

# Commission on Early Childhood Care and Education

## Report on Study of Copayments, Parental Work Requirements and Attendance Expectations -- December 2024

### **Overview**

In this report, the Commission on Early Childhood Care and Education provides recommendations related to copayments, parental work requirements, and attendance expectations for the Child Care Subsidy Program (CCSP) and Mixed Delivery (MD) Grant Program.

### **Summary of Findings:**

Before providing specific recommendations, it is important to note how the current context has shaped the Commission's efforts this year. As part of its historic investment of over \$1 billion in early childhood care and education (ECCE), Virginia sustained all existing ECCE slots and established waitlists for CCSP and MD as of July 1, 2024 to capture unmet parent demand and preference. Those waitlists have grown significantly to more than 12,000 children as of November 1, 2024 including more than 5,200 infants and toddlers, 3,600 preschoolers and 3,200 school-age children. This rapid growth and high level of parental demand means that CCSP and MD slots are more valuable and also scarce. Addressing these waitlists for actual, eligible working families with birth-to-five children is the top priority of the Commission and may require greater action and policy changes than if there was no scarcity.

#### ***1. Consensus On Family Copayments:***

- To maximize limited ECCE funds, the Commission agrees that reasonable increases to family copayments should be considered but not to exceed the federal regulatory cap of 7% of household income.
- Different approaches can be used for different income levels; there was strong agreement that Virginia should consider setting a lower rate for families that are in the most need under 100% FPL.
- There was strong consensus that slots that are made available as a result of higher family copayments must be used for birth-to-five children on the waitlist. Data shows that increasing family contributions would enable Virginia to open up to 3,000 new slots for working families in FY26 with the existing state funding.
- Virginia must also ensure that increasing copayments does not have an overly negative impact on private providers. If private providers cannot efficiently collect copayments from families because they are too high or the system is too complicated, this policy shift could have the unintended consequence of reducing parent choice and reducing private small business participation.

#### ***2. Consensus On Parental Work Requirements (Job Search):***

- The Commission agreed that reasonable limits on how long a parent can search for work (e.g., 90 days) helps ensure that slots go to those families and children who need them most. This would align Virginia with the federally-allowed job search limit of 90 days.

- There should be flexibility for families facing extraordinary circumstances and formal guidance is needed to ensure flexibility is provided in partnership with the local Department of Social Services office in the appropriate circumstances.
- There was strong consensus that slots that are made available as a result of changes to job search requirements must be used for birth-to-five children on the waitlist.

### **3. *Consensus On Attendance Expectations:***

- Data analysis reviewed by the Commission showed that additional data related to tracking attendance is needed. Virginia is currently implementing a new statewide attendance tracking system for CCSP. Private providers need predictable revenue, and the Commission is hopeful the new attendance tracking system streamlines attendance and payment processing.
- Children who attend ECCE regularly benefit more and limited slots should go to those working families who ensure their children attend on a consistent basis.
- Research shows that developing sound attendance practices in early childhood helps improve attendance in K-12 and the Commission acknowledged the importance of incenting these practices prior to kindergarten, even as Virginia shifts to pay-by-enrollment as required by new federal regulations.
- Virginia cannot add any slots with attendance policy changes but can ensure full maximization of existing slots – especially for full day, full year programs – by strengthening attendance guidance, monitoring and reporting. The Commission noted that this is especially important when there is such a sizable waitlist of working families who would fully use the slots.

### **Response to Request from the Virginia General Assembly**

The Commission on Early Childhood Care and Education (Chapter 8 [§ 2.2-208.1](#) of the *Code of Virginia*) was established in 2023 for the purpose of providing recommendations and for tracking progress on the financing of a comprehensive birth-to-five early childhood care and education (ECCE) system. The [Commission](#) comprises Virginia legislators and representatives of business, economic development, local government, school divisions, parents, and early care and education programs, as outlined in the *Code of Virginia*. In addition to the original charges outlined in the 2023 establishing legislation, the 2024 Virginia State Budget charges the Commission with a new one-time requirement. This language reads as follows (Appropriation Act - [Item 125.1.H](#)):

*H. The Early Childhood Care and Education Commission shall review and recommend updates to the current copayment schedule, parental work requirements, and attendance expectations applicable to the Child Care Subsidy Program and Mixed Delivery Grant Program.*

*In its review, the Commission shall consider: (I) leveraging state general funds to minimize the fiscal cliff as family income increases beyond program eligibility, (ii) use of reasonable family copayments to minimize the need for additional general funds.*

*No later than December 1, 2024, the Commission shall submit its recommendations to the to the Governor and the Chairmen of the House Committee on Appropriations, the Senate Committee on Finance and Appropriations, the House Committee on Commerce*

*and Energy, the Senate Committee on Commerce and Labor, the House Committee on Education, and the Senate Committee on Education and Health.*

This report provides a summary of the Commission’s efforts as well as the resulting recommendations for future consideration.

### **Commission Review of Copayments, Parental Work Requirements, and Attendance Expectations**

To address the charge set forth in Code as well as respond to a request from the Chair of the House Appropriations Committee, Delegate Luke Torian, the Commission established four informal study groups. The findings of the first three study groups were included in the [October 1, 2024 Commission Annual Report](#). This report covers the findings of the fourth study group which studied parental copayments, parental work requirements, and attendance expectations.

The Commission formed this fourth informal study group in July 2024 to complete the initial in-depth review of these topics and produce initial findings for the Commissions consideration. The study group membership included Delegate David Bulova, Jason El Koubi, Travis Staton, Delegate Ellen Campbell, and Nicholas Palacio. The study group convened four times between the August and November and provided a summary of their discussion and findings during the September, October, and November meetings. At each meeting, the Commission first heard a report out from the study group, with a follow up presentation from the Virginia Department of Education (VDOE) to provide additional data and projections related to the potential approaches for addressing each topic. Commission members participated in table discussions and report outs to share reactions to the information provided for consideration. This included:

- At the September 11 ECCE Commission meeting, the facilitator, Elliot Regenstein, shared the following summary of study group discussion on behalf of Delegate Campbell:
  - Regarding the group discussion on copayments, the study group discussed the suggestion of increasing copayments from the current average of 2% to be closer to the federal cap of 7% identified in Child Care Development Fund federal rule. While the group identified this as a feasible approach to consider, they stated that if copayments were to increase it would be critical that structures are in place to ensure that any retained funds are used to reinvest in early childhood and provide access to more eligible working families.
  - Regarding the group discussion on parental work requirements, the study group recommended four parameters to prioritize in discussion, which they shared with the Commission: 1) define a period of time for which families must engage in qualifying activities, 2) provide enough flexibility to allow for extraordinary family circumstances, 3) minimize disruption in care to children and families, and 4) serve as many families as possible.
- Following the September 11 meeting, the study group continued discussions related to parental copayments. At the October 9 ECCE Commission meeting, Delegate Bulova shared a summary of the study groups discussion on parental copayments:
  - The study group reviewed data analysis that detailed the significant number of slots (~3,000) that could potentially be made available by adjusting parental copayment to 7% of parental income, the federal maximum allowable amount. The study group found that a significant number of slots (3,000) could be made available through this

adjustment and reached consensus that adjusting parental copayment is a feasible strategy for increasing access for more working families. The study group reiterated the importance of establishing a method for retaining any state general fund savings realized from copayments to support expanded access for families and suggested the approach of a non-reverting fund as a solution.

- In addition, at the October 9 ECCE Commission meeting, Delegate Campbell shared a summary of the additional discussion related to **parental work requirements**:
  - The continued discussion of parental work requirements included a review of the federal requirements (which allow limiting job search to 90 days) and practices in place in similar states. The study group reiterated the complexity in determining and understanding the impact of parental work requirements and job search and reminded Commission members that federal regulation impact what is allowable. Data from VDOE shows that up to 1,000 slots may be made available via this policy shift. With this data in mind, the study group reached consensus that implementing a time limit on job search for eligibility (leaned towards mirroring the federal requirement of 90 days) would be a feasible strategy for increasing access, especially considering that job status is only evaluated annually, while also emphasizing that any alteration to this eligibility criteria would benefit from a process at the local level in which families can demonstrate extraordinary circumstances for further consideration. The study group posed several questions on how Virginia might implement such a change while also carefully measuring impact on families and child care providers.
- At the November 1 ECCE Commission meeting, Delegate Campbell shared a summary of the study group's discussions **regarding attendance policies**:
  - VDOE shared data that showed that there is significantly greater chronic absenteeism for children who participate in CCSP as compared to children who were participating in CCSP pre-pandemic. In addition, all children on CCSP are, on average, missing more days than their pre-pandemic peers.
  - This summary also included a review of the attendance policies for the Mixed Delivery and the CCDF-funded subsidy program. In Mixed Delivery, families receive notification after a child has been absent for 5 and then 10 days and is considered un-enrolled after 15 days. In contrast, in CCSP, while reimbursement to providers is currently based on attendance, a slot is still considered occupied regardless of attendance unless a parent loses their job and has exhausted the job search time limit, leaves the state, or increases income beyond eligibility. Families are only unenrolled during the re-eligibility period.
  - It was also noted that per the new CCDF rule, in FY26, CCSP reimbursements are required to be based on enrollment, not attendance. However, Virginia has a waiver for these provisions and is expected to implement them by July 31, 2026 once the new attendance tracking system is in place. Even with this shift, it is important that Virginia continue to incent good attendance in order to fully use all slots and promote maximum learning and development.
  - The study group agreed that as Virginia discusses attendance expectations, the goal is always to engage families and serve the child. There was also recognition that public dollars are scarce, and every dollar should be redirected to a child and a family that will use the slot – especially for full day, full year programs. The group also acknowledged there are many reasons why children are not attending programs. A

new attendance tracking system is underway and will provide data that will allow exploration of the many reasons children are not attending. Ultimately, the group agreed the current lack of data made it premature to propose any specific legislative or budgetary changes. However, the state should continue to provide guidance, produce resources and align guidelines in order to improve attendance. As the state strengthens its data infrastructure, the group recommended further study and data collection to learn the scale of the attendance issue.

In addition to the discussions noted above, it is critically important to understand the current context that shaped the Commission's recommendations. Virginia established waitlists for CCSP and MD as of July 1, 2024 and those waitlists have grown significantly to more than 12,000 children as of November 1, 2024. This includes nearly 9,000 birth-to-five children who are in working families that are seeking full-day, full-year ECCE in private settings. While there were CCSP waitlists prior to the pandemic, these waitlists were typically between 1,000 and 3,000 children. This rapid growth and high level of parental demand means that CCSP and MD slots are more valuable and scarce. Starting in September, the VDOE provided updates on the waitlists for CCSP and MD each month through November 1. Note that these are dynamic waitlists as parents continue to enter the workforce throughout the calendar year.

Addressing these waitlists of eligible working families with birth-to-five children is top priority of the Commission and may require greater policy changes than if there was no scarcity.

### **1. Recommendations: Consensus on Parental Copayments**

- To maximize limited ECCE funds, the Commission agrees that reasonable increases to family copayments should be considered but not to exceed the federal regulatory cap of 7% of household income.
- Different approaches can be used for different income levels; there was strong agreement that Virginia should consider setting a lower rate for families that are in the most need under 100% FPL.
- There was strong consensus that slots that are made available as a result of higher family copayments must be used for birth-to-five children on the waitlist. Data shows that increasing family contributions would enable Virginia to open up to 3,000 new slots for working families in FY26 with the existing state funding.
- Virginia must also ensure that increasing copayments does not have an overly negative impact on private providers. If private providers cannot efficiently collect copayments from families because they are too high or the system is too complicated, this policy shift could have the unintended consequence of reducing parent choice and reducing private small business participation.

#### *Additional Detail:*

Commission members discussed the current model for parental contributions and copayments for the Child Care Subsidy Program and Mixed Delivery Grant Program, which currently average at 2.6% of family gross income (3.3% among families that have a co-payment). Members heard presentations explaining the current policy in Virginia, as well as information on the federal regulations which establish a 7% of family gross income cap for copayments and require copayments to be unaltered during the 12-month eligibility period. Members also heard that

changing co-payment policies for these programs would require a change in the Biennial Budget. Finally, it was noted that Virginia sets eligibility at the highest income threshold allowable under federal regulations in order to support working families to pursue greater self-sufficiency, promote upskilling and minimize the benefits cliff.

The VDOE provided analyses for several requested scenarios to support consideration of parental contributions, including projecting the number of children that could be served with no changes to copayments, the number of children that could be served with the doubling of copayments, and the number of children that could be served by adjusting copayments to 7%.

**Virginia can add CCSP slots and serve up to 3,030 more birth-to-five children off the waitlist by increasing family copayments to 7%.** Virginia can potentially add 100 or more MD slots by increasing family copayment, although existing data limits the VDOE’s ability to produce a more precise estimate at this time.

Income Threshold	# of Families	Actual Average Copay Charged per Family (Monthly)			Additional \$ (Annual)			Additional CCSP Birth-to-Five Slots (Annual)		
		A) Baseline	B) Double Current Rate	C) 7% for All	A) Baseline	B) Double Current Rate	C) 7% for All	A) Baseline	B) Double Current Rate	C) 7% for All
0-100% FPL	19,592	\$2	\$5	\$47	NA	\$543,795	\$8,156,928	NA	720	1,315
101-150% FPL	8,432	\$93	\$163	\$183	NA	\$5,460,673	\$7,020,866	NA	310	566
151-200% FPL	7,607	\$90	\$180	\$239	NA	\$4,785,599	\$10,486,093	NA	280	510
201-250% FPL	4,804	\$163	\$286	\$303	NA	\$5,467,044	\$6,222,652	NA	177	322
251-300% FPL	2,903	\$167	\$336	\$382	NA	\$3,357,139	\$5,774,278	NA	107	195
301-350% FPL	1,707	\$241	\$421	\$453	NA	\$2,842,829	\$3,348,221	NA	63	115
350% FPL - 85% SMI	115	\$182	\$363	\$403	NA	\$144,407	\$234,660	NA	3	7
<b>Total</b>	<b>45,159</b>	<b>\$77    \$123^</b>	<b>\$140</b>	<b>\$180</b>	<b>NA</b>	<b>\$22,601,486</b>	<b>\$41,243,697</b>	<b>NA</b>	<b>1,660</b>	<b>3,030</b>
			<b>Total Copayments</b>		<b>\$29,680,869</b>	<b>\$52,282,355</b>	<b>\$70,924,567</b>			

At the October Commission meeting, there was general consensus from members that increasing family copayments would be an effective way to increase slot access for additional families who are currently on the birth-to-five waitlists. Commission members posed additional questions for consideration that included identifying strategies to ensure any retained funds are directed to support birth-to-five families in securing care, as well as questions on how to identify the right balance of increased copayment for families at the varied range of income levels with a specific focus on families at the lowest levels of income (0-100% FPL). Commission members also acknowledged that changes to the co-payment structure from a flat fee per child to a percentage of family income could pose an administrative burden (and potential delay) associated with the shift, as this would be an operational shift for the program.



In response to a request from Commission members for more information, during the November meeting, VDOE also presented estimates for the number of additional children who could be served if co-payments were increased to 3%, 4%, 5%, or 6%.

<b>Copayment Structure</b>	<b>Additional CCSP Birth-to-Five Slots (Annual)</b>
3% for All	55
4% for All	800
5% for All	1,545
6% for All	2,290

Also, as the Commission expressed interest in combining options (7% for households above poverty line and \$5/month for households below the federal poverty line [FPL]), VDOE presented results from analyses suggesting this approach would provide an additional 2,435 birth-to-five slots. As an alternative, doubling the current rates, while adding \$5/month for households below the FPL, would result in copayments that are approximately 5% of household income on average. This approach would provide 775 fewer slots than the 7% option, but also requires far less operational change. It should also be noted that combining options provides an opportunity for further discussion as Virginia seeks to maximize all available funds to serve birth-to-five children in working families.

**2. Recommendations: Consensus on Parental Work Requirements and Job Search**

- The Commission agreed that reasonable limits on how long a parent can search for work (e.g., 90 days) helps ensure that slots go to those families and children who need them most. This would align Virginia with the federally-allowed job search limit of 90 days.
- There should be flexibility for families facing extraordinary circumstances and formal guidance is needed to ensure flexibility is provided in partnership with the local Department of Social Services office in the appropriate circumstances.
- There was strong consensus that slots that are made available as a result of changes to job search requirements must be used for birth-to-five children on the waitlist.

*Additional Detail:*

Presentations to the Commission provided an overview of Virginia’s current policies, which include searching for work as an allowable activity to be found eligible for services without any limit. This includes families that are only looking for work, families that looking for work while also in school, and families that work part time and looking for additional hours. The presentation summarized the federal regulations which allow states to include a time limit on job searching as an eligibility criterion and require a period of continued assistance for at least three months if a parent is working or in school and there is a non-temporary change in activity requirements.

The VDOE provided analysis on the projected impact of time-limiting job search to align with the federally-allowable limit, as well as data on the total cases of families in the Child Care Subsidy Program that have accessed services through job search eligibility, either fully (all available parents are only job searching) or partially (cases where only one parent is job searching, or parents are job searching and working part time). Using an approximation for FY25

based on FY24 actuals, time-limiting job search to 90 days like the federal regulations could free up to 1,725 all-age slots.

	FY2021	FY2022	FY2023	FY2024	FY2025
Families Enrolled With One or More Parents Approved for Job Search	279	1,164	1,764	2,293	
Share of Total Cases	2%	6%	7%	6%	
Cases in which both parents are job searching AND working part-time *includes single- and two-parent households	93	337	545	747	
Cases in which one parent is job searching and the other is working/in school *includes two-parent households only	75	416	658	855	
Cases in which both parents are job searching only *includes single- and two-parent households	111	411	561	691	
<b>Total Cases</b>	11,443	19,400	24,860	38,291	42,719
<b>Total Cases that Could Be Removed or Restricted to 90 Days of Job Search</b>	<b>186</b>	<b>827</b>	<b>1,219</b>	<b>1,546</b>	<b>1,725*</b>
Share of Cases that could be Removed or Restricted	2%	4%	5%	4%	4%

\*Data represents an approximation for FY25 based on FY24 actuals.

Assuming the higher cost of a birth-to-five slot and reducing the cost by 120 days (for job search and transition time), **Virginia can serve up to 995 birth-to-five children from the CCSP waitlist in FY26** by establishing reasonable time limits on job search, whether a parent has become unemployed or is returning to the workforce. This means that parents will have time to find employment and minimize disruptions for their children. There are no likely gains from MD as limited current data suggests all families are working.

Commission members shared a consensus that setting a reasonable time limit on job search at 90 days would be a policy strategy to increase access for birth-to-five-year-olds and reduce waitlists for working families, especially considering that job status is only verified on an annual basis. Members discussed that this should only apply in cases where families are only qualifying for child care through job-search, excluding those families who include job search along with another eligibility category (e.g., another working parent or part-time work while seeking additional hours). Discussion among Commission members inquired into the most appropriate way for a parent to demonstrate progress in looking for work, as well as discussed processes for



demonstrating extraordinary circumstances in partnership with local Department of Social Service offices in which losing eligibility would be detrimental.

### **3. Recommendations: Consensus on Attendance Expectations**

- Data analysis reviewed by the Commission showed that additional data related to tracking attendance is needed. Virginia is currently implementing a new statewide attendance tracking system for CCSP. Private providers need predictable revenue, and the Commission is hopeful the new attendance tracking system streamlines attendance and payment processing.
- Children who attend ECCE regularly benefit more and limited slots should go to those working families who ensure their children attend on a consistent basis.
- Research shows that developing sound attendance practices in early childhood helps improve attendance in K-12 and the Commission acknowledged the importance of incenting these practices prior to kindergarten, even as Virginia shifts to pay-by-enrollment as required by new federal regulations.
- Virginia cannot add any slots with attendance policy changes but can ensure full maximization of existing slots – especially for full day, full year programs – by strengthening attendance guidance, monitoring and reporting. The Commission noted that this is especially important when there is such a sizable waitlist of working families who would fully use the slots.

#### *Additional Detail:*

The November Commission meeting opened with results from the study group’s work focused on reviewing attendance policies and data. The Commission were presented with key points from research suggesting the importance of attendance for promoting child outcomes (e.g., K-12 school attendance) and ensuring that funds for services are reaching children and families that need them most. The Commission agreed that this is especially important now because:

1. Pre-pandemic data suggests better attendance rates for both CCSP and K-12.
2. VQB5 shows programs meet quality expectations and promote positive child outcomes.
3. Having a waitlist means there are other children who could more fully use that slot.

Attendance policies for the Child Care Subsidy Program (CCSP) were reviewed, including the point that families can receive up to 60 paid absence days per year, a shift that occurred in 2023 to ensure stability in provider payments and the need (per federal CCDF guidelines) to shift to pay by enrollment. It was also noted that VDOE is in the process of procuring a new attendance system which will allow families and providers better access to and control of records, as well as more discrete tracking. It will be important that there is attendance accountability (like K-12) via this new tracking system once the state moves to pay-by-enrollment.

The Commission also reviewed attendance policies for MD and VPI. While there was consensus that each program had specific expectations and guidelines, questions remained about how much cumulative time children could miss and how to reduce barriers and incent attendance in order to maximize slots and best support children and families.

VDOE data analyses focused on attendance were also presented at the November Commission meeting, providing a sense of the distribution of absences and extent of chronic absenteeism

among children whose care is subsidized by CCSP. There was consensus of the need to return to pre-pandemic levels of attendance.

CCSP	2018-2019 (FY19)	2021-2022 (FY22)	2023-2024 (FY24)
<b># of Children Chronically Absent</b>	2,910	9,297	8,805
<b>% of Children Chronically Absent</b>	13.6%	31.5%	20.5%
<b>Median Number of Paid Absences</b> (Among chronically absent children)	33	39	37
<b>Median Number of Paid Absences</b> (For all children with absences)	9	15	11

*Note: Chronically absent, in alignment with the K-12 definition of 10%, is defined as missing more than 26 days in a year, based on 10% of potential child care days missed (52 weeks x 5 days = 260 potential days of child care in a year). Absences are independent of number of authorized days.*

Background information on attendance in the Mixed Delivery program and the Virginia Preschool Initiative included explication of where policies differ from the CCSP policies. Both programs are pay-by-enrollment, but the Mixed Delivery program has formal policies around notification of families and disenrollment after consecutive absences, for example, whereas in the VPI program, attendance is managed and supported by the school division.

Overall, the Commission expressed that encouraging better attendance across all three programs is especially important when there is such a sizable waitlist of working families who would fully use the slots.

**Other considerations:**

While not an explicitly requested item for the ECCE Commission’s December Report, there was discussion on the volume of participation and expenditures for school-age children participating in CCSP. While exploring the three areas outlined above, the Commission learned that more than 3,000 school-age children are on the CCSP waitlists and there was consensus that birth-to-five children should continue to be the priority for the waitlists. It was also acknowledged that hundreds of millions are expended on school-age children each year even though there are far fewer options for working families with infants and toddlers. School-age children on CCSP, up to age 13, are utilizing child care vouchers for before- and after-school care as well as summer care. While this care is necessary to support working families, there are multiple public options for this type of care. Other than CCSP and MD, there are no other options for families with infants and toddlers who need full-day, full-year care so their parents can work.

**Conclusion:**

Virginia is seeing significant, growing demand for quality early childhood care and education (ECCE) from working families of infants, toddlers and preschoolers, with 65% of enrollment in private settings. This growth in parent demand for ECCE is likely related to three broader factors: 1) workforce participation 2) increasing percentage of Virginia children under age 6 with all available parents in the workforce and 3) recent quality measurement and improvement efforts (VQB5) that have improved quality and awareness across 3,100+ public-private options.

A year ago, Virginia was contending with the possibility that some 30,000+ children could lose access to quality, affordable child care. Thanks to Governor Glenn Youngkin and the General Assembly, Virginia is no longer dealing with a statewide crisis but is instead contemplating what is needed to sustain what is a nation-leading early childhood system. While this Commission acknowledges that addressing unmet demand for birth-to-five children from working families is a top priority, Virginia can tackle this challenge from a position of strength, noting how the state's economy is ranked number one for business thanks in part to a robust ECCE system.

This year, the Commission leaned into its charge, providing policy recommendations that will ensure that Virginia's ECCE system will drive a triple bottom line of school-ready children, work-ready parents, and economically thriving communities. Through in-depth data analysis, extensive discussion and work group efforts, **the Commission came to consensus that multiple policy levers such as increasing the parent co-payment requirement for CCSP and MD, narrowing the time to job search to 90 days, and strengthening attendance policies could help reduce birth-to-five waitlist slots and secure the long-term sustainability of Virginia's ECCE system.**