal child care slots (i.e., the supply of formal child care) from the number of children estimated to need formal child care (i.e., the net demand for formal child care). To estimate the availability of formal child care, staff divided the number of children estimated to need formal child care by the number of formal child care slots to calculate the number of children per slot. Staff determined unmet need and availability based on both licensed capacity and actual capacity across providers, and both statewide and at a regional level.

Analysis of cost and affordability of child care

JLARC staff used Virginia records from national survey data and data collected via JLARC's survey of child care providers to estimate the cost and affordability of child care. Staff collected rate data via its survey of child care providers, cleaned the data to account for data entry errors, and converted all rates into a weekly format. Staff used this data to calculate the average and median weekly and annual rates by region and type of provider. Staff calculated the average annual rates to calculate the relative affordability of child care by dividing the annual cost of child care by median household income for a given household composition. Data regarding median household income came from Virginia records from the U.S. Census Bureau ACS 5-year files for 2017 to 2021.

JLARC staff also used the average annual rates and ACS data to determine the number of Virginia households for which the cost of child care was considered unaffordable. Staff summed the number of households for which (i) infant, (ii) toddler, (iii) preschool, (iv) before or after school, and (v) school-age summer child care exceeded 7 percent of household income statewide and by income group.

Analysis of impact of recent changes to Child Care Subsidy Program

JLARC staff used client-level data from VDSS to analyze how recent changes to the Child Care Subsidy Program affected program participation and the affordability of subsidized child care. Staff received data regarding all clients receiving subsidized child care (i) during the first half of calendar year 2018 and (ii) during the second half of calendar year 2022. Staff treated these two groups of clients as two cohorts—one cohort from before the changes to eligibility, copayments, etc., were made in 2022, and one from after. Using these cohorts, staff compared how program participation and client and household characteristics changed from 2018 to 2022. Staff also compared how the total cost of copayments paid by families changed from 2018 to 2022, including in terms of a percentage of household income.

Due to data limitations, the state's new copayment scale (which went into effect January 1, 2023) was not represented by the data. To account for how the new copayments affected the affordability of the program, JLARC staff modeled what each household's copayment would be based on (i) household income, (ii) household composition, and (iii) the new scale. These modeled copayments were used as 2022 data when analyzing changes to the affordability of subsidized child care.

JLARC staff also estimated how reverting back on recent changes to eligibility, copayments, etc., could affect program participation and the affordability of subsidized child care. Staff modeled hypothetical program participation and copayments based on January 2020 policy and compared this to the 2022 cohort.

Review of national and state-level research

JLARC staff reviewed peer-reviewed academic research on self-sufficiency, assistance programs, workforce development effectiveness and collaboration, and child care, as well as research published by government agencies and advocacy groups. JLARC staff reviewed articles from *Labour Economics, Demography, Review of Economics of the Household, Families in Society: The Journal of Contemporary Social Services, Journal of Poverty, Journal of Family and Economic Issues, Journal of Policy Analysis and Management, and Journal of the Society for Social Work and Research*, among others. Staff also reviewed working papers from government agencies, such as the U.S. Department of Health and Human Services Office of the Assistant Secretary for Planning and Evaluation, U.S. Department of Labor Employment and Training Administration's Office of Policy Development and Research, and U.S. Census Bureau Social, Economic and Housing Statistics Division.

JLARC staff also reviewed research from other sources, such as government agencies and advocacy groups. JLARC staff reviewed research on the implementation, administration, and effectiveness of TANF, other self-sufficiency related programs, and workforce development programs, as well as documents that describe best practices; evaluate the effectiveness of federal programs, pilot studies, and other interventions; summarize federal policy; and synthesize other states' policies from the Office of Planning, Research, and Evaluation in the U.S. Department of Health and Human Services' Administration for Children and Families (ACF), ACF's Office of Family Assistance, the Assistant Secretary for Planning and Evaluation at the U.S. Department of Health and Human Services, the Chief Evaluation Office at the U.S. Department of Labor, the Government Accountability Office, the Congressional Research Service, the U.S. Department of the Treasury, Child Care Aware of America, the

RAND Corporation, the Urban Institute, the Aspen Institute, the Center for Budget and Policy Priorities, Manpower Demonstration Research Corporation, Mathematica Policy Research, Social Policy Research Associates, and W. E. Upjohn Institute for Employment Research, among others.

JLARC staff also reviewed reports, data briefs, and survey results published by Study of Early Education through Partnership, a research group at the University of Virginia that conducts early childhood-related research in partnership with VDOE.

Document and policy review

JLARC staff reviewed numerous other documents and literature pertaining to self-sufficiency and child care in Virginia and nationwide, such as:

- federal laws and regulations affecting assistance programs;
- Virginia laws, regulations, and policies related to assistance programs; workforce development system structure, administration, and collaboration requirements and guidelines; and child care providers;
- other states' laws, regulations, policies, and initiatives; and
- national, state, and local media reports.

JLARC staff also systematically reviewed Employment and Training Plans submitted by each local department of social services.

Local Employment and Training Plans

JLARC staff reviewed all 120 local Employment and Training Plans from FY23. Specifically, staff reviewed each plan's program participation summaries (including work activity components and barrier information); contracts and interagency agreements summary; employment services staff report; and fiscal and budget report. Additionally, a random subset of 50 local plans were further reviewed for additional information regarding VIEW and SNAP E&T program descriptions, with a focus on job search and job readiness component descriptions.

Appendix C: Agency responses

As part of an extensive validation process, the state agencies and other entities that are subject to a JLARC assessment are given the opportunity to comment on an exposure draft of the report. JLARC staff sent an exposure draft of the full report to the Virginia Department of Social Services (VDSS), Virginia Department of Education (VDOE), secretary of health and human resources, secretary of education, and secretary of labor.

Appropriate corrections resulting from technical and substantive comments are incorporated in this version of the report. This appendix includes a response letter from the secretary of health and human resources, secretary of education, and secretary of labor.

October 10, 2023

Hal E. Greer, Director
Joint Legislative Audit and Review Commission
919 East Main Street
Suite 2101
Richmond, VA 23219

Dear Director Greer:

We appreciate the opportunity to review the Joint Legislative Audit and Review Commission's (The Commission) *Virginia's Self-Sufficiency Programs and Availability and Affordability of Child Care* report (the report).

The report highlights the challenges that programs designed to assist 865,000 Virginians living in poverty face and offers a candid evaluation of these programs, highlighting that existing programming is both underutilized by high-need Virginians, and when utilized, "has limited impact" on supporting the path to self-sufficiency through employment and increased wage attainment.

There is merit in the individual recommendations in the report, especially around increasing the coordination and collaboration between our local workforce and social services agencies in the Commonwealth. A detailed breakout of responses to the report's recommendations are included below our signatures. Overall, it is important to note that the Administration will continue to pursue innovation in the programs, including opportunities to increase automation and introduce continuous monitoring of outcome and status for participants to control cost and improve cost-efficacy of Virginia's self-sufficiency programs.

The Administration remains fully committed to ensuring that we maintain work requirements in our self-sufficiency programs, and we welcome opportunities to increase flexibility and improve transition. It is also important to recognize that many of the employment programs connected to public assistance programs became ineffective during the prolonged Federal COVID-19 Public Health Emergency declaration that ended earlier this year. As a result, the Administration is rebuilding and reforming these programs by building new pathways to careers and employers for the Virginians we serve.

On child care support, the report notes the significant drop in funding for the federal Child Care Subsidy Program unless federal appropriations are increased again. While this is cited only briefly in the report, it should receive a disproportionate share of attention. JLARC's analysis offers narrow recommendations, focused only on one of five major publicly funded child care programs in the Commonwealth. It is imperative that we analyze the full ecosystem of child care programming, addressing challenges in child care provider supply, family demand, and program design revisions that call families, parents, local school divisions, and private employers to contribute to affordable solutions with shared responsibility.

While the child care recommendations included in the report support greater connectivity between government resources, it is imperative that we also facilitate a more extensive dialogue around solutions that address the full spectrum of cost-driving factors. This review must include reducing regulatory burdens that impede flexibility and fostering discussions about private sector innovation to build sustainable capacity. Additionally, increasing home-based care options and expanding opportunities provided by houses of worship and other community partners will be critical to expanding choices for families. Building the supply of affordable, quality child care is not only essential for the well-being of our children and families but also for the overall prosperity and competitiveness of our Commonwealth.

Again, we appreciate the report as an important data point as we reform these critical programs.

Sincerely,

John Littel

Secretary of Health and Human Resources

Aimee Guidera

Secretary of Education

Bryan Slater

Secretary of Labor

Appendix # 1 – Formal responses to JLARC Virginia's Self-Sufficiency Programs and Availability and Affordability of Childcare report Recommendations 1-18

JLARC Report Recommendation # 1

Recommendation: The Virginia Board of Workforce Development should rewrite policy number 300-02 to comply with the requirements of § 2.2-2472.I of the Code of Virginia that each local workforce development board shall develop and enter into a memorandum of understanding with each local department of social services. (Chapter 3)

Response: We support this recommendation and will work with the Virginia Board of Workforce Development to appropriately revise Policy 300-02 to carry out the requirements of Virginia Code. We will take action to ensure full implementation of regulatory and policy requirements.

JLARC Report Recommendation # 2

Recommendation: The General Assembly may wish to consider amending § 63.2-610 of the Code of Virginia to require that each local department of social services develop and enter into a memorandum of understanding with its local workforce development board concerning Virginia Initiative for Education and Work and SNAP Education and Training clients. (Chapter 3)

Response: One-stop partners at both affiliate and comprehensive centers must support the infrastructure costs associated with those sites (even if the program is not physically located in the American Job Center). Funding contributions may be cash, non-cash, and third party. Recommendation 2 may not be necessary if policy and regulatory requirements referenced in Recommendation 1 are carried out.

JLARC Report Recommendation # 3

Recommendation: The secretary of labor and the secretary of health and human resources should coordinate to develop for all Virginia career works centers (VCWs) and local departments of social services (i) a region-specific inventory of workforce development resources; (ii) guidelines for local department and VCW staff to follow to improve the extent to which TANF and SNAP clients are connected with Virginia's workforce development resources; (iii) a guide to eligibility and participation requirements for TANF, SNAP, and workforce development programs; (iv) guidance on how participating in the state's workforce development programs can fulfill TANF and SNAP program requirements; and (v) best practices to foster integrated service delivery between local departments of social services and VCWs for TANF and SNAP clients. (Chapter 3)

Response: We will work to ensure that the DSS SNAP and TANF programs are included in all local MOUs and infrastructure funding agreements as active participants per regulatory and policy requirements.

JLARC Report Recommendation # 4

Recommendation: The General Assembly may wish to consider including language in the Appropriations Act to dedicate a portion of the federal Workforce Innovation and Opportunity Act funding reserved by the governor for statewide workforce investment activities to facilitate the co-location of Virginia Career Works staff at local departments of social services on a part-time basis. (Chapter 3)

Response: The secretary of labor does not believe this is an appropriate use of the Governor's discretionary funds and the use of WIOA set aside funds for this purpose is not in line with federal guidelines. The set aside includes competitive grants for local programs providing job search, education, and training for adult, youth and dislocated workers seeking to gain or improve their employment prospects. The Governor's WIOA set aside's primary focus is for one-time funding of these training programs that should be able to stand on their own if they prove effective and become ongoing. Regarding the recommendation to facilitate co-location of Virginia Career Work staff at local departments of social services on a part-time basis, we are not opposed to some part time co-location tests where Career Works staff would be on site part time in DSS offices. The value of this would need to be tested and confirmed first, before a wholesale co-location should be considered. However, there are more than three times the number of local social service offices than Virginia Career Works Centers. Affiliate designation of certain social services offices may be an opportunity to reach this goal in concept with existing staff. Local departments of social services serve as "one-stop shops" for benefits and supportive services, including monetary assistance, food assistance, medical assistance, and child care. Supplementing those services with additional employment and training services could expand services in a way that is convenient and accessible for participants.

JLARC Report Recommendation # 5

Recommendation: The secretary of labor, secretary of health and human resources, and leadership staff at the Virginia Department of Workforce Development and Advancement (VDWDA) and Virginia Department of Social Services should evaluate whether administering all or some aspects of Virginia's Virginia Initiative for Education and Work and SNAP Employment and Training programs through the VDWDA and the Virginia Career Works centers would be beneficial and develop a report and recommendations for consideration to the General Assembly by October 1, 2024. (Chapter 3)

Response: While developing the policy and legislation to create the Department of Workforce Development and Advancement, this concept was considered. We do not believe that transferring the administration of the TANF/VIEW and SNAP E&T programs from DSS to the DWDA is the appropriate course of action. DSS has expertise and resources for serving populations that these programs are designed and intended to serve. We do believe there are significant opportunities for increased connectivity between the TANF/VIEW and SNAP E&T programs to achieve greater outcomes for the Virginians served. However, we believe TANF/VIEW and SNAP E&T is better served and belongs in DSS where recipients have better access to other programs and serves. We have concerns that creating multiple points of entry to these services within DSS could potentially impact a recipient's ability to obtain the full range of services available.

There are 120 local departments of social services located in every county and city in the Commonwealth. Transportation is a challenge for VIEW and SNAP E&T participants and offering services in fewer locations makes access more difficult to an already challenged clientele. A person must be determined eligible for TANF or SNAP first, before they are eligible to participate in VIEW or SNAP E&T. All clients would have gone through the local departments of social services first and would continue to be served by the department of social services for benefits and supportive services, including monetary assistance, food assistance, medical assistance, and child care. Moving the employment and training to another location may make accessing services more difficult and may make the process less efficient and may disenfranchise an unknown number of potential recipients. There are good models of co-location with the career centers, however, those are primarily in more urban environments.

Regular feedback regarding the career centers that is provided by our local staff is that they tend to prioritize services for the customers most likely to succeed. This is a major concern for the customers served by VIEW and SNAP E&T since they routinely face challenges such as low education levels, lack of training, and learning disabilities.

JLARC Report Recommendation # 6

Recommendation: The Virginia Department of Social Services (VDSS) should contract with a third-party expert to (i) determine the information needed to be collected from local departments of social services ("local departments") to establish modern caseload targets for local social services benefit programs; (ii) collect this information in an accurate and timely manner; (iii) establish caseload targets; and (iv) develop a tool and procedures for local departments and VDSS to monitor workloads on an ongoing basis and update caseload targets as needed. (Chapter 4)

Response: We are supportive of an established caseload standard that is based on the actual workload demands of providing employment and training case management. The report found a huge disparity in caseloads at local departments, with case managers having caseloads as high as 169 VIEW cases. Localities should engage in a system review to evaluate the introduction of case management tools and uniform case load standards that offer a comparative measure across localities to determine best practices related to workload management. A caseload standard would be a helpful tool to assist local departments in determining the correct number of needed staff and to avoid situations in which staff are responsible for serving excessive numbers of participants. Creating a caseload standard should be accompanied by a plan to improve training of case managers, investigate new case management system applications for all localities, and provide weekly and monthly case management metrics for each locality to have transparency into its performance relative to other localities – additional staff should receive consideration only after other efficiency measures are identified and investigated.

JLARC Report Recommendation # 7

Recommendation: The Virginia Department of Social Services should annually monitor local departments of social services' ("local departments") expenditures of TANF program funding and work to ensure that local departments fully spend their Virginia Initiative for Education and Work (VIEW) allocation on workforce and supportive services to help VIEW participants improve their employability and earnings potential. (Chapter 4)

Response: Underspending needs context regarding the services delivered. Have the local departments not provided expected services on a timely basis and with the appropriate level of customer responsiveness? We would recommend investigation of service and system improvements needed before determining the adequacy and necessity of additional spending. Currently, local VIEW expenditures are monitored monthly, and we would suggest focusing on the appropriate metrics to determine performance and frequency of monitoring. Local departments have a 15.5% funding share of program expenditures for the administrative match and must provide these local matching funds to access their VIEW allocations. While the recommendation calls for additional monitoring and reporting, the existing monthly reporting of local VIEW expenditures does not remedy the absence of a local match.

JLARC Report Recommendation # 8

Recommendation: The Virginia Department of Social Services should revise its policies for the Virginia Initiative for Education and Work (VIEW) program to encourage local departments of social services to use VIEW supportive services funds to address clients' child care needs when those needs cannot be satisfied by the child care subsidy program, and VDSS should proactively inform all local departments of social services and their local boards of this change. (Chapter 4)

Response: This specific recommendation includes the usage of VIEW funds to pay for child care expenses. TANF funds are currently transferred into the Child Care Development Fund. After the transfer, they become CCDF funds, and are then subject to CCDF rules. There may be more flexibility by providing the same amount of TANF funds to the child care subsidy program without transferring them to CCDF itself, which would allow the funding to maintain the flexibility offered under TANF block grant rules.

JLARC Report Recommendation # 9

Recommendation: The General Assembly may wish to include language in the Appropriation Act to direct the secretary of health and human resources and the secretary of labor to design and implement a pilot program for testing an alternative assessment and planning process for Virginia Initiative for Education and Work (VIEW) clients that uses an interdisciplinary team of program and service providers to develop long-term service plans for clients that encourage progress toward self-sufficiency during and after the clients' participation in VIEW. (Chapter 5)

Response:

The Department of Social Services has experience with the use of multi-disciplinary teams that supports individuals as they prepare for and obtain employment and favors this approach to assist VIEW participants as they work towards successfully achieving a family supporting wage.

JLARC Report Recommendation # 10

Recommendation: The General Assembly may wish to include language in the Appropriation Act to direct the Virginia Department of Social Services to establish a pilot program to assess whether the use of financial incentives would positively impact clients' participation in education and training programs. (Chapter 5)

Response: The Virginia Department of Social Services would welcome the opportunity to report back on the success of existing programs without additional reporting language being added to the Appropriations Act. Our local departments of social services already provide services to assist individuals who are participating in the VIEW program. These wraparound services include providing emergency shelter services, gas cards, clothing, and training expenses. VIEW participants who are employed are also eligible to receive a monthly payment to assist with employment expenses to encourage greater employment retention.

JLARC Report Recommendation # 11

Recommendation: The Virginia Department of Social Services should monitor participation and sanction data for each local department of social services on at least a quarterly basis and report the results of this monitoring to Senate Rehabilitation and Social Services and House Health, Welfare and Institutions committees annually. (Chapter 5)

Response: The Virginia Department of Social Services acknowledges this recommendation and can report this sanctioning data using currently available data. The data will be made available online, offering a transparent tool that allows the public, and all stakeholders, to see the individual performance and efficacy of each and every local social services department.

JLARC Report Recommendation # 12

Recommendation: The Virginia Department of Social Services (VDSS) should regularly monitor intermediate progress and short-term outcome and long-term outcome measures for the clients of the Virginia Initiative for Education and Work program. VDSS should monitor these measures for each local department of social services, and the results of this monitoring should be reported annually to each local board of social services, and to the Senate Rehabilitation and Social Services and House Health, Welfare and Institutions committees, beginning October 1, 2024. (Chapter 5)

Response: We are supportive of efforts to expand the focus to participants to include long-term outcomes. For many years, the program focused on immediate attachment to the workforce, which created short-term gains but did not result in long-term improvement in income. Additional data and measures to gauge success both in the short and long term is a needed improvement.

JLARC Report Recommendation # 13

Recommendation: The General Assembly may wish to consider including language in the Appropriation Act directing the Virginia Department of Social Services to pursue participation in the outcome-based performance measure pilot program authorized under the Fiscal Responsibility Act of 2023 and to provide quarterly updates to the Virginia Board of Social Services regarding the process for applying for and implementing a pilot program through this federal opportunity. (Chapter 5)

Response: The U.S. Department of Health and Human Services' Administration for Children and Families (ACF) has not issued any guidance regarding the outcome-based performance measure pilot program, thus making it challenging for Virginia to determine how best to approach this opportunity.

JLARC Report Recommendation # 14

Recommendation: The Virginia Department of Education should revise and improve the Virginia Preservice Training for Child Care Staff course to ensure the material is relevant, useful, and applicable to all staff at child care centers. (Chapter 6)

Response: The Virginia Department of Education concurs and is currently working on the first update to Preservice Training in the last five years.

JLARC Report Recommendation # 15

Recommendation: The General Assembly may wish to consider revising existing language in the Appropriation Act that requires the Virginia Department of Education to issue payments to Child Care Subsidy Program vendors based on enrollment to direct that payments should be issued to vendors based on enrollment on an ongoing basis. (Chapter 7)

Response: We are reviewing this recommendation. Attendance matters and the state should continue to incentivize families, students, and providers to ensure student attendance. Introducing a minimum attendance requirement for eligibility would better incent attendance and remove burdens on providers. Improving attendance practices in early childhood can help reduce chronic absenteeism in K-12. Analysis shows that children who attended preK at a child care center have 20 percent lower odds of chronic absenteeism in kindergarten.

JLARC Report Recommendation # 16

Recommendation: The Virginia Department of Education (VDOE) and Virginia Department of Social Services should develop and implement a process to reimburse subsidy vendors based on enrollment rather than attendance as soon as possible, but no later than January 1, 2024. Once this process is in place, VDOE should discontinue tracking subsidy client attendance until a new attendance tracking system is operational. (Chapter 7).

Response: Prioritizing attendance should be a shared responsibility of families, parents, and providers. Maintaining attendance requirements for vendor reimbursement, and introducing minimum attendance requirements for ongoing benefit eligibility, disburses responsibility for attendance across all stakeholders. Attendance matters - across early childhood and K-12 education, prioritizing this principle in students, families, and educators is paramount.

JLARC Report Recommendation # 17

Recommendation: The General Assembly may wish to consider (i) including language in the Appropriation Act that limits the amount of time families are eligible for the Child Care Subsidy Program while the parents or guardians search for work to 90 days per job loss occurrence. (Chapter 7)

Response: We agree that limiting program eligibility to 90 days per parent job loss occurrence will incentivize families to pursue employment. It also expands critical capacity for working families who would otherwise be edged out of the workforce if not offered subsidized child care.

Appendix D: Regional self-sufficiency

The median income in every region in Virginia is above the federal poverty threshold and the self-sufficiency standard. Between 2017 and 2021, the median household income for a Virginia household was approximately $81,100, and their income was equivalent to 375 percent of the federal poverty threshold and 172 percent of the self-sufficiency standard. Median household income varies widely by region, from $38,500 in Southwest Virginia to $131,900 in Northern Virginia (Table D-1). However, household income relative to the self-sufficiency standard does not have as large of a range because it accounts for regional cost-of-living differences—household income relative to the self-sufficiency standard ranges from 135 percent of the self-sufficiency standard in the West Piedmont region to 214 percent of the self-sufficiency standard in the Alexandria/Arlington region.

TABLE D-1
Most Virginia families have incomes exceeding the federal poverty line and various self-sufficiency standards

Region	Median household income	Median percentage of federal poverty line	Median percentage of self-sufficiency standard
Southwest	$38,500	188%	178%
West Piedmont	41,600	212	135
South Central	47,400	230	138
New River/Mt Rogers	51,800	255	144
Crater	55,100	276	145
Western	58,100	290	157
Central	62,600	294	167
Shenandoah Valley	64,100	303	165
Greater Peninsula	66,400	325	161
Hampton Roads	73,500	345	161
Capital	76,200	363	172
Statewide	**81,100**	**375**	**172**
Piedmont	84,200	384	181
Bay Consortium	88,900	391	181
Alexandria/Arlington	119,000	651	214
Northern	131,900	576	198

SOURCE: JLARC analysis of American Community Survey, 5 year data, 2017–2021. U.S. HHS ASPE, 2023 Poverty Guidelines for the 48 Contiguous States and the District of Columbia. Self-Sufficiency Standard at the Center for Women's Welfare, University of Washington, 2021 Virginia Dataset.
NOTE: FPL is different based on family size but does not change based on geography. The self-sufficiency standard is different based on family size and geography. Regions are the Virginia Workforce Investment Board regions.

Approximately 10 percent of Virginia households have incomes below the federal poverty threshold (FPL), but the percentage of households in poverty varies significantly by region (Table C-2). In Southwest Virginia, approximately 23 percent of all households are living in poverty. However, in Northern Virginia, approximately 5 percent of households are living in poverty.

Approximately 26 percent of Virginia households have incomes below the self-sufficiency standard, but there is some variation by region (Table D-2). Similar to household incomes, the range in the percentage of households with incomes below the self-sufficiency standard is not as wide as the range in the percentage of households with incomes below the FPL. In Southwest Virginia, approximately 41 percent of households have incomes below the self-sufficiency standard. In Northern Virginia, 21 percent of households have incomes below the self-sufficiency standard.

TABLE D-2
Percentage of families below the poverty line and self-sufficiency standard varies by region

Region	Percentage of households with incomes below the poverty line	Percentage of household with incomes below the self-sufficiency standard
Southwest	23%	41%
West Piedmont	20	35
South Central	18	35
New River/Mt Rogers	17	33
Crater	15	34
Western	14	30
Greater Peninsula	12	29
Central	11	26
Shenandoah Valley	11	27
Hampton Roads	10	28
Statewide	**10**	**26**
Capital	9	25
Piedmont	9	24
Bay Consortium	9	24
Alexandria/Arlington	7	21
Northern	5	21

SOURCE: JLARC analysis of American Community Survey, 5 year data, 2017–2021. U.S. HHS ASPE, 2023 Poverty Guidelines for the 48 Contiguous States and the District of Columbia. Self-Sufficiency Standard at the Center for Women's Welfare, University of Washington, 2021 Virginia Dataset.
NOTE: FPL is different based on family size but does not change based on geography. The self-sufficiency standard is different based on family size and geography. Regions are the Virginia Workforce Investment Board regions.

Regions with higher percentages of households with incomes below the poverty line and self-sufficiency standard tend to have a larger percentage of their households receiving TANF and SNAP benefits than relatively higher income regions. Approximately 0.9 percent of all Virginia households received TANF benefits in 2019, and approximately 14 percent of all Virginia households received SNAP benefits in 2019. However, Southwest Virginia, which has the highest percentage of households with incomes below the poverty line and self-sufficiency standard, also has the highest percentage of households receiving TANF and SNAP benefits (Table D-3).

TABLE D-3
Regions with larger percentages of lower income households tend to have a larger percentage of households receiving TANF and SNAP benefits.

Region	Percentage of households on TANF	Percentage of households on SNAP
Southwest	2.2%	34%
West Piedmont	1.5	31
South Central	1.4	28
New River/Mt Rogers	1.3	20
Crater	2.0	30
Western	1.2	18
Greater Peninsula	1.5	19
Central	0.7	14
Shenandoah Valley	0.8	13
Hampton Roads	1.1	18
Statewide	**0.9**	**14**
Capital	1.0	16
Piedmont	0.7	11
Bay Consortium	1.2	16
Alexandria/Arlington	0.4	6
Northern	0.4	7

SOURCE: JLARC analysis of American Community Survey, 5 year data, 2017–2021. U.S. HHS ASPE, 2023 Poverty Guidelines for the 48 Contiguous States and the District of Columbia. Self-Sufficiency Standard at the Center for Women's Welfare, University of Washington, 2021 Virginia Dataset. Virginia Department of Social Services, Local Department of Social Services Profiles, total TANF and SNAP clients in 2019 by local department.
NOTE: Regions are the Virginia Workforce Investment Board regions.

Appendix E: Definitions of VIEW work activities

The VIEW program offers several work and work-related activities intended to increase clients' employability. Clients must participate in these activities for at least 35 hours per week if unemployed, or 30 hours per week if employed, to remain eligible for VIEW. These activities are divided into two main groups to count toward federal Work Participation Rate (WPR) requirements: core work activities (Table E-1) and non-core work activities (Table E-2). All of these activities count toward the WPR, but at least 20 hours of a client's activities must come from core activities.

TABLE E-1
VIEW core work activities

Work activities	Activity definition
Job search	A structured, time-limited period during which the participant is required to search for employment. To complete the job search, the participant is required to perform a specified number of hours of job search and document the job search contacts or find and accept employment.
Job readiness	Instruction in skills needed to seek or obtain employment. Job readiness may include instruction in workplace expectations, help in developing resumes and interviewing skills, and life skills training. Job readiness may also include preparation for employment through participation in short-term substance abuse or mental health treatment, or in rehabilitation activities for those who are otherwise employable. Such treatment must be determined necessary by a qualified medical professional.
Unsubsidized employment	Employment in which the participant is paid at least minimum wage and for which no government funds are used to subsidize the wages earned by a participant.
Subsidized employment	Employment in which government funds are used to directly subsidize the participant's wages.
Community work experience program	Unpaid work in a public or private non-profit organization designed to improve the employability of the participant.
Public service program	Unpaid work in a public or private non-profit organization designed to improve the employability of the participant while providing a clearly defined public service. Public Service Program placements must be limited to projects that serve a useful community purpose in fields such as health, social service, environmental protection, education, urban and rural development, welfare, recreation, public facilities, public safety, and child care.
On-the-Job training	A type of paid employment in which an employer provides training to an employee to increase the employee's skills on the job.
Vocational education and training	Training or education designed to prepare the participant for a specific trade, occupation, or vocation requiring training other than ABE, GED, ESL, or an advanced degree beyond the baccalaureate level.

SOURCE: Virginia Department of Social Services VIEW policy manual.

TABLE E-2
VIEW non-core work activities

Work activities	Activity definition
Job skills training	General training that prepares an individual for employment (examples may include keyboarding or computer literacy classes) or job specific training required by an employer to obtain, keep, or advance in a specific job or occupation, or training needed to adapt to the changing demands of the workplace; all training and education programs, including post-secondary associate, certificate, and baccalaureate level programs, that are included in the definition of Vocational Education and Training; instruction in a second language for participants who have a high school diploma or GED; unpaid practicums or internships offered by a college or training program, or by an employer.
Education below the post-secondary level	Education below post-secondary is an allowable program activity for participants who have not received a high school diploma or GED certificate and whose employability would be enhanced by additional education. It includes ABE, GED, and ESL programs as well as secondary school and may be offered in non-traditional as well as traditional settings.

SOURCE: Virginia Department of Social Services VIEW policy manual.

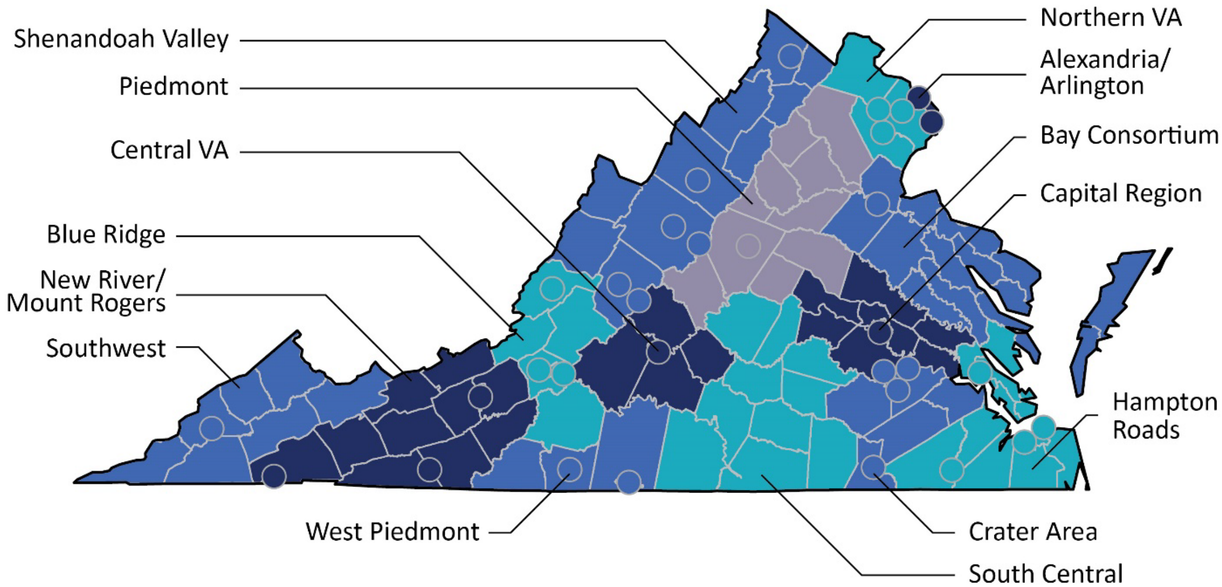
In addition to core and non-core work activities, local departments may develop other activities to increase a client's employability, referred to as "other locally developed activities." These activities do not meet the definition of a core or non-core activity and are not counted towards the WPR.

Appendix F: Virginia's workforce development system

Workforce Development Areas and Center Locations

Virginia's workforce development system consists of 14 local workforce development areas (LWAs) each led by a local workforce development board (LWDB). The 14 regions are meant to represent areas that are geographically and socioeconomically similar (Figure F-1).

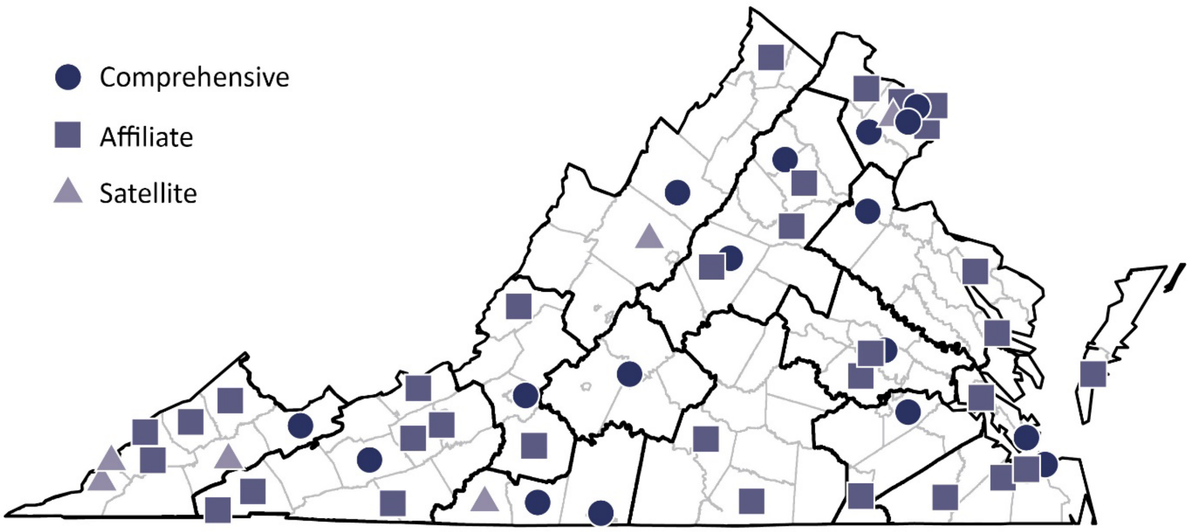
FIGURE F-1
Fourteen workforce development areas in Virginia



SOURCE: Virginia Career Works map of local workforce development areas by county and city.

Each LWA provides career and training services for citizens through American Job Centers, branded Virginia Career Works. An LWA must have at least one comprehensive Virginia Career Works center and may have any number of affiliate or satellite centers. Comprehensive centers are required by federal regulations and provide access to more partner programs and services than affiliate or satellite centers. There are currently 17 comprehensive centers, 32 affiliates, and six satellites across the state for a total of 55 Virginia Career Works centers (Figure F-2).

FIGURE F-2
55 American Job Centers (referred to as Virginia Career Works) are located throughout state



SOURCE: JLARC representation of Virginia Career Works center physical locations based on information from Virginia Community College System.

WIOA services available at Virginia Career Works centers

Virginia Career Works (VCW) centers provide employment, career, and training services for individuals looking to attain or retain employment through programs funded by the Workforce Innovation and Opportunity Act (WIOA). VCW is the primary publicly funded workforce development network in the Commonwealth. The two programs with the broadest eligibility standards are WIOA Title I Adult and WIOA Title III (Wagner-Peyser).

Wagner-Peyser offers employment services to help clients achieve employment, without concern for whether the job has career growth potential, and access to Unemployment Insurance (UI) eligibility services. The Wagner-Peyser Employment Service is largely self-service, and funds are primarily used to maintain Virginia Workforce Connection, the Commonwealth's public job board. Other Wagner-Peyser resources at VCW centers include: labor market information, job search, a resource room (computer lab), interview skills practice, and resume writing workshops.

WIOA Title I Adult offers career and training services intended to prepare a client for a job with career growth potential. There are two main types of career services, basic services and individualized career services. Basic career services are typically self-service, for example using a resource room to write resumes or apply for jobs. In contrast, individualized career services are staff-assisted and intensive, such as career planning sessions. WIOA Title I Adult also offers training services, and support and follow-up services (Table F-1).

TABLE F-1
WIOA Title I Adult offers career, training, support, and follow-up services for eligible individuals.

	Eligibility	Services	Potential for financial assistance
Basic Career Services	All individuals 18 years of age or older, who are citizens, lawful permanent residents, or lawfully admitted individuals. Individuals do not need to register with WIOA.	• Initial needs assessment and evaluation of work history/educational attainment • Registration in Virginia Workforce Connection • Basic job search assistance (e.g., resume writing and interview skills) • Labor market information • Assistance in person or virtually • Staff-supported assistance in resource rooms (computer labs) • Referrals to other programs and services available through one-stop system (e.g., local DSS, occupational training providers, etc.)	N/A
Individualized Career Services	Individuals deemed in need of additional assistance to obtain or retain employment based on the initial needs assessment and trained staff determination of need. Individuals do need to register with WIOA.	• Comprehensive assessment of skill levels and additional service needs • Development of individual employment plan • Assistance in establishing eligibility for non-WIOA financial aid (e.g., Pell grants) • Group and individual counseling • Career planning • “Soft skills” (e.g., interviewing skills; professional conduct) training • Internships and work experiences linked to careers • Financial literacy services • Out-of-area job search assistance and relocation assistance • English language acquisition, basic skills, and GED preparation • Integrated education and training programs	Yes
Training Services	Individuals who are basic skills deficient, face barriers to employment, or are deemed in need of education and training to obtain or retain employment. Individuals need to register	• Education or training programs linked to in-demand occupations in the locality • Selection of services based on customer choice • Provision of education and training performance reports and program costs • Multiple training options (includes occupational skills; on-the-job; workplace training and instruction; skill upgrading and retraining; entrepreneurial training; transitional jobs; job readiness training; adult education and literacy [including ELL]; and custom training)	Yes. Individuals may receive individual training account (ITA) funds for specific training if eligible and deemed likely to complete

	with WIOA. May be provided first, if appropriate.	• Referral to college-based education programs at VCCS (e.g., degree path program, FastForward, or G3).	the program by the case manager.
Support Services	Individuals who are participating in WIOA Title I services who have exhausted other financial support options from partner programs (e.g., UI, TANF/SNAP).	Varies by Local Workforce Board Area, could include financial assistance for: • work uniforms, attire, or tools • educational test applications, fees, and certifications • emergency living/housing • child and dependent care at licensed facility • basic car repair, insurance, and mileage reimbursement • transportation assistance (e.g., Uber)	Yes. Total allowable amount varies by Local Workforce Board Area.
Follow-Up Services	Participants placed in unsubsidized employment	Job counseling for up to 12 months after the first day of employment	N/A

SOURCE: JLARC summary of WIOA Title I Adult services from Virginia Board of Workforce Development Provision of Services Policies.
[a] Custom training may be training that does not fall into one of the listed training options and is instead designed to meet the specific requirements of employers; conducted with a commitment by an employer to hire a client after successful completion; and for which the employer pays for a significant cost of the training.

Appendix G: Effectiveness of career pathways programs

JLARC staff reviewed existing research reports, briefs, and literature reviews that examined the effectiveness of career pathways programs intended to help unemployed and low-income individuals improve their employment, wage, and educational outcomes. The evidence base for career pathways was reviewed because the Workforce Innovation Opportunity Act (WIOA) requires states Workforce Development Boards to plan for "the development of strategies to support the use of career pathways for the purpose of providing individuals, including low-skilled adults, youth, and individuals with barriers to employment, with workforce investment activities, education, and supportive services to enter or retain employment" (20 CFR § 679.101(d)(3)(b)).

What are career pathways programs?

Career pathways programs are more comprehensive renditions of the typical career ladder program, where individuals are placed into a job that has regular expected increases in wages, responsibilities, and authority. Career pathways programs typically offer occupation or industry-specific training to low-skilled individuals for higher-skilled positions in high growth industries, like health care. The typical career pathways program incorporates academic, technical, or vocational education with support and wraparound services. Some career pathways programs also incorporate work experience programs.

Career pathways programs are designed to provide individuals education and training that progressively increases in complexity and skill advancement over time. For example, an information technology (IT) career ladder program can train customer service technical support workers to become junior IT analysts and junior IT analysts to become full-time analysts or senior analysts. Along that career pathway an individual could earn various IT programming language certifications, a bachelor's degree, or a graduate degree.

How effective are career pathways programs?

Career pathways programs appear to be effective at increasing employment for low-skill, low-income individuals during relatively short follow-up periods (one to two years), with little evidence of long-term effectiveness (two plus years). An evidence (literature) review by the County Health Rankings and Roadmaps (CHR&R) program at the University of Wisconsin Population Health Institute found that career pathways programs increase employment and wage outcomes for low-skilled, low-income individuals compared to more traditional workforce development, but that outcomes dissipate over time. Additionally, individuals participating in longer duration programs appear to show increases in wages, and shorter programs show increases in employment but not wages.

The Office of Planning, Research and Evaluation in the U.S. Department of Health and Human Services' Administration for Children and Families (OPRE) conducted two large-scale, randomized controlled trial evaluations of career pathways programs from 2007 to 2018. The key takeaways from each evaluation are as follows:

- Pathways for Advancing Careers and Education (PACE), 2007–2018
    - Favorable impacts on educational outcomes, no impacts on earnings

    - Limited impacts on employment at three-year follow-up
    - No impact on participant receipt of public assistance (TANF, SNAP) or financial distress
    - One program (Year UP) showed large, sustained impacts on earnings seven years out. Program was intensive, provided stipends for participants, and targeted out of school youth
- Evaluation of Health Profession Opportunity Grants (HPOG 1.0), 2010–2015
    - Positive impacts on participants' educational outcomes and employment in health care, specifically, but no impacts on earnings
    - Many participants enrolled in short-term trainings (e.g. Certified Nurse Assistant) leading to lower-paying occupations
    - Main perceived barrier to long-term trainings, and higher-paying occupations, was the duration and intensiveness of academic requirements

It must be noted that the body of research on career pathways is relatively small, and requires additional research, particularly as career pathways designs relate to WIOA services. The 2014 WIOA reauthorization requires the use of career pathways for WIOA funded training. The largest scale evaluation of the federal workforce development system was conducted before 2014 when the legislation was still known as the Workforce Investment Act (WIA) before the addition of the career pathways requirement. JLARC staff were unable to locate any large-scale evaluation of career pathways implementation and effectiveness under the current WIOA framework.

For full details about the body of literature related to Career Pathways, reference citations below.

Baird, M., Engberg, J., Gonzalez, G. C., Goughnour, T., Gutierrez, I. A., & Karam, R. (2019). *Effectiveness of screened, demand-driven job training programs for disadvantaged workers: An evaluation of the New Orleans career pathway training.* Rand Corporation.

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Appendix H: Common strategies to improve WIOA & TANF coordination

JLARC staff reviewed state policy documents, case study briefs, and issue briefs describing best practices for Workforce Innovation and Opportunity Act (WIOA) and TANF collaboration and service delivery. Documents included WIOA state plans for four states and a detailed case study of Utah describing the formation and implementation of the Utah's Department of Workforce Services. Nine case study briefs—from Peer-Based Training and Technical Assistance (PeerTA) with the Office of Family Assistance within the U.S. Department of Health and Human Services Administration for Children and Families—explain how 10 local workforce areas in nine states facilitated effective collaboration between WIOA and TANF to improve service delivery and outcomes for clients across both programs. Additional issue briefs provided high-level descriptions of goals, benefits, and catalysts for coordination between TANF and workforce development systems.

Table H-1 describes common coordination strategies, which administration level (state, regional, or local) they apply to, expected benefits for clients, and common challenges for implementation.

TABLE H-1
Common WIOA and TANF coordination strategies vary in expected benefits and implementation challenges

Strategy	Administration level	Where strategy has been used	Expected benefits	Challenges
Unified data management systems Use of a single data and case management system for clients across workforce development system programs (e.g., TANF, VIEW, WIOA, and SNAP E&T).	State, region, local	Washington	- Simple tracking of client data - Access across partner programs to relevant decision making information	- Cost - Personal identifying information rules and regulations - Usability of interface
Combined workforce development state agency A single state agency for all relevant workforce development programs.	State	Utah	- Unified goals and collaboration at highest level of workforce development system - Increased collaboration on cross-program guidance	- Cost - Inclusion of all relevant agencies to workforce development - Shared physical office space
Combined regional and local workforce administration A system where administration of all workforce development	Region, local	Utah	- Unified expectations for service delivery and needs on-the-ground - Increased collaboration in MOU process	- Disparities in wealth across localities - Political inclinations of fiscal responsibility

programs (TANF, VIEW, WIOA, SNAP E&T, vocational education, and other partner programs) is managed by one regional entity that oversees, provides guidelines, and employs all relevant staff within localities.			- Shared knowledge of available program services, funds available, and industry needs	- Local investment in the program - Regional disagreement about goals of system
Co-location Locating all relevant workforce development system program staff within the same office spaces or office building.	State, regional, local	Adams County and Jefferson County, Colorado; Northern Virginia	- "No wrong door" for clients to receive all services related to workforce development - Possibility of increased referrals, collaboration, and access to resources cross-program - Removal of some travel barriers for clients	- Costs of facilities - Personal/professional relationships causing problems - Benefits eligibility staff likely to not be co-located - Does not solve geographical sparsity in larger regions and rural counties - Lack of funds to support co-location
Reverse referrals Practice of American One-stop Job center staff referring WIOA clients to benefits staff at local departments of social services for help applying for public assistance programs. This is the "reverse" of how practitioners typically view referrals working within the workforce development space, where social services are the usual first point of entry for individuals.	Local	Tulare County, California	- Maximizes individuals applying for needed public benefits - Increases likelihood of public assistance staff also cross-referring - May lead to financial assistance that removes some barriers for individuals	- Individuals may not qualify for public benefits and be dissuaded from participating in workforce development - Clients may need to travel to get to benefits team and not make it - Can be difficult to achieve without co-location
Unified case management teams Case management style where all relevant case managers for a	Regional, local	Kansas City, Missouri; St. Louis Metro area, Missouri;	- Provides multiple perspectives on client needs and best approach for assistance	- Personalities of different program staff may get in way - Requires consistent staff availability

client work together to provide relevant services for all enrolled programs.		Adams County and Jefferson County, Colorado	- Natural, day-to-day cross-program interaction while assisting clients - No guessing about program eligibility or available services - Naturally reduces duplication	- Staff turnover can remove program support from multiple clients - Understaffing at any program can increase demand on workers
Universal assessment tools Where a single intake assessment tool is used by all programs within a workforce development system to determine program eligibility and client needs.	State, regional, local	Lower Eastern Shore region, Maryland	- Reduces time to service for clients - Reduces duplication of forms and paperwork - All information can be tracked across programs - If implemented at high levels (state) can improve quality of aggregate state data	- Local desire for specificity in assessment tools - Changing from status quo
Cross-program meetings/trainings Regularly scheduled (typically monthly or quarterly) meetings/trainings of all relevant staff in a workforce development system. For example, case management training for all WIOA, TANF, VIEW, and SNAP E&T case managers.	Regional, local	Anoka County, Minnesota	- Increased cross-program knowledge and subsequent cross-program referrals for clients in need of services - Improved relationships between program staff - Less friction with regard to sharing of resources and integrating client service delivery	- Availability of staff - Lack of funds - Large caseloads that inhibit staff focus
Unified state, regional, and local service delivery expectations Specific guidelines or requirements that outline service delivery expectations (e.g., caseload maximums, expected case processing on entry) across the workforce development system programs.	State, regional, local	Utah	- Improved understanding of service provision for clients within and across programs - Set guidelines for caseloads, case management styles, cross-program meetings and trainings - Standardization of expectations across regions, or within regions	- Desire to maintain status quo - Regional/local desire to serve "their customers" within programs - Increased state expectation of resources without accompanying financial support - Disagreement on or inflexibility or guidelines

Unified performance measures for across programs A set of performance measures, for example employment rate, measured for all clients within a workforce development system regardless of program.	State, regional, local	Maryland	- Better understanding of outcomes for clients across all workforce development programs - Unified program goals based on outcome measure expectations - Improved short-and long-term performance outcome measures overall	- Lack of funds for administration and development - Lack of regional and local buy in
Compulsory co-enrollment Automatically enrolling clients in all eligible workforce development programs after initial assessment.	Regional, local	Anoka County, Minnesota	- Immediate entrance and assessment for workforce development services - Improved integrated service delivery model	- Introduction of clients to a system they may not qualify for or need - Lack of regional or local funds to support potential increases in caseloads and administrative work

SOURCE: JLARC summary of common WIOA and TANF collaboration strategies from a variety of sources, such as: the Administration for Children and Families TANF Works! Collaboration series; OPRE Report #2022-25; OPRE Report # 2015-03.

Appendix I: Local DSS data collection instrument

JLARC staff distributed a data collection instrument to all 120 local departments of social services ("local departments") in August 2023. The instrument collected information on caseloads, programs, and spending limits.

Three local departments pretested the data collection instrument and provided feedback that resulted in minor changes. A total of 106 departments out of 120 total responded, an 88 percent response rate.

Caseloads

JLARC asked local department staff to list each of their benefit workers who worked on either TANF-VIEW or SNAP E&T cases, and provide the number of VIEW cases, number of SNAP E&T cases, and number of total cases (even if those cases did not involve TANF-VIEW or SNAP E&T) each of those workers carried in August 2023. The number of cases per worker varied significantly across the state, and sometimes even within a department. Table I-1 provides the minimum, average, median, and maximum number of cases per worker by the classification the state uses to distinguish local departments by size. Level I departments are the smallest and Level III departments are the largest.

TABLE I-1
Number of cases per benefit worker handling TANF-VIEW and SNAP E&T cases

LDSS Level	Program Type	Minimum number of cases per worker	Average number of cases per worker	Median number of cases per worker	Maximum number of cases per worker
Level I	TANF-VIEW cases carried by worker	1	10	8	39
	SNAP E&T carried by worker [a]	2	74	71	151
	All cases carried by worker	2	262	200	1103
Level II	TANF-VIEW cases carried by worker	1	24	21	71
	SNAP E&T carried by worker [a]	1	10	7	34
	All cases carried by worker	3	183	85	1196
Level III	TANF-VIEW cases carried by worker	3	54	55	169
	SNAP E&T carried by worker [a]	1	12	4	103
	All cases carried by worker	3	87	71	597

SOURCE: LDSS Data Collection Instrument.

NOTE: Figures are rounded. Summary statistics of the caseload per worker, in accordance with department size. [a] Few departments offer SNAP E&T services. There are 33 Level I departments, 59 Level IIs, and 28 Level IIIs.

Services offered

VDSS policy allows local departments to use supportive services funds to pay for five broad categories of services: (1) child care; (2) transportation and related services; (3) medical and dental services (not covered by Medicaid); (4) program participation and work-related expenses; and, (5) emergency intervention services. However, some departments limit the types and amounts of supportive services that they offer within these categories. This means that one department may pay for child care registration fees for clients, and others may not pay for those fees. To collect more information about the statewide variation in service provision, JLARC asked local departments to identify whether they paid for a list of more specific services within each of the five categories (Tables I-2 and I-3).

TABLE I-2
Supportive service provision across local departments for TANF-VIEW clients

Supportive service	Number of departments paying for the service for TANF-VIEW	Number of departments responding to question	Percent of responding departments paying for the service
Child care			
Tuition at a child care subsidy vendor	41	93	46%
Tuition at a non-Child Care subsidy vendor	20	92	22
Care provided by a family relative, neighbor, or friend	9	88	10
Registration fees	35	92	38
Transportation fees	36	94	38
Activity/field trip fees	18	92	20
Other Child Care related fees	21	85	25
Transportation and related services			
Gas cards	83	95	87%
Bus/transit tickets or cards	83	91	91
Taxi services	76	88	86
Vehicle repairs	93	95	98
Vehicle purchase	79	95	83
Vehicle registration	85	93	91
Vehicle insurance	87	93	94
Outstanding DMV or court fees	67	92	73
Medical and dental services			
Medical statements or evaluations	79	91	87%

Supportive service	Number of departments paying for the service for TANF-VIEW	Number of departments responding to question	Percent of responding departments paying for the service
Dentures	84	92	91
Glasses	89	94	95
Orthopedic shoes	84	89	94
Program participation and work-related			
Occupational or professional licensing fees	93	93	100%
Background check, fingerprinting, drug test fees	87	92	95
Work uniforms	94	94	100
Picture identification	90	93	97
Safety equipment and/or tools	95	95	100
Tuition for vocational training or educational class	92	94	98
Broadband/internet access/wi-fi	79	92	86
Laptop or tablet	90	94	96
Emergency intervention services			
Rental housing payments	92	96	96%
Utility payments	93	96	97
Food	50	95	53
Hotel stay	68	93	73

SOURCE: JLARC's local department of social services Data Collection Instrument, August 2023.
NOTE: Some responding departments did not respond to every question.

TABLE I-3
Supportive service provision across local departments for SNAP E&T clients

Supportive service	Number of departments paying for the service for SNAP E&T	Number of departments responding to question	Percent of responding departments paying for the service
Child care			
Tuition at a child care subsidy vendor	12	27	44%
Tuition at a non-Child Care subsidy vendor	4	27	15
Care provided by a family relative, neighbor, or friend	3	24	13
Registration fees	6	25	25

Supportive service	Number of departments paying for the service for SNAP E&T	Number of departments responding to question	Percent of responding departments paying for the service
Transportation fees	8	25	32
Activity/field trip fees	2	25	8
Other Child Care related fees	3	23	13
Transportation and related services			
Gas cards	22	29	76%
Bus/transit tickets or cards	26	29	90
Taxi services	19	28	68
Vehicle repairs	26	30	87
Vehicle purchase	4	30	13
Vehicle registration	11	30	37
Vehicle insurance	13	30	43
Outstanding DMV or court fees	17	30	57
Medical and dental services			
Medical statements or evaluations	20	28	71%
Dentures	18	29	62
Glasses	27	29	93
Orthopedic shoes	23	26	89
Program participation and work-related			
Occupational or professional licensing fees	29	30	90%
Background check, fingerprinting, drug test fees	27	29	93
Work uniforms	30	30	100
Picture identification	27	28	96
Safety equipment and/or tools	30	30	100
Tuition for vocational training or educational class	28	30	93
Broadband/internet access/wi-fi	22	27	82
Laptop or tablet	12	30	40
Emergency intervention services			
Rental housing payments	28	31	90%
Utility payments	29	31	94
Food	6	32	19
Hotel stay	12	31	39

SOURCE: JLARC's local department of social services Data Collection Instrument, August 2023.
NOTE: Some responding departments did not respond to every question, and only 37 departments statewide offer a SNAP E&T program.

Spending limits

VDSS policy allows each local department the option to impose spending limits on its supportive services and on its clients. There are seven spending categories: (1) child care; (2) transportation; (3) vehicle repairs and expenses; (4) medical expenses; (5) employment-related expenses; (6) activity-related expenses; and (7) emergency intervention. Spending limits can range from $0 to $5,000 or more per category. Local departments may also establish per client spending limits. To better understand the variation in spending limits, JLARC asked local departments which, out of seven spending limit ranges, each of their spending categories fall into (Table I-4).

TABLE I-4
Spending limits for supportive services in TANF-VIEW and SNAP E&T

	TANF-VIEW spending allowances			SNAP E&T spending allowances		
Spending limits by category	**Number of departments spending this amount**	**Number of departments responding to this question**	**Percentage of responding departments allowing this spending amount**	**Number of departments spending this amount**	**Number of departments responding to this question**	**Percentage of responding departments allowing this spending amount**
Child care		88			29	
Spending not allowed	34		39%	14		48%
Under $500	5		6	1		3
$501 to $1,000	0		0	1		3
$1,001 to $2,000	1		1	0		0
$2,001 to $5,000	0		0	0		0
$5,001 or more	4		5	1		3
No spending limit	44		50	12		41
Transportation		95			33	
Spending not allowed	1		1	2		6
Under $500	5		5	7		21
$501 to $1,000	11		12	6		18
$1,001 to $2,000	24		25	4		12

Spending limits by category	TANF-VIEW spending allowances: Number of departments spending this amount	TANF-VIEW spending allowances: Number of departments responding to this question	TANF-VIEW spending allowances: Percentage of responding departments allowing this spending amount	SNAP E&T spending allowances: Number of departments spending this amount	SNAP E&T spending allowances: Number of departments responding to this question	SNAP E&T spending allowances: Percentage of responding departments allowing this spending amount
$2,001 to $5,000	14		15	0		0
$5,001 or more	8		8	1		3
No spending limit	32		34	13		39
Vehicle repairs and expenses		94			32	
Spending not allowed	0		0	7		22
Under $500	4		4	6		19
$501 to $1,000	12		13	8		25
$1,001 to $2,000	35		37	7		22
$2,001 to $5,000	13		14	3		9
$5,001 or more	7		7	0		0
No spending limit	23		24	4		13
Medical expenses		93			32	
Spending not allowed	6		6	7		22
Under $500	20		22%	9		28%
$501 to $1,000	15		16	6		19
$1,001 to $2,000	14		15	2		6
$2,001 to $5,000	4		4	1		3
$5,001 or more	2		2	0		0
No spending limit	32		34	7		21
Employment related expenses		93			34	
Spending not allowed	0		0	0		0
Under $500	33		35	22		65
$501 to $1,000	20		21	3		9
$1,001 to $2,000	9		10	1		3
$2,001 to $5,000	2		2	2		6
$5,001 or more	2		2	0		0

Spending limits by category	TANF-VIEW spending allowances: Number of departments spending this amount	TANF-VIEW spending allowances: Number of departments responding to this question	TANF-VIEW spending allowances: Percentage of responding departments allowing this spending amount	SNAP E&T spending allowances: Number of departments spending this amount	SNAP E&T spending allowances: Number of departments responding to this question	SNAP E&T spending allowances: Percentage of responding departments allowing this spending amount
No spending limit	27		29	6		18
VIEW or SNAP E&T activity		92			29	
Spending not allowed	10		11	11		38
Under $500	15		16	5		17
$501 to $1,000	14		15	3		10
$1,001 to $2,000	10		11	2		7
$2,001 to $5,000	3		33	0		0
$5,001 or more	2		22	0		0
No spending limit	38		41	8		28
Emergency intervention		92			33	
Spending not allowed	0		0	7		21
Under $500	4		4	4		12
$501 to $1,000	17		18	6		18
$1,001 to $2,000	17		18	6		18
$2,001 to $5,000	16		17	3		9
$5,001 or more	5		5	1		3
No spending limit	33		36	6		18
Annual per client spending limit		100			35	
Under $500	2		2	1		3
$501 to $1,000	1		1	0		0
$1,001 to $2,000	5		5	5		14
$2,001 to $5,000	10		10	4		11
$5,001 or more	12		12	2		6
No spending limit	70		70	23		66

SOURCE: JLARC's local department of social services Data Collection Instrument, August 2023.
NOTE: Some responding departments did not respond to every question, and only 37 departments statewide offer a SNAP E&T program.

Employee training

Employee training times vary by local department and can range from less than two weeks to more than six months. Extensive training periods, along with high turnover rates, make it difficult for departments to fully rely on qualified self-sufficiency caseworkers in a timeframe that effectively addresses staff vacancies. To collect more information on the variation in training times, JLARC asked local departments to report the amount of time it takes to train a new self-sufficiency worker (Table I-5).

TABLE I-5
Time it takes to train new self-sufficiency employees

Amount of time it takes to train a new worker	Number of local departments with these training periods	Number of local departments responding to this question	Percent of responding local departments with these training periods
		97	
<2 weeks	2		2%
2-3 weeks	6		6
1-3 months	29		30
4-6 months	31		32
More than 6 months	29		30

SOURCE: JLARC's local department of social services Data Collection Instrument, August 2023.
NOTE: Some responding departments did not respond to every question.

Appendix J: Benefits cliff

The benefits cliff is a phenomenon in which low-income families lose eligibility for financial assistance programs as they earn additional income. Eligibility for financial assistance programs, including TANF, SNAP, and the child care subsidy program, is based on income. For example, families in Virginia typically must have an income below about 50 percent of the federal poverty level (FPL) to qualify for TANF and below 130 percent of the FPL to qualify for SNAP. Earning above these limits renders families ineligible for the programs and, if a family's income grows to exceed the threshold while they are enrolled in these programs, their benefits are discontinued. In many cases, the increase in their monthly earnings is less than the amount of their monthly benefit, resulting in their net income being less than what they received in government financial assistance. This circumstance is often referred to as "falling off the benefits cliff."

Benefits cliff can impede progress toward self-sufficiency

Eliminating government cash assistance once a family's income exceeds the income eligibility threshold for the program disincentivizes benefits recipients from taking the steps necessary to become self-sufficient. According to staff at Virginia's local departments of social services ("local departments") and national research literature, recipients consider whether it is in their best immediate financial interest to increase their hours, accept a promotion, or take a higher paying job, any one of which would eliminate their monthly government cash assistance and could result in a net loss of monthly income.

National research and interviews with local department staff indicate that program designs that create the benefits cliff inhibit self-sufficiency. National research has found that households often need to earn two to three times the FPL to afford basic needs. Eligibility for TANF is 50 percent of FPL, and the income TANF provides is only sufficient for recipients at these lowest income levels to reach around 25 percent of FPL. TANF recipients are not incentivized to improve their employment and earnings unless their earnings would far exceed what they receive from government assistance. Research in other states has found that families with earnings near the upper limits of eligibility are more likely to turn down extra work hours or raises to maintain their benefits. Local department staff report that they have had clients quit jobs, reduce hours, or refuse promotions to maintain their eligibility for assistance programs.

The lifetime limits on the receipt of some benefits—like TANF and SNAP—should incentivize recipients to take steps to improve their employability and earnings potential. However, given the extreme poverty many recipients experience even while they receive government cash assistance, the benefits cliff phenomenon incentivizes them to make decisions that may not be in their long-term best interest financially to avoid sudden and steep reductions in their income in the near term.

Federal eligibility policies limit states' ability to eliminate benefits cliffs, but some state policies can mitigate benefits cliffs effects

Virginia has taken some steps to reduce the impact of the benefits cliff. Because many eligibility rules and benefit levels are set at the federal level, Virginia cannot eliminate benefits cliffs solely through state policy. Additionally, the interplay of eligibility rules and benefits across the various public assistance programs (e.g., TANF, SNAP, child care subsidy, Medicaid, housing assistance programs, utility assistance programs) creates complexities that make it difficult to address cliff effects without wholesale changes to policies across the array of public assistance programs. Virginia uses the following policies to help mitigate benefits cliffs.

- A SNAP standard deduction and earned income deduction to help offset increases in taxes and expenses that come with employment.
- TANF earned income disregards allow for greater income disregards if the client is participating in employment and training activities under VIEW.
- The VIEW Transitional Program allows VIEW participants to receive supportive services, including transportation and child care assistance, for up to one year after exiting the program and provides a $50 monthly payment to those employed at least 30 hours per week.
- A child care subsidy earned income disregard that allows families to continue their participation in the subsidy program for 12 consecutive months and earn income up to 85 percent of the state median income.
- SNAP Broad Based Categorical Eligibility provides categorical SNAP eligibility to individuals who receive a TANF-funded service without having to meet the SNAP resource test and increases the gross income threshold to 200 percent FPL from 130 percent for these clients.
- Expanded subsidized employment opportunities through the Full Employment Program (FEP), which provides a stipend of up to $1,000 per month to employers who employ VIEW participants and allows VIEW clients to continue to receive their TANF cash assistance while employed through this program.

A workgroup of six New England region states (Connecticut, Maine, Massachusetts, New Hampshire, Rhode Island, and Vermont) conducted under a partnership between the National Conference of State Legislatures (NCSL) and the Administration for Child and Families (ACF) Region 1 reviewed administrative policy and legislative efforts that have been taken nationwide to address benefits cliffs and developed policy options that states can consider to mitigate the benefits cliff. Virginia has implemented many of these policy options, at least to some extent, through the strategies listed above. However, the workgroup identified additional opportunities that Virginia has not yet employed, including the options listed below.

- Mapping benefits cliffs and pathways to financial self-sufficiency to help families and benefit program staff better understand where and how benefits cliffs occur. Examples of strategies to improve understanding of cliffs include 1) developing state-specific self-sufficiency standard, and 2) using benefit calculators to help caseworks and financial assistance clients understand how increases in income could affect benefits to inform both family's labor decisions and policy decisions.
- Incentivizing and promoting higher-wage employment with opportunities for growth, including promoting career pathways that help to map out opportunities for progress towards higher-wage occupations.

- Further encouraging asset development through escrow accounts, which allow a certain portion of increased income to be deposited into a savings account without affecting program eligibility. These accounts can help to develop greater economic security for their families when they exit programs.
- Promoting cultural and system changes across both the public and private sectors to create economic opportunities for low-income families. For example, state agencies can change how their case managers interact with families to emphasize goal setting, career counseling, and long-term planning to improve families' outcomes. This shift can be used to help connect clients to a variety of community resources that can help them in their long-term journey toward self-sufficiency.

Appendix K: Child care provider survey

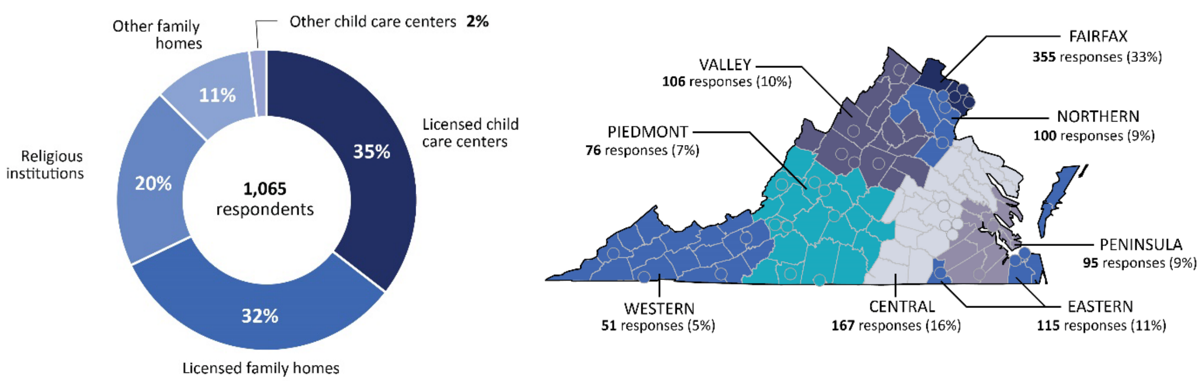
JLARC staff surveyed child care providers to collect information about enrollment, waitlists, capacity, and rates, and perspectives on staffing, regulations, and the Child Care Subsidy Program. JLARC staff sent an electronic survey to all child care providers licensed or registered with the state as of April 15, 2023.

Participation in child care provider survey

Eight child care providers completed a pilot version of the survey and provided feedback, which resulted in minor changes to the survey. These included directors of large and small child care centers from the Central, Fairfax, Peninsula, Valley, and Western regions. Some providers were subsidy vendors, and some providers operated programs with multiple sites.

A total of 1,079 child care providers submitted responses—a 22 percent response rate. This included different types of providers from all regions of the state (Figure K-1). Just under half (49 percent) of survey respondents were registered as subsidy vendors. Respondents were fairly representative of the survey population in terms of type of provider, region, and subsidy participation (Table K-1). Survey respondents also included 14 providers whose programs had closed since April 2023; these responses were not used in analysis.

FIGURE K-1
Types of child care providers that submitted responses to the JLARC survey, and regional distribution of respondents



SOURCE: JLARC child care provider survey (2023).
NOTE: N=1,065 providers in operation (a total of 1,079 providers responded, but 14 of these had stopped operating after April 2023, which was the date of the contact information used to distribute the survey). May not sum to 100 percent because of rounding. "Other family homes" includes local ordinance-approved family day homes, voluntarily registered family day homes, and unlicensed/unregistered family day homes. "Other child care centers" includes license exempt providers and short-term child day centers.

TABLE K-1
Respondents fairly representative of population of providers licensed by/registered with VDOE

	% of respondents	% of licensed/registered providers	difference
Type of provider			
Licensed child care centers	35	37	-2%
Licensed family homes	32	26	+6
Religiously-exempt child care centers	20	16	+4
Other family homes	11	11	0
Other child care centers	2	10	-8
Region			
Central	16	14	+2
Eastern	11	11	0
Fairfax	33	39	-6
Northern	9	10	-1
Peninsula	9	7	+2
Piedmont	7	7	0
Valley	10	7	+3
Western	5	4	+1
Subsidy vendor			
Yes	49	42	+7
No	51	58	-7

SOURCE: JLARC analysis of child care provider survey (2023).
NOTE: JLARC staff surveyed the 5,154 child care providers licensed or registered with the Virginia Department of Education as of April 15, 2023, counting providers that operate multiple sites—and therefore have multiple licenses—counted as one provider. JLARC received responses from 1,079 child care providers (22 percent), 1,065 of which were in operation. % of respondents based on those in operation (N=1,065).

Provider operations

The survey included three questions regarding provider operations, including the age of children the respondent serves, if the respondent offers care during non-traditional hours, and how long the respondent has been in operation.

The vast majority of respondents (80 percent or more) provide care to preschool-age children. Approximately two-thirds of respondents reported offering care to infants (62 percent) and/or toddlers (69 percent), and just over half (55 percent) offer care to school-age children.

Most respondents do not offer care during non-traditional hours on a regular basis. Only 9 percent offer care during weekday evenings (any time between 6:00pm and 10:00pm), 6 percent offer care on weekends, and 3 percent offer care overnight (after 10:00pm).

The vast majority (79 percent) of respondents have been open and operating for five or more years. Ten percent have between open between three and five years, and another 10 percent have been open two years or less.

Enrollment, capacity, and waitlists

The state does not have any data regarding child care providers' enrollment, actual capacity, or waitlists; VDOE only has data regarding the total capacity providers are licensed to serve. JLARC staff wanted to assess the extent to which providers use their licensed capacity to determine a more accurate estimate of the supply of child care slots statewide. As such, survey respondents reported the number of children they had enrolled in their program, the length of their waitlist (if any), and the amount of unfilled capacity they had (if any). This information was reported by age group. JLARC staff used this data to estimate child care providers' actual capacity and add context to the analyses regarding the availability and unmet need for formal child care in Virginia (as described in Chapter 6).

Rates

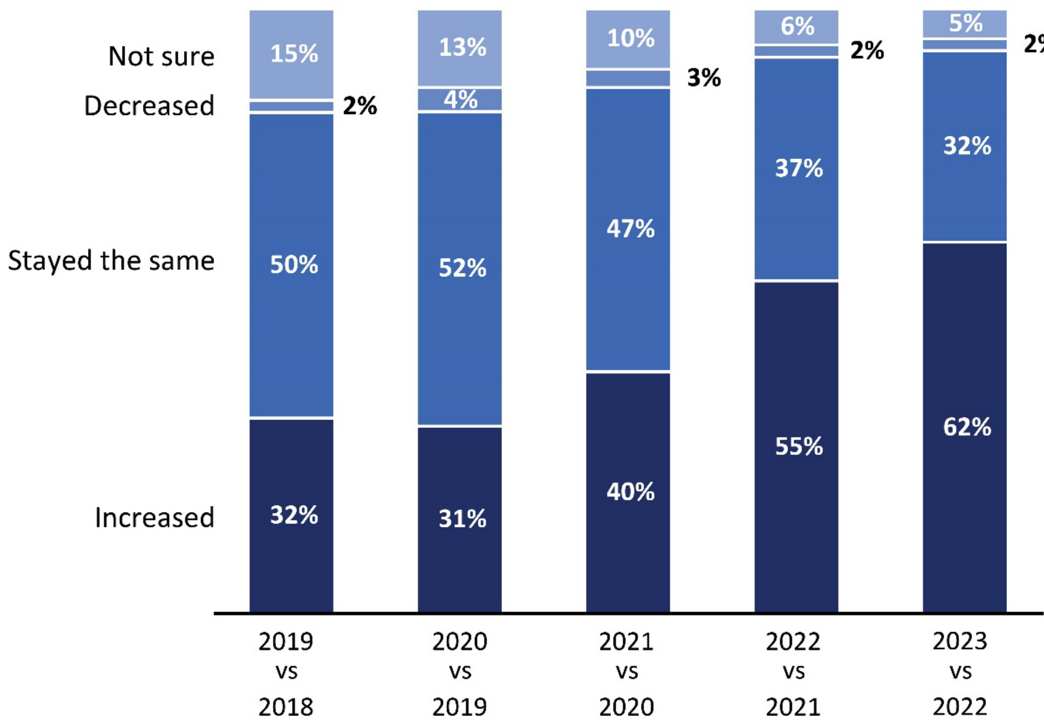
The state does not have any data regarding child care providers' rates. JLARC staff wanted to assess how much providers are currently charging parents and families to determine the cost and affordability of child care in Virginia. As such, survey respondents reported their rates by age group. JLARC staff used this data to estimate the average cost of child care across Virginia and the affordability of child care for households in different regions of the state (as described in Chapter 6). The survey also included other questions about providers' rates, as described below.

The majority (69 percent) of respondents charge fees in addition to their base rates. These could include registration fees, transportation fees, and food or meal fees.

Some respondents adjust their rates so they are more affordable for parents and families. Half (51 percent) of respondents provide discounts for multiple children from the same family; 21 percent offer scholarships or other forms of financial assistance; 9 percent charge lower rates for families with lower incomes (e.g., use a sliding fee scale); and 12 percent adjust rates in another way (e.g., military discount, employee or member discount).

Many respondents report having increased their rates in recent years; the extent to which respondents have adjusted their rates over the past five years has changed over time. Before the pandemic, it was most common for respondents to keep their rates the same year to year (Figure K-2). However, in recent years, more than half of respondents have increased their rates from one year to the next. Fifty-five percent of respondents increased their rates from 2021 to 2022, and 62 percent of respondents increased their rates from 2022 to 2023. It was more common for licensed child care centers to report having increased their rates in recent years than licensed family homes; licensed family homes were more likely to keep their rates the same year to year. Sixty-seven percent of child care centers increased their rates from 2021 to 2022, compared with 50 percent of family homes. Further, 77 percent of child care centers increased their rates from 2022 to 2023, compared to 49 percent of family homes.

FIGURE K-2
Extent to which respondents changed their rates year to year from 2018 to 2023



SOURCE: JLARC child care provider survey (2023).
NOTE: N = 1,065. May not sum to 100 percent because of rounding.

Of respondents whose rates increased from 2022 to 2023, most (78 percent) increased 10 percent or less. About one-third (34 percent) of these respondents reported their rates increased less than 5 percent, and 44 percent of these providers reported their rates increased 5 to 10 percent. Eight percent of these providers each reported their rates increased 11 to 15 percent and more than 15 percent.

Of the options of (i) personnel costs, (ii) non-personnel costs, and (iii) rates that other child care providers charge, the most common influence on where respondents set their rates is personnel costs. Forty percent of respondents reported personnel costs have the greatest influence on where they set their rates. About one-quarter (27 percent) of respondents reported non-personnel costs have the greatest influence on where they set their rates, and 19 percent reported other providers' rates (i.e., the market rate) have the greatest influence. Fourteen percent of respondents did not know which of the three options had the greatest influence on where their program sets their rates.

JLARC staff asked subsidy vendors three additional questions about their rates, including if they have increased their rates since the state increased reimbursement rates in October 2022, if their rates are higher than the state's reimbursement rates, and, if so, if they charge subsidy families the difference between their rates and the state's rates.

Roughly the same amount of subsidy vendors reported having increased their rates following the 2022 reimbursement rate increase as those that did not increase their rates. Forty-four percent of subsidy vendors increased their rates following the state's increase, and 43 percent did not. The remaining 13 percent were not sure if their rates had changed since October 2022.

It is most common for vendors' rates to be the same as the state's reimbursement rates. Forty-four percent of subsidy vendors charge private-paying families the same as the state's reimbursement rates. Only 25 percent of vendors charge private-paying families more than the state's reimbursement rates. Additionally, 15 percent charge private-paying families less than the state's reimbursement rates. The remaining 15 percent were not sure how their rates compared to the state's reimbursement rates.

Among subsidy vendors that charge private-paying families higher rates than the state's reimbursement rates, it is most common to charge subsidy families the full difference between the state's reimbursement rate and the program's rate. Forty-two percent of these vendors charge families the full difference. Thirty-seven percent do not charge families any difference, and 8 percent charge families a portion of the difference. The remaining 13 percent were not sure if they charged families a difference or handled their rates for subsidy families in a different way.

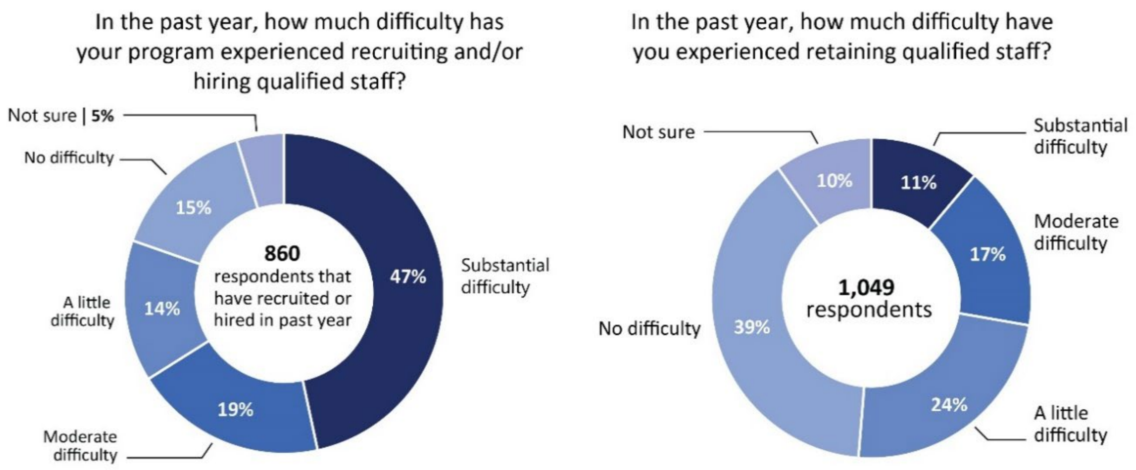
Staffing

Most respondents had at least some difficulty recruiting staff in the past year, and some have had difficulty retaining staff. Of respondents that have recruited and/or hired staff in the past year, nearly half (47 percent) have had substantial difficulty (Figure K-3). A further 19 percent reported experiencing moderate difficulty, and 14 percent experienced a little difficulty. Retention challenges do not appear to be as difficult as recruiting and hiring challenges. More than one-third (39 percent) of respondents have had no difficulty retaining qualified staff in the past year (Figure K-3). Just over half (51 percent) of respondents have had at least some difficulty retaining staff, but more reported experiencing just a little difficulty (24 percent) than moderate (17 percent) or substantial difficulty (11 percent).

More providers in the Piedmont and Western regions reported the difficulty recruiting and retaining staff than providers in other regions. The amount of respondents in the Piedmont region that reported substantial or moderate difficulty recruiting and/or hiring staff was 11 percentage points higher than respondents statewide (77 percent compared to 66 percent). Further, the amount of respondents in the Western region that reported substantial or moderate difficulty retaining staff was 9 percentage points higher than respondents statewide (36 percent compared to 27 percent).

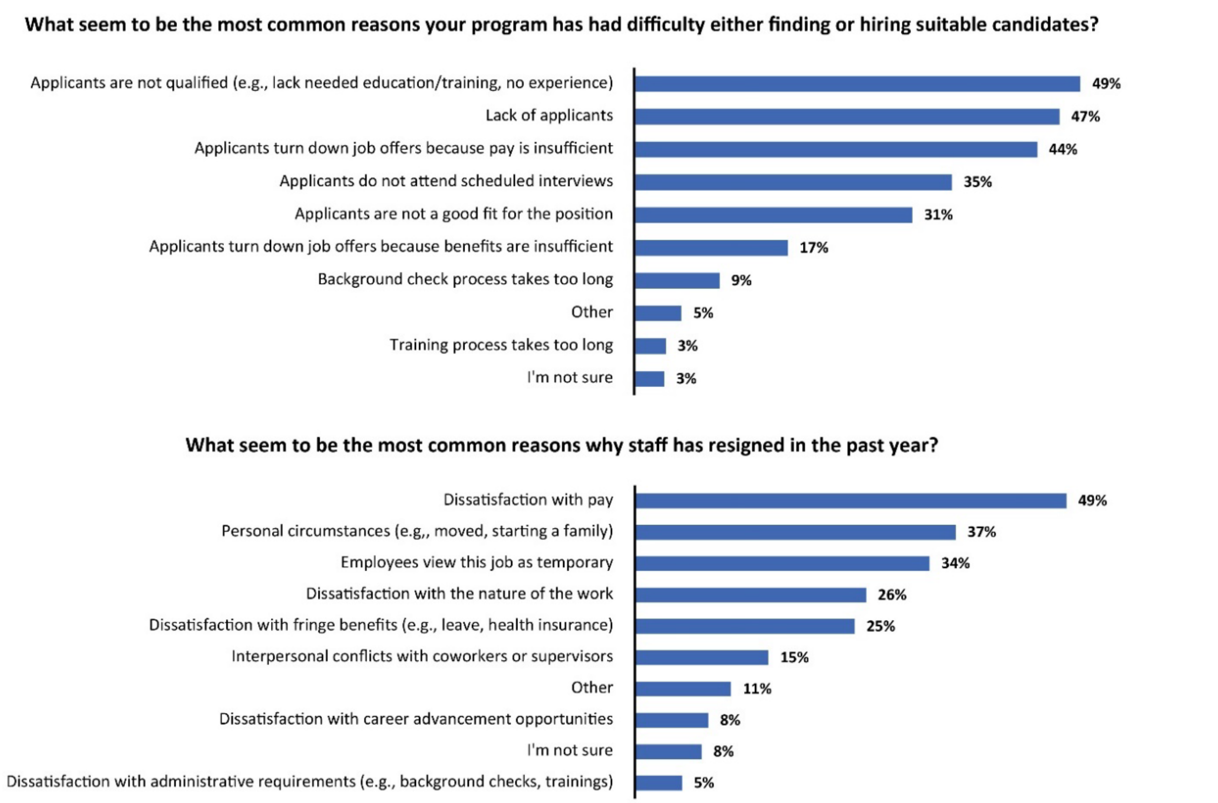
Low compensation is one of the primary causes of both staff recruitment and retention difficulty. Respondents most commonly attributed difficulty recruiting and/or hiring staff to a lack of applicants, including qualified applicants, and low compensation (Figure K-4). Outside of changes in personal circumstances, respondents most commonly attributed difficulty retaining staff to dissatisfaction with pay and employees viewing the job as temporary (Figure K-4).

FIGURE K-3
Extent to which respondents have had difficulty recruiting, retaining staff in past year



SOURCE: JLARC child care provider survey (2023).
NOTE: May not sum to 100 percent because of rounding.

FIGURE K-4
Reasons why respondents reported having difficulty recruiting, retaining staff in past year



SOURCE: JLARC analysis of child care provider survey (2023).
NOTE: Respondents could select up to three responses. N of respondents describing reasons for difficulty finding or hiring candidates = 691. N of respondents describing reasons why staff resigned = 538.

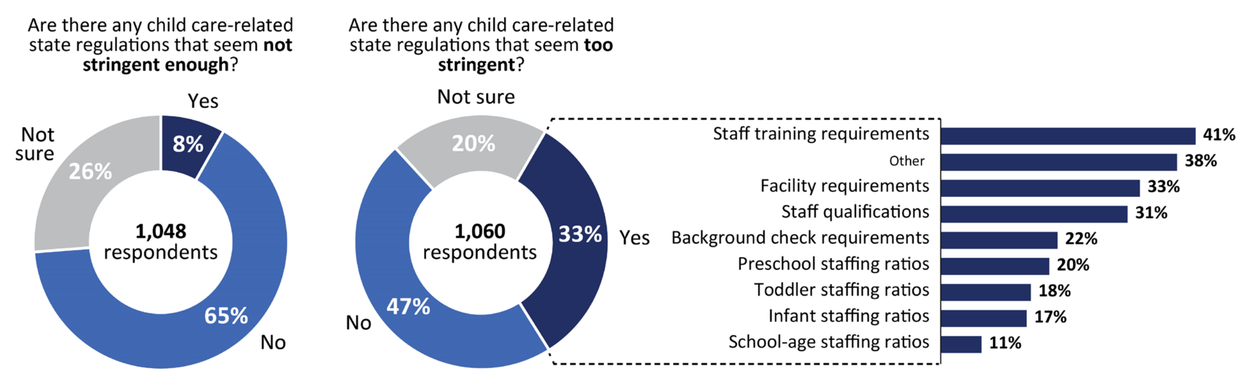
Respondents report that when child care staff resign to take other jobs, it is most common that they take jobs in a field other than child care or education. Forty-five percent of respondents that have had difficulty retaining staff in the past year reported their staff have left for jobs outside of child care or education. Twenty-five percent reported their staff left for K–12, 20 percent reported their staff left for a similar job at another child care program, and 10 percent reported their staff left for a different job at another child care program.

Regulations

Respondents generally report the state's child care regulations seem appropriate. Just 8 percent indicated the state's regulations are not stringent enough, and 33 percent indicated the state's regulations are too stringent (Figure K-5). Licensed child care centers were slightly more likely to report some regulations seem too stringent. Forty-four percent of child care centers reported regulations seem too stringent, compared with 33 percent of all respondents. In contrast, 31 percent of licensed family homes reported regulations seem too stringent—in line with all respondents. There was not significant variation in the extent to which subsidy vendors reported regulations being too stringent when compared with non-subsidy vendors. Thirty percent of subsidy vendors and 32 percent of non-subsidy vendors reported regulations are too stringent.

Of respondents that reported the state's child care regulations are too stringent, most do not have issues with the staffing ratios. Approximately 20 percent of these respondents reported that infant, toddler, and/or preschool staffing ratios are too stringent, and just 11 percent reported school-age staffing ratios are too stringent (Figure K-5). Most commonly, respondents have issues with staff training requirements, facility requirements, and/or staff qualification requirements. Forty-one percent, 33 percent, and 31 percent of respondents who reported the state's child care regulations are too stringent cited staff training, facility regulations, and staff qualifications, respectively.

FIGURE K-5
Extent to which respondents view state's regulations as stringent; reasons why respondents reported regulations being too stringent



SOURCE: JLARC analysis of child care provider survey (2023).
NOTE: Pie charts may not sum to 100 percent because of rounding. Percentages in bar chart reflect proportion of respondents that responded "Yes" to if there are any regulations that seem too stringent (N=347). Respondents could select up to three types of regulations.

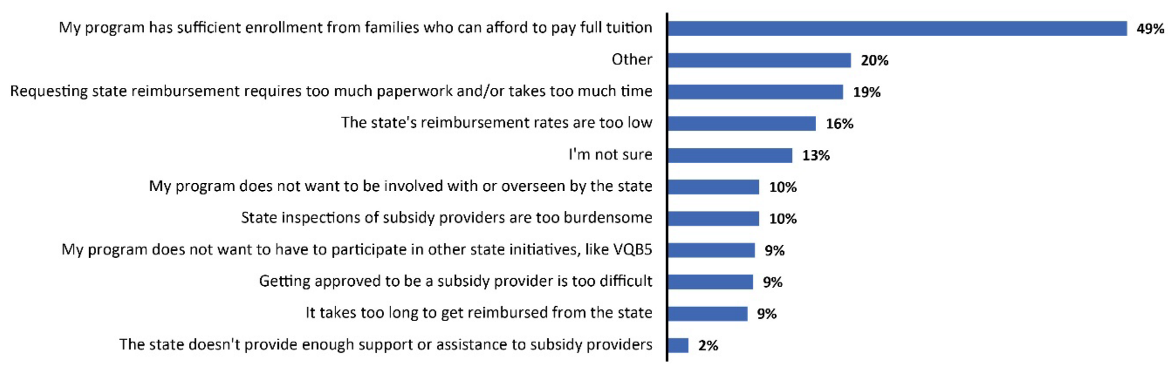
Subsidy program

About half (49 percent) of survey respondents are subsidy program vendors, and about half (51 percent) are not. Of the respondents that are not subsidy vendors, 12 percent used to participate in the subsidy program.

The vast majority (94 percent) of current subsidy vendors are very or somewhat likely to continue to participate in the subsidy program next year (85 percent reported being very likely; 9 percent reported being somewhat likely). Just 2 percent of vendors (13) reported they are unlikely to participate in the subsidy program next year. The most common reason these vendors reported they are unlikely to participate in the program next year is because they do not want to participate in state initiatives like VQB5. Seven providers listed this as at least one of the reasons they are unlikely to participate next year.

The most common reason for not participating in the subsidy program is that programs have sufficient enrollment from families who can afford to pay full tuition and do not need to take subsidy clients. Half (49 percent) of respondents that are not subsidy vendors—including those that are not currently vendors, but have been in the past—reported one of the reasons they do not participate in the subsidy program is that they have enough enrollment from families who can afford to pay full tuition (Figure K-6).

FIGURE K-6
Reasons why child care providers reported not being subsidy program vendors



SOURCE: JLARC analysis of child care provider survey (2023).
NOTE: Respondents could select up to three responses. Respondents include both those that have never been a vendor and those that have previously been a vendor but are not currently. N = 475 (351 respondents that have never been a vendor + 124 respondents that have previously been a vendor).

Appendix L: Cost of child care compared to other states

This appendix provides data on the cost and relative affordability of child care in Virginia compared to other states. This data comes from Child Care Aware of America, a national advocacy organization that conducts research on child care availability and affordability. The data was collected through a survey of stakeholders in each state, and published in a publicly available report in October 2022. This appendix focuses on the cost and affordability of (i) infant and (ii) preschool care because the most data was available for these age groups.

Virginia ranks in the top half of states in terms of the cost and relative affordability of infant and preschool care. Specifically, infant and preschool rates at child care centers in Virginia are 14th- and 12th-most expensive amongst states, respectively, and rates at family homes are 9th- and 10th-most expensive (Table L-1). When compared to the median income for a two-parent, one-child household, Virginia's infant and preschool rates at child care centers rank 19th and 25th, respectively, out of 50 states when ranked from least affordable to most; rates at family homes rank 15th and 21st out of 50 states.

Child care is generally less expensive and more affordable in surrounding states, including Kentucky, North Carolina, Tennessee, and West Virginia. Child care is more expensive in Maryland and the District of Columbia than in Virginia, but relatively more affordable.

TABLE L-1
Annual cost and relative affordability of infant and preschool child care across states

	Child care center								Family home							
	Infant				Four-Year Old				Infant				Four-Year Old			
	Cost ($)	Rank	% of income	Rank	Cost ($)	Rank	% of income	Rank	Cost ($)	Rank	% of income	Rank	Cost ($)	Rank	% of income	Rank
Alabama	7,800	47	8.6	49	7,300	47	8	45	7,300	45	8.0	40	7,000	38	7.7	30
Alaska	11,800	27	10.9	40	9,600	26	8.9	38	9,600	20	8.9	24	8,400	23	7.7	29
Arizona	12,400	23	13.3	16	9,100	31	9.8	26	8,200	34	8.8	26	7,700	32	8.3	19
Arkansas	7,400	48	9.0	46	6,000	50	7.3	49	6,000	47	7.3	46	5,500	47	6.6	46
California	18,200	5	16.6	3	12,700	10	11.6	6	12,300	6	11.2	6	11,500	6	10.5	6
Colorado [a]	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Connecticut	16,300	11	12.1	26	13,400	8	10	22	12,600	5	9.4	18	11,800	4	8.8	12
Delaware	13,100	22	12.0	31	10,600	21	9.7	28	8,900	27	8.1	38	8,000	28	7.2	38
District of Columbia	25,500	1	12.1	27	20,100	1	9.5	30	19,300	1	9.1	20	11,900	3	5.6	48
Florida	10,800	36	12.1	28	7,900	42	8.9	37	8,800	28	9.9	12	7,200	36	8.1	25
Georgia	9,200	44	9.5	44	7,900	43	8.1	43	7,300	44	7.5	45	6,600	44	6.8	43

Hawaii	18,000	6	16.4	4	11,100	18	10.1	21	9,700	19	8.8	25	9,400	17	8.6	16
Idaho	8,800	45	10.4	41	7,800	44	9.3	35	7,600	39	9.1	21	6,800	41	8.1	23
Illinois	15,600	13	14.1	13	11,400	15	10.3	19	10,800	13	9.7	14	9,400	18	8.4	17
Indiana	11,500	30	12.3	23	8,700	35	9.3	32	7,800	38	8.3	35	6,900	40	7.3	35
Iowa	11,500	32	11.4	36	9,400	30	9.3	34	7,600	40	7.6	43	7,300	34	7.2	39
Kansas	15,100	15	15.8	5	9,500	27	10	23	8,000	36	8.4	33	7,200	37	7.5	31
Kentucky	9,700	43	10.9	39	8,500	38	9.6	29	7,300	43	8.3	36	6,500	45	7.3	37
Louisiana	8,600	46	8.8	47	7,800	45	8	44	6,800	46	7.0	48	6,500	46	6.7	45
Maine	12,000	26	12.2	25	8,600	37	8.7	40	8,600	30	8.7	29	7,800	31	7.9	27
Maryland	17,900	7	13.2	17	12,400	11	9.2	36	11,800	7	8.7	30	9,800	11	7.2	40
Massachusetts	21,300	2	14.6	10	15,800	2	10.8	13	13,000	4	8.9	22	11,800	5	8.1	24
Michigan	13,500	20	13.5	15	11,300	16	11.3	8	8,800	29	8.8	27	8,300	24	8.3	18
Minnesota	17,100	9	14.3	12	13,400	9	11.3	9	8,900	26	7.5	44	8,200	26	6.9	42
Mississippi	7,300	50	8.6	48	6,500	49	7.7	48	6,000	48	7.1	47	4,700	50	5.6	50
Missouri	10,600	38	11.1	38	7,500	46	8.7	47	5,900	49	6.2	49	5,400	48	5.7	47
Montana	11,700	28	12.8	20	10,400	22	11.3	7	9,100	22	9.9	13	9,100	19	9.9	7
Nebraska	16,600	10	16.8	2	14,600	6	14.7	1	11,400	10	11.5	5	10,400	7	10.5	5
Nevada	13,400	21	15.0	8	11,100	17	12.4	5	10,400	15	11.6	4	9,600	13	10.7	4
New Hampshire	14,200	17	11.5	34	11,500	14	9.3	33	10,000	18	8.1	37	9,500	16	7.7	28
New Jersey	17,500	8	12.7	21	15,100	4	11	12	10,800	12	7.9	41	9,600	14	7.0	41
New Mexico	12,000	25	14.7	9	8,400	39	10.3	18	10,300	16	12.6	3	10,300	8	12.6	2
New York	18,600	4	16.2	5	15,400	3	13.4	3	15,800	2	13.7	1	15,100	1	13.1	1
North Carolina	11,200	34	11.8	32	9,400	29	9.9	24	9,000	24	9.5	16	8,300	25	8.7	14
North Dakota	9,900	42	9.3	45	9,000	33	8.4	42	8,200	33	7.7	42	7,900	30	7.4	34
Ohio	10,100	40	10.0	43	8,000	41	7.9	46	8,100	35	8.0	39	6,800	42	6.7	44
Oklahoma	11,500	31	13.7	14	9,400	28	11.2	10	7,500	42	8.9	23	6,900	39	8.2	22
Oregon	15,800	12	15.6	7	10,800	20	10.6	15	9,600	21	9.5	17	8,400	22	8.3	20
Pennsylvania	12,200	24	11.3	37	10,200	23	9.4	31	9,000	25	8.3	34	7,900	29	7.3	36
Rhode Island	13,800	18	12.4	22	11,700	13	10.5	16	11,700	8	10.5	7	9,800	12	8.7	13
South Carolina	10,600	37	11.5	35	9,900	24	10.8	14	8,000	37	8.6	31	7,400	33	8.0	26
South Dakota	7,400	49	7.8	50	6,700	48	7	50	5,500	50	5.8	50	5,300	49	5.6	49
Tennessee	10,800	35	12.0	30	8,800	34	9.8	27	7,500	41	8.4	32	6,700	43	7.5	33
Texas	11,600	29	12.0	29	9,900	25	10.2	20	10,100	17	10.5	8	9,100	20	9.4	10
Utah	11,200	33	11.7	33	8,300	40	8.6	41	8,400	32	8.7	28	7,200	35	7.5	32

Vermont	15,100	16	14.6	11	14,300	7	13.8	2	10,400	14	10.1	11	9,900	9	9.6	9
Virginia	15,300	14	12.8	19	11,800	12	9.9	25	11,500	9	9.6	15	9,900	10	8.3	21
Washington	19,200	3	17.0	1	14,800	5	13.1	4	14,600	3	12.9	2	12,200	2	10.8	3
West Virginia	10,100	39	12.3	24	9,100	32	11	11	8,600	31	10.4	9	8,100	27	9.8	8
Wisconsin	13,500	19	12.8	18	11,000	19	10.4	17	10,800	11	10.3	10	9,600	15	9.1	11
Wyoming	10,100	41	10.2	42	8,600	36	8.7	39	9,100	23	9.2	19	8,500	21	8.6	15

SOURCE: *Price of Care: 2021 Child Care Affordability Analysis* report from Child Care Aware of America, (2022).
NOTE: Cost reflects average annual price of child care. States ranked from greatest to least in terms of cost (1 = highest annual price; 50 = lowest annual price). % of income reflects average annual price of child care relative to median income for a two-parent one-child household. States ranked from greatest to least in terms of cost as a percentage of income (1 = higher % of income spent on child care [i.e., least affordable]; 50 = lower % of income spent on child care [i.e., most affordable]). [a] No data reported for Colorado.

Child care is more expensive in Northern Virginia than other regions of the state, and residents of Northern Virginia generally have higher incomes. Therefore, Northern Virginia affects how the cost and relative affordability of child care in Virginia compare to other states. To analyze how the cost of child care in Virginia, excluding Northern Virginia, compares to other states, JLARC staff adjusted Child Care Aware of America's data to account for Northern Virginia.

Excluding Northern Virginia makes child care in Virginia seem relatively cheaper but less affordable. For example, the cost of infant and preschool care at child care centers decreased from 14th- and 12th-most expensive among states to 22nd and 25th, indicating child care in Virginia is relatively cheaper than other states when not including Northern Virginia (Table L-2). This is because—as described in Chapter 6—child care is relatively more expensive in Northern Virginia than other parts of the state; when the cost of child care in Northern Virginia is removed from the statewide average, the average cost of child care decreases, and child care seems relatively less expensive. However, the relative affordability of infant and preschool care at child care centers decreased when accounting for Northern Virginia. Specifically, the cost of infant and preschool child care increased from being 19th- and 25th-least affordable among states to 15th- and 17th-least affordable. This indicates child care is less affordable in Virginia than in other states when not including Northern Virginia. This is because, on average, households in Northern Virginia have higher incomes than households in other parts of the state; when incomes in Northern Virginia are removed from the state's median income, the median income decreases, and child care seems relatively less affordable.

Excluding Northern Virginia, child care generally remains less expensive and more affordable in surrounding states than in Virginia. Child care is more expensive in Virginia than in all surrounding states excluding Maryland and the District of Columbia, and is less affordable than in all surrounding states excluding West Virginia in some circumstances.

TABLE L-2
Cost and relative affordability of infant and preschool child care across states (excluding Northern Virginia from Virginia data)

	Child care center								Family home							
	Infant				Four-Year Old				Infant				Four-Year Old			
	Cost ($)	Rank	% of income	Rank	Cost ($)	Rank	% of income	Rank	Cost ($)	Rank	% of income	Rank	Cost ($)	Rank	% of income	Rank
Alabama	7,800	47	8.6	48	7,300	47	8	45	7,300	45	8.0	39	7,000	38	7.7	28
Alaska	11,800	27	10.9	39	9,600	26	8.9	37	9,600	19	8.9	22	8,400	22	7.7	29
Arizona	12,400	23	13.3	17	9,100	31	9.8	26	8,200	34	8.8	25	7,700	32	8.3	19
Arkansas	7,400	48	9.0	46	6,000	50	7.3	49	6,000	47	7.3	46	5,500	47	6.6	46
California	18,200	5	16.6	3	12,700	10	11.6	6	12,300	6	11.2	6	11,500	6	10.5	5
Colorado [a]	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--	--
Connecticut	16,300	11	12.1	26	13,400	8	10	23	12,600	5	9.4	18	11,800	4	8.8	12
Delaware	13,100	21	12.0	29	10,600	20	9.7	28	8,900	27	8.1	37	8,000	28	7.2	38
District of Columbia	25,500	1	12.1	27	20,100	1	9.5	30	19,300	1	9.1	20	11,900	3	5.6	48
Florida	10,800	36	12.1	28	7,900	42	8.9	38	8,800	28	9.9	13	7,200	36	8.1	23
Georgia	9,200	44	9.5	44	7,900	43	8.1	44	7,300	44	7.5	44	6,600	44	6.8	43
Hawaii	18,000	6	16.4	4	11,100	17	10.1	22	9,700	18	8.8	26	9,400	16	8.6	16
Idaho	8,800	45	10.4	41	7,800	44	9.3	32	7,600	39	9.1	21	6,800	41	8.1	24
Illinois	15,600	13	14.1	13	11,400	14	10.3	19	10,800	12	9.7	15	9,400	17	8.4	18
Indiana	11,500	30	12.3	23	8,700	35	9.3	33	7,800	38	8.3	34	6,900	40	7.3	35
Iowa	11,500	32	11.4	36	9,400	30	9.3	34	7,600	40	7.6	43	7,300	34	7.2	39
Kansas	15,100	14	15.8	6	9,500	27	10	24	8,000	36	8.4	32	7,200	37	7.5	31
Kentucky	9,700	43	10.9	40	8,500	38	9.6	29	7,300	43	8.3	35	6,500	45	7.3	36
Louisiana	8,600	46	8.8	47	7,800	45	8	46	6,800	46	7.0	48	6,500	46	6.7	44
Maine	12,000	26	12.2	25	8,600	37	8.7	39	8,600	30	8.7	28	7,800	31	7.9	27
Maryland	17,900	7	13.2	18	12,400	11	9.2	36	11,800	7	8.7	29	9,800	10	7.2	40
Massachusetts	21,300	2	14.6	10	15,800	2	10.8	13	13,000	4	8.9	23	11,800	5	8.1	25
Michigan	13,500	19	13.5	16	11,300	15	11.3	7	8,800	29	8.8	27	8,300	23	8.3	20
Minnesota	17,100	9	14.3	12	13,400	9	11.3	8	8,900	26	7.5	45	8,200	25	6.9	42
Mississippi	7,300	50	8.6	49	6,500	49	7.7	48	6,000	48	7.1	47	4,700	50	5.6	49
Missouri	10,600	38	11.1	38	7,500	46	8.7	40	5,900	49	6.2	49	5,400	48	5.7	47
Montana	11,700	28	12.8	19	10,400	21	11.3	9	9,100	22	9.9	14	9,100	18	9.9	7
Nebraska	16,600	10	16.8	2	14,600	6	14.7	1	11,400	9	11.5	5	10,400	7	10.5	6

Nevada	13,400	20	15.0	8	11,100	16	12.4	5	10,400	14	11.6	4	9,600	12	10.7	4
New Hampshire	14,200	16	11.5	34	11,500	13	9.3	35	10,000	17	8.1	38	9,500	15	7.7	30
New Jersey	17,500	8	12.7	21	15,100	4	11	11	10,800	11	7.9	41	9,600	13	7.0	41
New Mexico	12,000	25	14.7	9	8,400	39	10.3	20	10,300	15	12.6	3	10,300	8	12.6	2
New York	18,600	4	16.2	5	15,400	3	13.4	3	15,800	2	13.7	1	15,100	1	13.1	1
North Carolina	11,200	34	11.8	32	9,400	29	9.9	25	9,000	24	9.5	16	8,300	24	8.7	14
North Dakota	9,900	42	9.3	45	9,000	33	8.4	43	8,200	33	7.7	42	7,900	30	7.4	34
Ohio	10,100	40	10.0	43	8,000	41	7.9	47	8,100	35	8.0	40	6,800	42	6.7	45
Oklahoma	11,500	31	13.7	14	9,400	28	11.2	10	7,500	42	8.9	24	6,900	39	8.2	22
Oregon	15,800	12	15.6	7	10,800	19	10.6	15	9,600	20	9.5	17	8,400	21	8.3	21
Pennsylvania	12,200	24	11.3	37	10,200	22	9.4	31	9,000	25	8.3	36	7,900	29	7.3	37
Rhode Island	13,800	17	12.4	22	11,700	12	10.5	16	11,700	8	10.5	7	9,800	11	8.7	15
South Carolina	10,600	37	11.5	35	9,900	23	10.8	14	8,000	37	8.6	31	7,400	33	8.0	26
South Dakota	7,400	49	7.8	50	6,700	48	7	50	5,500	50	5.8	50	5,300	49	5.6	50
Tennessee	10,800	35	12.0	30	8,800	34	9.8	27	7,500	41	8.4	33	6,700	43	7.5	32
Texas	11,600	29	12.0	31	9,900	24	10.2	21	10,100	16	10.5	8	9,100	19	9.4	10
Utah	11,200	33	11.7	33	8,300	40	8.6	42	8,400	32	8.7	30	7,200	35	7.5	33
Vermont	15,100	15	14.6	11	14,300	7	13.8	2	10,400	13	10.1	12	9,900	9	9.6	9
Virginia	12,700	22	13.6	15	9,800	25	10.5	17	9,400	21	10.2	11	8,100	26	8.8	13
Washington	19,200	3	17.0	1	14,800	5	13.1	4	14,600	3	12.9	2	12,200	2	10.8	3
West Virginia	10,100	39	12.3	24	9,100	32	11	12	8,600	31	10.4	9	8,100	27	9.8	8
Wisconsin	13,500	18	12.8	20	11,000	18	10.4	18	10,800	10	10.3	10	9,600	14	9.1	11
Wyoming	10,100	41	10.2	42	8,600	36	8.7	41	9,100	23	9.2	19	8,500	20	8.6	17

SOURCE: JLARC analysis of data from *Price of Care: 2021 Child Care Affordability Analysis* report from Child Care Aware of America, (2022).
NOTE: Cost reflects average annual price of child care. States ranked from greatest to least in terms of cost (1 = highest annual price; 50 = lowest annual price). % of income reflects average annual price of child care relative to median income for a two-parent, one-child household. States ranked from greatest to least in terms of cost as a percentage of income (1 = higher % of income spent on child care [i.e., least affordable]; 50 = lower % of income spent on child care [i.e., most affordable]). [a] No data reported for Colorado.

Appendix M: Child care regulations

Child care regulations can have a direct impact on the affordability and availability of child care. While strict regulations can improve the safety of a child care facility, they can also decrease the amount of children a facility can accommodate, thereby increasing the cost of care. Four types of regulations can have a significant impact on affordability and availability of child care: (1) staffing ratios; (2) maximum classroom capacity; (3) staff qualifications; and, (4) staff training. This appendix compares Virginia's regulations in those four areas to similar regulations in the following states: Colorado, the District of Columbia, Georgia, Kentucky, Maryland, New York, North Carolina, Ohio, Pennsylvania, South Carolina, Tennessee, Washington, and West Virginia. These states were selected for comparison because they all either share a border with Virginia or have a similar population size, population density, or other characteristics. The appendix primarily focuses on comparing Virginia's regulations for licensed child care centers to those in other states.

Staffing ratios

Staffing ratios use age to determine the minimum number of staff a child care provider needs in relation to the number of children enrolled. Since staffing is the primary cost associated with child care, staffing ratios most significantly drive the cost of child care.

Virginia's staffing ratios generally are in the middle of other states (Table M-1), indicating Virginia tends to allow providers to operate with similar amounts of children per staff member as other states. For example, as with five other states, Virginia requires providers to have, at a minimum, one staff member for every four infants—similar to five other states, including three neighboring states.

TABLE M-1
Staffing ratio requirements by state

	Maximum children per adult											
Age	**3**	**4**	**5**	**6**	**7**	**8**	**9**	**10**	**11 to 14**	**15 to 19**	**20 to 24**	**25 or more**
0 – 12 mo	MD, NY[a]	DC, PA, TN, **VA**[b], WA[c], WV	CO, KY, NC, OH, SC	GA								
13 – 23 mo	MD	DC, NY[a], WV	CO, PA, **VA**[b]	KY, NC, OH, SC, TN	WA[c]	GA						
2 yr		DC[a]	NY	MD, PA	CO[a], OH, TN, WA[c]	SC, **VA,** WV		GA, KY, NC				
3 yr					NY	DC	TN	CO, MD, PA, **VA**, WV, WA	KY, OH, SC	GA, NC		
4 yr						NY		DC, MD, PA, **VA**, WA	CO, KY, OH, WV, TN	GA, SC	NC	
5 yr[d]							NY	PA, **VA**, WA	DC, KY, OH, WV	CO, MD, TN	GA, SC	NC
6 – 9 yr								NY	PA	CO, DC, KY, MD, OH, **VA**,WA, WV	TN, SC	GA, NC
10 – 12 yr										CO, DC, MD, NY, PA, WA, WV	**VA**	GA, KY, NC

SOURCE: Review of state child care regulations.
NOTE: Only reflects requirements for child care centers. [a] Denotes overlap in ratio allowances. All age groupings assume that all children under care are the same age. [b] Virginia requires one staff per four children for children ages birth through 16 months, and one staff per five children for children ages 16 through 24 months. [c] Ratio requirements for infants and toddlers in Washington depend on the maximum number of children being cared for at the time. The ratio provided for those two groupings reflects the higher of the two ratios. [d] Five-year-olds that are not yet school-age eligible.

Maximum classroom capacity

Virginia allows providers to have relatively more children in each classroom compared to other states (Table M-2). For example, Virginia allows a maximum of 24 two-year-olds per same age classroom—more than any other state. As with two other states, Virginia places no maximum on the number of children per classroom for school-age child care.

TABLE M-2
Maximum children allowed per classroom by state

	Maximum number of children per classroom									
Age	**6**	**8**	**9**	**10-12**	**13-15**	**16-20**	**21-25**	**26-30**	**31+**	**No Max**
0 – 12 mo	MD, NY[a]	DC, PA, TN, WA	WA	CO, GA, KY, NC, OH, **VA**[b]						SC
13 – 23 mo		DC, NY[a]	MD	CO, KY, NC, OH, PA, TN, WV	**VA**[b], WA	GA				SC
2 yr		NY		DC[a], MD, PA	CO, OH, TN, WA[a],	GA, KY, NC, WV	**VA**			SC
3 yr						CO, DC, MD, NY, PA, TN, WA, WV	KY, NC, OH	GA, **VA**		SC
4 yr						DC, MD, PA, TN, WA	CO, NC, NY, WV	KY, OH, **VA**	GA	SC
5 yr[c]						PA, TN, WA	DC, NC, NY, WV	CO, KY, MD, OH, **VA**	GA	SC
6 – 9 yr						NY	NC, PA	CO, DC, KY, MD, WA	OH, GA, WV	SC, TN, **VA**
10 – 12 yr							NC	CO, DC, KY, MD, NY, PA, WA	GA, OH, WV	SC, TN, **VA**

SOURCE: Review of state child care regulations.
NOTE: Only reflects requirements for child care centers. All age groupings assume that all children under care are the same age. [a] Denotes overlap in capacity allowances. [b] Virginia allows up to 12 children per group for children ages birth through 16 months and up to 15 children per group for children ages 16 through 24 months. [c] Five-year-olds that are not yet school-age eligible.

Square footage

Compared to other states, Virginia tends to require the same amount of area per child (Table M-3). For example, Virginia requires 35 square feet per child for all children regardless of their age. This aligns with all but four states in most circumstances.

TABLE M-3
Minimum space requirements by state

	Square feet required per child				
	25	**30**	**35**	**40**	**45**
0 – 12 mo	NC	TN	CO, GA, KY, MD, NY, OH, SC, **VA**[a], WA, WV	PA	DC
13 – 23 mo	NC	CO, TN	DC, GA, KY, MD, NY, OH, SC, **VA**, WA, WV	PA	
2 yr	NC	CO, TN	DC, GA, KY, MD, NY, OH, SC, **VA**, WA, WV	PA	
3 yr	NC	CO, TN	DC, GA, KY, MD, NY, OH, SC, **VA**, WA, WV	PA	
4 yr	NC	CO, TN	DC, GA, KY, MD, NY, OH, SC, **VA**, WA, WV	PA	
5 yr	NC	CO, TN	DC, GA, KY, MD, NY, OH, SC, **VA**, WA, WV	PA	
6 – 9 yr	NC	CO, TN	DC, GA, KY, MD, NY, OH, SC, **VA**, WA, WV	PA	
10 – 13 yr	NC	CO, TN	DC, GA, KY, MD, NY, OH, SC, **VA**, WA, WV	PA	

SOURCE: Review of state child care regulations.
NOTE: Only reflects requirements for child care centers. All age groupings assume that all children under care are the same age. [a] Includes space occupied by cribs and changing tables (providers must have a minimum of 25 square feet of space per infant excluding space occupied by cribs and changing tables).

Staff education, experience, and training requirements

Staff education, experience, and training requirements can affect child care staffing and operations. Stringent training requirements, for example, can negatively affect the pool of prospective child care workers, while increasing the amount child care providers must pay for employee training.

Formal education and experience requirements

Virginia requires program directors to at least hold an early childhood education certificate (Table M-4). This generally aligns with formal education requirements for program directors in other states. Three states (Maryland, North Carolina, and Tennessee) require program directors to have a high school diploma at minimum, if combined with a certain number of years of experience. Virginia also requires program directors to have a minimum of six months experience, which is generally aligned with experience requirements for program directors in other states. Two states (Colorado and North Carolina) do not require experience if the program director obtains a certain amount of formal education.

Virginia requires leads to hold at least a certification, which generally aligns with formal education requirements for leads in other states. Four states (Maryland, North Carolina, Tennessee, and Washington) require leads to have at least a high school diploma, if combined with a certain number of years of experience. Virginia allows individuals with at least a bachelor's degree in a child-related field to begin work as a lead with no prior experience. Two states (Colorado and Washington) also allow this.

Virginia does not require assistants to have any formal education, which is less stringent than the requirements in some other states. Two states (North Carolina and Maryland) also do not require any formal education for assistants. Other states require a high school diploma (the District of Columbia, New York, and Washington) or completion of an early childhood education course (Tennessee and Washington).

TABLE M-4
Minimum Virginia qualifications vary by type of provider and type of staff

Provider	Position	Age	Education and experience
Child care center	Program director	21	- Graduate degree in child-related field + 6 months of experience; or - 1 year of experience + some college coursework in child-related field[a]; or - 2 years of experience + early childhood credential
	Lead	18	- Program director qualifications; or - Bachelor's degree in child-related field; or - 3 months of experience + early childhood credential; or - 6 months of experience + 12 hours of training
	Assistant	16	*None*
Family home	Provider	18	High school completion + 3 months of experience
	Assistant	16	*None*

SOURCE: JLARC summary of Virginia Administrative Code.
NOTE: [a] Can be an endorsement or bachelor's degree in a child-related field, or 48 semester hours/72 quarter hours of college credit from a college or university of which one-quarter are in child-related subjects.

Training requirements

Child care staff training requirements fall into one of two categories: initial and ongoing. Child care staff must complete initial training when they start working, while ongoing training is completed on an annual basis.

Virginia requires program directors to undergo a minimum of 12 hours of initial training, followed by 16 hours of ongoing training. These requirements are comparable to the requirements of other states (Table M-5). Two states (North Carolina and Tennessee) require more initial training, while one state (Georgia) requires less initial training. Five states (Colorado, Ohio, Pennsylvania, South Carolina, and Washington) require no initial training. Most states require slightly less ongoing training for program directors than Virginia.

Virginia requires leads to undergo 10 hours of initial training, as well as 16 hours of ongoing training annually. Virginia's initial training requirement is comparable with the training requirements for leads in other states (Table M-5). However, Virginia requires more ongoing training than most other states (all expect for South Carolina and Tennessee).

Virginia requires assistants to undergo 10 hours of initial training, which is consistent with the training requirements for assistants in other states (Table M-5). Virginia also requires assistants to undergo 16 hours of ongoing training annually, which is more than any other state.

TABLE M-5
Minimum training requirements by state; requirements vary by type of provider and type of staff

Training	Position	Hours of training required							
		None	**1 – 5**	**6 – 10**	**11 - 15**	**16 – 20**	**21-25**	**26-30**	**31 or more**
Initial	Program director	CO, OH, PA, SC, WA		GA	DC, KY, MD, NY, **VA**, WV				TN, NC
	Lead	CO, DC, PA, TN	OH	MD, SC, **VA**	KY, NY, WV	NC			
	Assistant	CO, DC, MD, NC, PA, WA	OH, TN	GA, SC, **VA**	KY, NY, WV				
Ongoing	Program director		NC	GA, OH, WA	CO, DC, KY, MD, NY, MD, WV	SC, **VA**	TN		
	Lead	DC	NC	GA, OH, WA	CO, KY, MD, NY, PA, SC, WV	**VA**			
	Assistant	DC, CO, NC, TN		GA, MD, OH, WA	KY, NY, PA, SC, WV	**VA**			

SOURCE: Review of state child care regulations.
NOTE: All numbers are in the unit of hours (i.e., Virginia requires program directors to undergo 16 hours of training annually). Only reflects requirements for child care center staff. [a] 40 hours if caring for infants or toddlers.

Appendix N: Estimated costs of Child Care Subsidy Program changes

The 2022 Appropriation Act authorized the Virginia Department of Education (VDOE) to use federal COVID-19 relief funding to make eight changes to the Child Care Subsidy Program, including: (i) increase reimbursement rates to providers; (ii) reduce, and in some cases, eliminate copayments; (iii) expand the income eligibility threshold for families with young children to 85 percent of the state median income; (iv) allow parents who are looking for work to be eligible for the subsidy; (v) expand eligibility to children in families receiving public assistance through WIC and Medicaid; (vi) base reimbursement payments on enrollment rather than attendance; (vii) provide reimbursement to allow child care providers to be closed 15 days per year; and (viii) allow for three paid sick days for family day homes annually (Table N-1).

TABLE N-1
Changes to the Child Care Subsidy Program

Change		Description
(1.)	Increase reimbursement	Increase Child Care Subsidy Program reimbursement rates for child care providers to better reflect the cost of providing care.
(2.)	Reduce copays	Reduce and eliminate copayments for parents of children receiving care through the Child Care Subsidy Program to ensure that no family pays more than 7 percent of their income for subsidized child care.
(3.)	Expand eligibility	Expand eligibility parameters for the Child Care Subsidy Program to 85 percent of the state median income for families with children under age 6.
(4.)	Job search eligibility	Expand eligibility parameters for the Child Care Subsidy Program to parents who are actively searching for work.
(5.)	Categorical eligibility	Expand eligibility parameters for the Child Care Subsidy Program to families who are participating in WIC and Medicaid.
(6.)	Enrollment-based reimbursement	Pay Child Care Subsidy Program vendors based on the number of eligible children enrolled rather than eligible children's attendance.
(7.)	Closed days	Issue payments to Child Care Subsidy Program vendors for up to 15 days of planned closures for holidays, vacations, planning, and professional development.
(8.)	Family day home sick days	Issue payments to family day homes participating in the Child Care Subsidy Program for up to three sick days to care for themselves or family members.

SOURCE: JLARC summary analysis.

Many of these changes interact with one another, affecting the cost of continuing these changes. For example, expanding eligibility is estimated to cost \$181.5 million when done in isolation, without making any other changes, and the cost of increasing reimbursement rates is estimated to cost \$21.0 million when it is done in isolation. However, the cost of both expanding eligibility and increasing reimbursement rates is not \$202.5 million (the sum of \$181.5M and \$21.0M); instead, the cost of making both of these changes is estimated to be \$231.8 million. The reason for the difference is the cost of increasing reimbursement rates for the additional children enrolled through expanded eligibility needs to be accounted for, which it is not when the cost of expanding eligibility is estimated in isolation. The costs for each combination of options must be separately estimated because of these interactions. Table N-2 provides the estimated cost of each change when made in isolation—these costs cannot be summed together to determine the cost of combinations—and it also provides the cost of a selection of combinations of options. This table does not provide the cost of every possible combination of options.

Cost estimates provided in Table N-2 are based on VDOE enrollment estimates, and any enrollment above those costs estimates could result in children being placed on waitlists for the subsidy. Costs assume that approximately 16,200 children were enrolled in the subsidy on a monthly basis, with expanded eligibility adding approximately 22,640 children on a monthly basis and job search eligibility adding approximately 1,160 children on a monthly basis. If more children were to enroll in the subsidy program than these estimates, children would be placed on waitlists.

TABLE N-2
Estimated costs of changes to the Child Care Subsidy Program

Cost of changes in isolation – these costs cannot be added together		
Change		**Cost**
(1.)	Increase reimbursement	$21.0M
(2.)	Reduce copays	8.9
(3.)	Expand eligibility	181.5
(4.)	Job search eligibility	9.3
(5.)	Categorical eligibility	--[a]
(6.)	Enrollment-based reimbursement	21.6
(7.)	Closed days	0.6
(8.)	Family day home sick days	0.1
Cost of combination options		
Change		**Cost**
(1.) Increase reimbursement + (2.) Reduce copays + (3.) Expand eligibility + (4.) Job search eligibility + (6.) Enrollment-based reimbursement + (7.) Closed days + (8.) Family day home sick days		$318.7M
(1.) Increase reimbursement + (2.) Reduce copays + (3.) Expand eligibility + (4.) Job search eligibility + (6.) Enrollment-based reimbursement		318.0
(1.) Increase reimbursement + (2.) Reduce copays + (3.) Expand eligibility + (4.) Job search eligibility		264.7
(1.) Increase reimbursement + (2.) Reduce copays + (3.) Expand eligibility		253.2
(1.) Increase reimbursement + (3.) Expand eligibility + (4.) Job search eligibility		242.6
(3.) Expand eligibility + (6.) Enrollment-based reimbursement		233.2
(1.) Increase reimbursement + (3.) Expand eligibility		231.8
(2.) Reduce copays + (3.) Expand eligibility		202.9
(3.) Expand eligibility + (4.) Job search eligibility		190.8
(3.) Expand eligibility + (7.) Closed days + (8.) Family day home sick days		182.1
(1.) Increase reimbursement + (6.) Enrollment-based reimbursement		42.6
(1.) Increase reimbursement + (2.) Reduce copays + (4.) Job search eligibility		41.4
(4.) Job search eligibility + (6.) Enrollment-based reimbursement		32.4
(1.) Increase reimbursement + (4.) Job search eligibility		31.8
(2.) Reduce copays + (6.) Enrollment-based reimbursement		30.5
(1.) Increase reimbursement + (2.) Reduce copays		29.9

(6.) Enrollment-based reimbursement + (7.) Closed days + (8.) Family day home sick days	22.3
(1.) Increase reimbursement + (7.) Closed days + (8.) Family day home sick days	21.6
(2.) Reduce copays + (4.) Job search eligibility	18.9
(4.) Job search eligibility + (7.) Closed days + (8.) Family day home sick days	10.0
(2.) Reduce copays + (7.) Closed days + (8.) Family day home sick days	9.6

SOURCE: JLARC staff analysis of VDOE cost estimate documents.
NOTE: Does not contain every possible combination of options. Costs cannot be added together to estimate costs of combination of options because of interactions of changes. [a] Categorical eligibility does not affect costs because the families that became categorically eligible (WIC and Medicaid recipients) were generally already eligible for the program based on income; rather, the change made it easier for local departments to process applications.

Appendix O: Child care initiatives in Virginia

As discussed in Chapter 7, Virginia has many programs and initiatives in place that improve access to child care. The primary purpose of some of these initiatives, such as the Child Care Subsidy Program, is to improve access to child care; other programs, such as the Virginia Preschool Initiative, improve access to child care as a byproduct of their primary purpose (e.g., improving school readiness). Most of these are state-led initiatives, however others are implemented by federal and local governments and regional and community-based organizations. These initiatives are similar to many of the approaches used in other states to address the availability and affordability of child care.

Efforts to reduce cost of child care

The Child Care Subsidy Program is a public assistance program run by the Virginia Department of Education (VDOE) and administered by local departments of social services that uses federal and state funding to reimburse providers for the care they provide to low-income families, reducing their out-of-pocket child care costs. The program served 36,000 children and cost $387 million in FY23.

The Virginia Preschool Initiative is a state funding program administered by VDOE that enables schools and community-based organizations to provide free preschool to at-risk four-year-olds. The program served 22,290 children during the 2022–23 school year, and $116 million was appropriated to it in FY23.

The Mixed Delivery program is a state program administered by the Virginia Early Childhood Foundation (VECF) that uses state funds to provide free preschool to at-risk three- and four-year-olds in private early childhood care and education settings. The program served 2,140 children during the 2022–23 school year, and $7 million was appropriated to it in FY23.

Head Start and Early Head Start are federal programs that use federal funding to provide free child care and preschool to children in families at or below the federal poverty level at schools and community-based organizations. These programs served 13,770 Virginia children during the 2022–23 school year and were entirely federally funded.

Virginia's Child and Dependent Care Tax Deduction is a state tax incentive that allows families to reduce their tax liability based on the cost of child care expenses. Individuals and families that claim the federal child and dependent care tax credit may also claim the child and dependent care tax deduction on their state tax return. The size of the deduction is based on the expenses an individual or family uses to claim the federal tax credit, and can be up to $3,000 for one child and $6,000 for two or more children. JLARC's 2017 study, *Improving Virginia's Early Childhood Development Programs,* suggested through a Policy Option that the General Assembly could eliminate the deduction because of its minimal impact on family's child care costs. In that study, JLARC found that the deduction only reduced a taxpayer's annual tax liability by about $141 on average—far less than the cost of one week of child care. The deduction resulted in $28.9 million in forgone state tax revenue.

Efforts to build, stabilize, and support child care workforce

The RecognizeB5 program is a state program administered by VDOE that provides bonuses to full-time lead and assistant teachers at government-funded early childhood care and education providers to improve staff retention. The bonus is split into two payments—one contingent on working the first half of the school year and the other contingent on working the second half. For the 2023–24 school year, the total bonus is $3,000. The state appropriated $10 million to the program in FY23, and provided bonuses to 11,490 teachers during the 2022–23 school year.

The Virginia Child Care Provider Scholarship Program is a state program administered by VDOE that provides up to $4,020 to current and prospective child care staff to cover the cost of tuition (and some fees) for child care-related coursework at Virginia institutions for higher education. The program expended $410,000 in FY23, and provided 860 scholarships.

Project Pathfinders is a state program administered by VECF that primarily provides scholarships to current child care staff to cover the cost of obtaining a child care credential at one of Virginia's community colleges. The program also provides scholarships to high school dual enrollment students taking early childhood coursework. The program was appropriated $1 million in FY23 and provided 1,240 scholarships.

The Get Skilled, Get a Job, Give Back Program (G3 Program) is a state program administered by the Virginia Community College System that provides tuition assistance to low-income students pursuing one of five in-demand industries—one of which is early childhood education—at Virginia's community colleges. Nearly 570 students studying early childhood education received assistance through this program during the 2022–23 academic year. The program was appropriated $35 million in FY23. (This reflects state funding directed to the *entire* program, which supports more than just assistance for students studying early childhood education.)

Fast Track is a program administered by VECF that uses state funding to provide accelerated certification, paid training, and bonuses to new child care staff at participating providers. The program began in summer 2023. VDOE directed $1.4 million in American Rescue Plan Act funding to the program, and as of mid-September 2023, nearly 70 assistant teachers had been hired by 26 early childhood providers through the program.

The state and its partners have developed and funded various trainings and professional development opportunities for child care staff. For example, VDOE offers a free 10-hour online preservice training course for staff at licensed child care centers, and the state appropriated $700,000 in FY23 for the Center for Advanced Study of Teaching and Learning at the University of Virginia to provide professional development training to publicly funded providers (as needed).

Efforts to expand child care capacity

Local governments, non-profits, and regional and community-based organizations in Virginia have developed programs and initiatives to expand child care capacity in their areas. For example, Ready SWVA is a workforce development initiative in Southwest Virginia that aims to improve access to affordable child care by opening new child care facilities and improving the early childhood educator workforce. This program has received some state funding. Further, the Robins Foundation, a Richmond-based non-profit organization, is providing grants of up to $25,000 to support and stabilize small licensed child care providers in the Richmond region. This funding could enable providers to address staffing challenges, thereby improving capacity.

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