

UNDERSTANDING FEDERAL COVID CHILD CARE RELIEF FUNDS IN VIRGINIA

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This state profile is part of the Center for Law and Social Policy's (CLASP's) *Child Care Relief Documentation Project*, which aims to provide a deeper understanding of the impact that federal COVID child care relief funds have already had across four states: Louisiana, Michigan, New York, and Virginia.¹ The project outlines the successes and challenges of the implementation process and highlights how the funding ultimately made a difference in shaping the child care system and the lives of families and child care providers. The CLASP team conducted interviews in each state with a variety of decision-makers, advocates, and directly impacted providers—as well as with families in Louisiana.² For more information and to read other state profiles and the overarching brief, visit our [resource page](#).

QUICK FACTS: CHILD CARE IN VIRGINIA

Lead Agency for the Child Care and Development Fund (CCDF)^{3,4}:	Virginia Department of Education (VDOE)
Number of children under 13 (2021):	1,347,028 ⁵
Number of children under 13 living below 200 percent Federal Poverty Level (FPL):	418,613 ⁶
Average monthly number of children served by CCDF (2020):	19,400 ⁷
CCDF income eligibility threshold pre-COVID (2019):	150 percent to 250 percent of the FPL based on the region of the state in which the family resides ^{8,9}
CCDF income eligibility threshold with COVID Child Care Relief Funding (2021):	85 percent of State Median Income (SMI) for families with children under 5 ¹⁰
Average Annual Wage for Child Care Workers (2022)¹¹:	\$30,160 ¹²
Method of Authorization for Relief Resources¹³:	Authorized by the governor and approved by the state legislature
Total federal COVID Child Care Relief Funding¹⁴:	\$1.07 billion ¹⁵

QUICK FACTS: FEDERAL COVID CHILD CARE RELIEF FUNDING

To date, Congress has delivered more than \$50 billion to support children, families, and early educators across the country through child care relief resources. In total, this relief came from the following authorizations.

Date Signed into Law	Authorizing Legislation	Total Amount	Obligation & Liquidation Deadlines
March 2020	Coronavirus Aid, Relief, and Economic Security Act (CARES) Act ¹⁶	\$3.5 billion in supplemental CCDBG discretionary funding	Obligation: September 30, 2022 Liquidation: September 30, 2023
December 2020	Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) ¹⁷	\$10 billion in supplemental CCCDBG discretionary funding	Obligation: September 30, 2022 Liquidation: September 30, 2023
March 2021	American Rescue Plan Act (ARPA) ¹⁸	Nearly \$24 billion for the Child Care Stabilization Program Almost \$15 billion in supplemental Child Care and Development Block Grant (CCDBG) discretionary funds A permanent increase (\$633 million) in annual mandatory CCDBG funding to \$3.55 billion	Stabilization funds: Obligation: September 30, 2022 Liquidation: September 30, 2023 Supplemental funds: Obligation: September 30, 2023 Liquidation: September 20, 2024

HIGHLIGHTS: KEY USES OF FEDERAL CHILD CARE RELIEF FUNDS

As of March 2023, Virginia had fully spent its funding from the CARES Act and CRRSAA and had obligated or spent all its ARPA funding that had to be liquidated by September 2023. The state set several goals for its use of federal relief funds, which include increasing supply of care, stabilizing child care, enhancing resources for providers and families, expanding eligibility requirements, and expanding access in underserved areas.¹⁹ A non-comprehensive selection of ways Virginia used the relief funds across these categories is outlined below.

- ***Increasing supply of care***
 - Conducted cost modeling to determine the true cost of care and increased the child care assistance payment rate to 75 percent of what was determined to be the true cost. The General Assembly directed VDOE to leverage available funds to eliminate wait lists through the end of the state 2024 fiscal year.
- ***Stabilizing child care***
 - Offered four rounds of grants to providers prior to the ARPA stabilization funding becoming available, and providers were then eligible to receive up to four rounds of ARPA stabilization payments, depending on when in the application period they applied.

- Revised payment policies for Child Care Subsidy Program providers participating in the program for authorized enrollment, subject to the attendance threshold established by VDOE.
- ***Enhancing resources for providers and families***
 - Waived child care assistance copayments for all families for 19 months from April 2021 through December 2022.²⁰ The state also intermittently waived copayments prior to April 2021.
 - Permanently restructured the copayment scale from an increasing percentage of total family income to a flat, per-child fee that increases as family income increases.²¹
 - Waived copayments for all families with incomes at or below 100 percent of the federal poverty guidelines, effective January 1, 2023.
 - Increased the amount of funding available to eligible early educators through *RecognizeB5*, Virginia’s educator retention incentive program.
- ***Expanding eligibility requirements***
 - Expanded income eligibility for child care assistance up to 85 percent of state median income (SMI) for families with at least one child ages 5 or younger, not yet in kindergarten.^{22,23}
 - Expanded eligible activities for parents seeking child care assistance to include job search activities. This change was made permanent during the 2021 legislative session.²⁴
 - Made families eligible to receive assistance for a period of 12 months or until the family’s household income exceeds 85 percent of SMI, whichever occurs sooner. This change was also made permanent during the 2021 legislative session.²⁵
- ***Expanding access in underserved areas***
 - Offered bonuses for providers who accepted subsidies to incentivize more providers to serve children receiving child care assistance. Bonuses were a one-time payment equal to 20 percent of the provider’s base grant.



IMPACT OF FEDERAL COVID CHILD CARE RELIEF FUNDS

QUICK FACTS: IMPACT IN VIRGINIA

Additional children served through child care assistance expansion:	Approximately 12,500
Total stabilization resources provided to child care businesses:	\$488.6 million ²⁶
Child care programs reached through stabilization program:	4,879 ²⁷
Children served by providers that received stabilization grants:	Approximately 317,500 ²⁸
Number of child care professionals reached with bonuses:	Over 11,400

Virginia primarily used the COVID-19 relief funds to stabilize the workforce and provide the maximum flexibility in the state’s child care subsidy system to meet the needs of families. While the K-12 system was shut down, the state worked to keep programs open. Notably, over 90 percent of family child care programs stayed open, and the state prioritized the children of essential workers knowing the economy couldn’t stay afloat without available child care options.²⁹

Additionally, the state exponentially increased the number of child care slots through the expansion of its subsidy system. This is because once the system was stabilized, the remaining relief dollars went straight to the subsidy system because, as the deputy superintendent for the Division of Early Childhood Care and Education explained, “we wanted to make it appealing to private businesses to be publicly funded providers in Virginia.” At the start of the pandemic in February 2020, 20,000 children received subsidies, and this dropped to 14,000 by July 2021—underlining the need to reach more children. Once the system was stabilized, the state was able to increase this number to 40,000 children being served as of March 2023. To help codify and make these changes more lasting, elected officials in Virginia have added key requirements such as using an alternative methodology of cost modeling to determine payment rates for providers. A bipartisan group of legislators wrote this new methodology into the state budget.

Behind all these actions was the intentional engagement across various state partners including administrators, advocates, family day homes,³⁰ and the business community, to name a few. Additionally, the state created opportunities like round tables for providers to give their input. Therefore, the planning and implementation of COVID-19 relief funds brought together a broad range of groups that work in child care and early education across the state and built, or reinforced, existing, trusted relationships. And, as described by some interviewees, this advocacy network is now crucial in working to ensure that the state continues to invest in positive changes to the child care system beyond the expiration of the federal relief funds.

IMPLEMENTATION PROCESS

In 2020, prior to the onset of the COVID-19 pandemic, the Virginia state legislature passed legislation directing the state's Board of Education to establish a unified public-private system for early care and education, administered by VDOE. This meant moving oversight of child care funding, programs, and regulations to VDOE, from the Department of Social Services (VDSS).³¹ This legislation and transition to unify oversight, although complicated and time consuming, made implementing the COVID relief funding easier for the state. Preparing and planning for the transition had already brought together leaders from VDOE and VDSS, local advocates, and providers to share input and feedback and helped establish relationships among the decision-makers and directly impacted providers and families in the state.

Throughout the process of receiving the relief funds, VDOE worked with VDSS, the governor, and state legislators to make a plan for allocating the funds. One policymaker noted that at every point the group of state leaders convened, it had consensus that the most accountable use of dollars was to provide direct services to children in response to family demand and to increase the child care assistance payment rates to try to advance competitive compensation and help address the workforce supply challenges.

AT EVERY POINT THE GROUP OF STATE LEADERS CONVENED, IT HAD CONSENSUS THAT THE MOST ACCOUNTABLE USE OF DOLLARS WAS TO PROVIDE DIRECT SERVICES TO CHILDREN IN RESPONSE TO FAMILY DEMAND AND TO INCREASE THE CHILD CARE ASSISTANCE PAYMENT RATES TO TRY TO ADVANCE COMPETITIVE COMPENSATION AND HELP ADDRESS THE WORKFORCE SUPPLY CHALLENGES.

- VIRGINIA POLICYMAKER

Additionally, VDOE leveraged its relationship with the Virginia Early Childhood Foundation to support the implementation process. Specifically, the foundation supported the department by distributing the child care provider stabilization grants, convening a return-to-work task force, and convening business leaders to consider and support the child care crisis. VDOE also hosted roundtable discussions with child care providers to solicit feedback and worked closely with the Virginia Alliance of Family Child Care Associations to make sure its implementation of stabilization grants as well as other policies for implementing federal relief funds were creating parity for home-based providers with similar sized center-based providers.

CHALLENGES

While the state had conducted much work to support the transition of the CCDF program from VDSS to VDOE, child care providers had a harder time accessing information during this process because they did not all know about the transition and thus did not seek out or review information coming from VDOE.

In implementing the CARES funding, Virginia identified that it was inadvertently showing preference to center-based providers over home-based providers when allocating grants based solely on capacity. The Virginia Alliance of Family Child Care Associations brought this to the state's attention, and VDOE adjusted its formula for ARPA Child Care Stabilization Grants to include higher per-child rates for family day home providers and marginal per-child rates for centers based on capacity.

WHAT WILL HAPPEN WITHOUT ADDITIONAL RESOURCES?

Even with the support of state officials, child care and early education unquestionably still needs continued investment at the federal level. As the relief dollars expire, there is uncertainty about the pandemic expansion of the subsidy system with the possibility of slots being rolled back and causing limited enrollment or waitlists. Without sustained, large investments, Virginia will be unable to prioritize structural changes, like raising wages, to keep programs staffed and open. Interviewees mentioned the importance of exploring how to make a career in child care and early education more attractive to support families across the state. While the advocacy community is working to demonstrate the return on investment in the workforce, policymakers must also provide funding to make these changes. With continued targeted federal investment to the states, providers will be able to confidently make changes to salaries and benefits rather than providing bonuses due to fear of not being able to sustain increased wages long term. Across many states, the workforce shortage crisis is a threat to the wellbeing of many providers, families, and children. However, with transformative investments, policymakers can combat this crisis and lead the way to a more equitable system with a highly valued and compensated workforce providing quality care for all children.

WITHOUT SUSTAINED, LARGE INVESTMENTS, VIRGINIA WILL BE UNABLE TO PRIORITIZE STRUCTURAL CHANGES, LIKE RAISING WAGES, TO KEEP PROGRAMS STAFFED AND OPEN.

The CLASP team conducted interviews with a variety of decision-makers in each state as well as advocates and directly impacted providers and families. For details on our methods and a deeper analysis of the impact federal relief funding had on the child care field and the takeaways from each state, please visit our [resource page](#).

ENDNOTES

¹ Total COVID relief funding is defined as federal funding that was designated to states in the 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, the 2021 Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and the 2021 American Rescue Plan Act (ARPA). The ARPA funding included two major investments: (1) nearly \$24 billion for the Child Care Stabilization Program; and (2) almost \$15 billion in supplemental Child Care and Development Block Grant (CCDBG) discretionary funds and an increase in annual mandatory CCDBG funding to \$3.55 billion (which was exempted from the state match requirement in 2021 and 2022). National Women's Law Center, *Child Care Rescue: How States are Using their American Rescue Plan Act Child Care Funds*, 2022, <https://nwlc.org/wp-content/uploads/2023/01/Child-Care-Rescue-State-Uses-of-ARPA-Funds-NWLC-Report.pdf>.

² All information without an endnote citation is from the interviews conducted with the decision-makers in each state as well as advocates, and directly impacted providers and families.

³ A lead agency is the state agency that is designated with implementing the child care assistance program and the federal funding from the Child Care and Development Fund (CCDF).

⁴ For the purposes of this state profile, we will be referring to the program and the act that authorizes it – the Child Care and Development Block Grant (CCDBG) – interchangeably using the acronym CCDF.

⁵ CLASP analysis of 5-year American Community Survey data, 2017-2021. Estimates are based on children ages 0 through 12.

⁶ CLASP analysis of 5-year American Community Survey data, 2017-2021. Estimates are based on children ages 0 through 12 who are at or below 200% FPL.

⁷ *FY 2020 Preliminary Data Table 1 - Average Monthly Adjusted Number of Families and Children Served*, Administration for Children and Families, Office of Child Care, 2022, <https://www.acf.hhs.gov/occ/data/fy-2020-preliminary-data-table-1>.

⁸ Karen Schulman, *On the Precipice: State Child Care Assistance Policies 2020*, National Women's Law Center, May 2021, "Virginia has different income limits to qualify for child care assistance for different regions of the state. In 2019, the limits were \$31,176, \$33,252, \$38,448, and \$51,960," <https://nwlc.org/wp-content/uploads/2021/05/NWLC-State-Child-Care-Assistance-Policies-2020.pdf>.

⁹ Karen Schulman, *On the Precipice*.

¹⁰ HB 2206, "Child Care Subsidy Program; expanding Program to serve more families," <https://lis.virginia.gov/cgi-bin/legp604.exe?ses=212&typ=bil&val=HB2206>.

¹¹ Bureau of Labor Statistics definition of child care worker: "Attend to children at schools, businesses, private households, and childcare institutions. Perform a variety of tasks, such as dressing, feeding, bathing, and overseeing play." Excludes "Preschool Teachers, Except Special Education" (25-2011) and "Teaching Assistants, Preschool, Elementary, Middle, and Secondary School, Except Special Education" (25-9042)." <https://www.bls.gov/oes/current/oes399011.htm>.

¹² Bureau of Labor Statistics, *State Occupational Employment and Wage Estimates Virginia*, 2022, https://www.bls.gov/oes/current/oes_va.htm#otherlinks.

¹³ The authorization process is part of what provides the legal authority for the government to operate and fund programs. <https://www.cbo.gov/publication/57660>.

¹⁴ Total COVID relief funding is defined as federal funding that was designated to states in the 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, the 2021 Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and the 2021 American Rescue Plan Act (ARPA). The ARPA funding included two major investments: (1) Nearly \$24 billion for the Child Care Stabilization Program and (2) Almost \$15 billion in supplemental Child Care and Development Block Grant (CCDBG) discretionary funds and an increase in annual mandatory CCDBG funding to \$3.55 billion (which was exempted from the state match requirement in 2021 and 2022).

¹⁵ Bipartisan Policy Center, *Virginia's Use of CRRSA Child Care Funding*, March 2021, https://bipartisanpolicy.org/download/?file=/wp-content/uploads/2021/03/VA_CRRSA-Tracker.pdf and Child Care Aware, *State Tracker ARP Act Implementation*, 2023, <https://infogram.com/1pw0r2v9enjpy6uvljv6j9jynjb97k936e6?live>.

¹⁶ H.R. 748 of January 3, 2020, "Coronavirus Aid, Relief, and Economic Security Act," <https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>.

¹⁷ H.R. 133 of December 27, 2020, "Consolidated Appropriations Act, 2021," <https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf>.

¹⁸ H.R. 1319 of March 11, 2021, "American Rescue Plan Act of 2021," <https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf>.

¹⁹ Commonwealth of Virginia Department of Social Services, *CRRSA 60 Day Report*, 2021, https://www.acf.hhs.gov/sites/default/files/documents/occ/CRRSA_60_Day_Report_2021_Virginia.pdf.

²⁰ Alliance for Early Success, *Child Care Subsidy and Payment Changes in Response to COVID-19*, 2020, <https://earlysuccess.org/content/uploads/2020/07/ChangestoChildCareSubsidyandPayments20200424.pdf>.

²¹ Virginia Department of Education "Subsidy Program Guidance Manual," October 2022, <https://www.childcare.virginia.gov/reports-resources/administrative-program-manuals-reports-and-data/subsidy-program-guidance-manual>.

²² Child Care Aware, *Tracker ARP Act Implementation*.

²³ Chapter 171 HB 2206, "An Act to amend and reenact § 63.2-1911, as it is currently effective, of the Code of Virginia and to

temporarily expand the Child Care Subsidy Program to provide financial assistance for child care to families in need during the public health emergency; emergency," <https://lis.virginia.gov/cgi-bin/legp604.exe?212+ful+CHAP0171>.

²⁴ HB 2206, "Child Care Subsidy Program."

²⁵ HB 2206, "Child Care Subsidy Program."

²⁶ Administration for Children and Families, Office of Child Care, *Virginia ARP Child Care Stabilization Fact Sheet*, 2022, https://www.acf.hhs.gov/sites/default/files/documents/occ/Virginia_ARP_Child_Care_Stabilization_FactSheet.pdf.

²⁷ Administration for Children and Families, *Virginia ARP Child Care Fact Sheet*.

²⁸ Administration for Children and Families, *Virginia ARP Child Care Fact Sheet*.

²⁹ This was based on providers' self-reported operating status through the pandemic to the Division of Licensing Programs (the former licensing authority at the Virginia Department of Social Services, prior to the transition to VDOE).

³⁰ In Virginia, "family day home care" is used commonly to refer to family child care programs. Child Care VA, *Licensed Family Day System*, 2023, <https://www.childcare.virginia.gov/providers/program-types/licensed-family-day-system>.

³¹ Virginia Department of Education, *Building a Unified Early Childhood System*, 2022, [https://www.doe.virginia.gov/teaching-learning-assessment/early-childhood-care-education/building-a-unified-early-childhood-system#:~:text=In%202020%2C%20the%20Virginia%20General,Department%20of%20Education%20\(VDOE\)](https://www.doe.virginia.gov/teaching-learning-assessment/early-childhood-care-education/building-a-unified-early-childhood-system#:~:text=In%202020%2C%20the%20Virginia%20General,Department%20of%20Education%20(VDOE).).