



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

Study resolution

- Directs JLARC to review the effectiveness of financial assistance programs that promote self-sufficiency and to review the availability and affordability of child care
 - Programs' (e.g., TANF and SNAP) effectiveness at helping participants become self-sufficient
 - Challenges to becoming self-sufficient
 - Supply of and demand for child care services
 - Barriers to making child care more affordable, including impacts of state regulations
 - Challenges to accessing child care

Commission resolution (November 7, 2022)

Primary research activities

- Analyzed data on
 - households' income and expenses to determine financial need
 - TANF/SNAP recipients employment/wage changes over time
 - child care supply, demand, and cost
- Surveyed child care providers & social services staff
- Structured interviews
 - VDSS, VDOE, VCCS, and VEC staff
 - staff at local departments of social services
 - staff at local Virginia Career Works centers
 - child care providers
- Reviewed state/federal policies and program documents

In brief

Few Virginians who qualify for state's self-sufficiency programs exit poverty or achieve self-sufficiency.

State's TANF-VIEW policies, low participation in the workforce development system, and multitude of client barriers contribute to disappointing outcomes.

Cost of child care is unaffordable, especially costs for the youngest children, and there is a statewide shortage of child care that disproportionately affects families with infants and toddlers.

State has already undertaken initiatives to improve child care access, and has limited additional options beyond maintaining current expansions of the child care subsidy that will expire in FY24.

In this presentation

Background

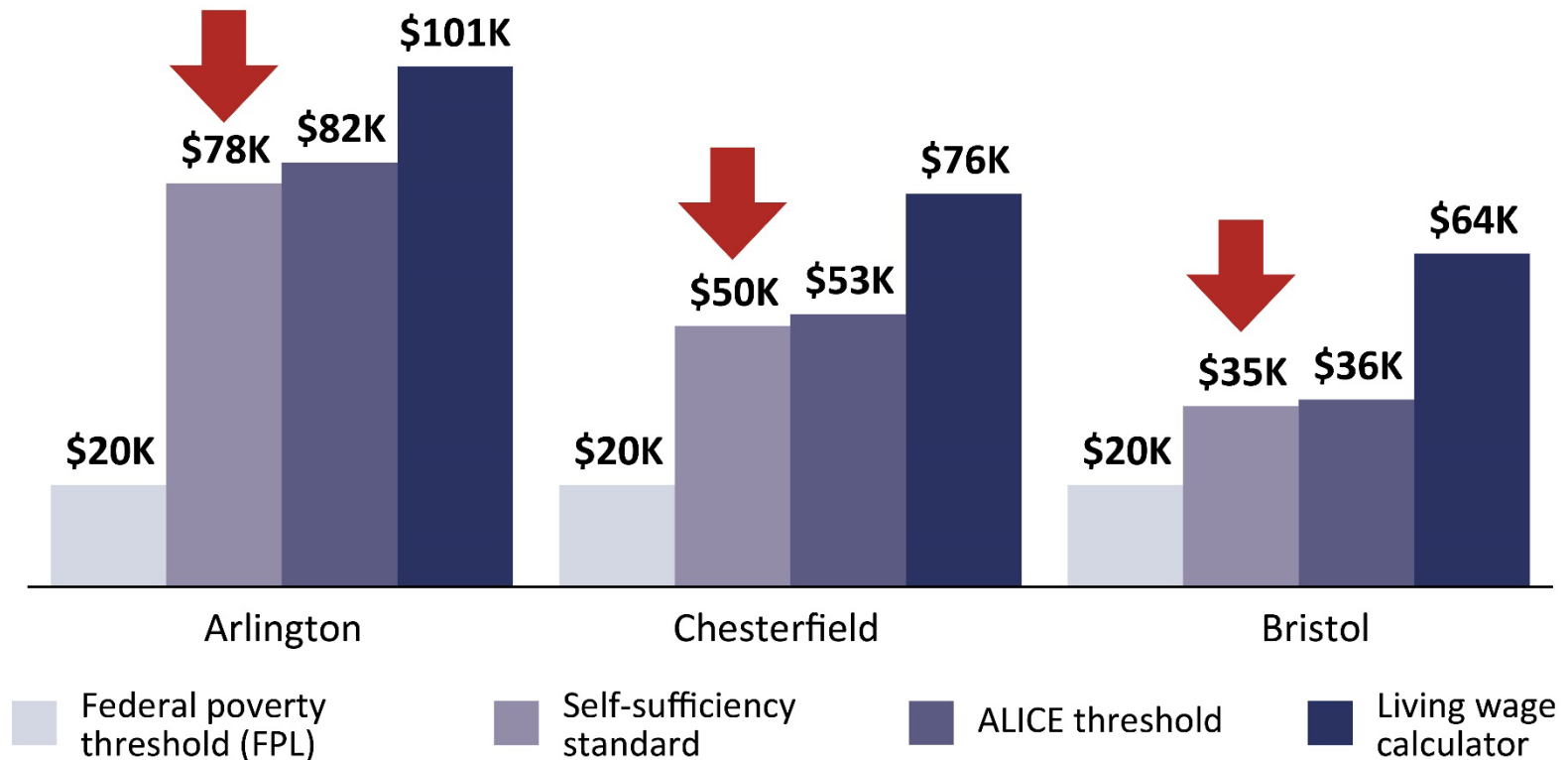
Self-sufficiency program participants' outcomes

Self-sufficiency program operations and design

Child care availability and affordability

Improving access to child care

Four measures of a household's ability to afford basic necessities



NOTE: Sample annual incomes for a household with one adult and one child.

TANF is primary program for helping low-income individuals become self-sufficient

- TANF provides monthly cash payments and employment-related services to adults with children
- Promoting self-sufficiency is TANF program's purpose
- Most adult TANF recipients required to work or participate in education or training
 - Enroll in the TANF-VIEW* program
 - ~9,900 households participated in VIEW in 2022

* VIEW = Virginia Initiative for Education and Work

SNAP E&T is Virginia's other self-sufficiency focused program

- SNAP (food stamps) provides households with vouchers for purchasing food
- SNAP recipients can opt into the SNAP Employment and Training (SNAP E&T) program if their locality offers it
 - Offered by 37 local departments of social services, accessible to ~60% of SNAP recipients
 - Provides employment and education/training supports similar to those available through VIEW*
- Less than 1% of SNAP recipients participated in SNAP E&T in 2022 (1,160 SNAP E&T participants, >400K SNAP clients)

* TANF-VIEW participants are not eligible for SNAP E&T

Child care subsidy helps families afford child care, facilitating employment and self-sufficiency

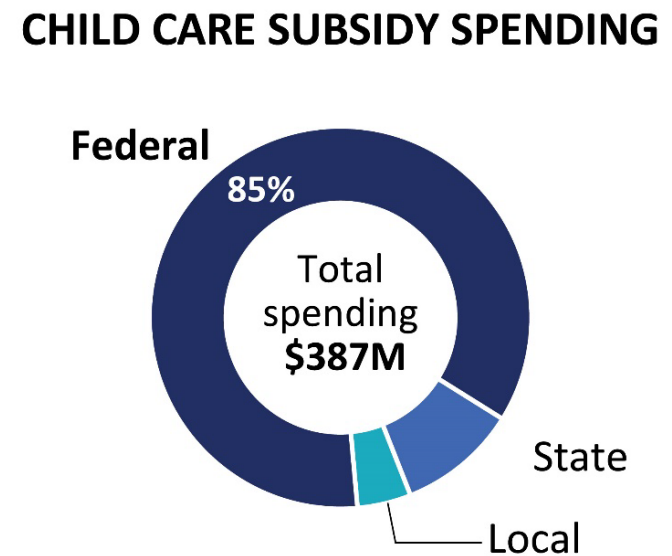
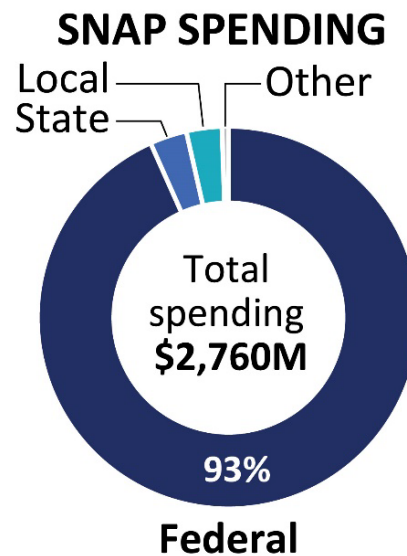
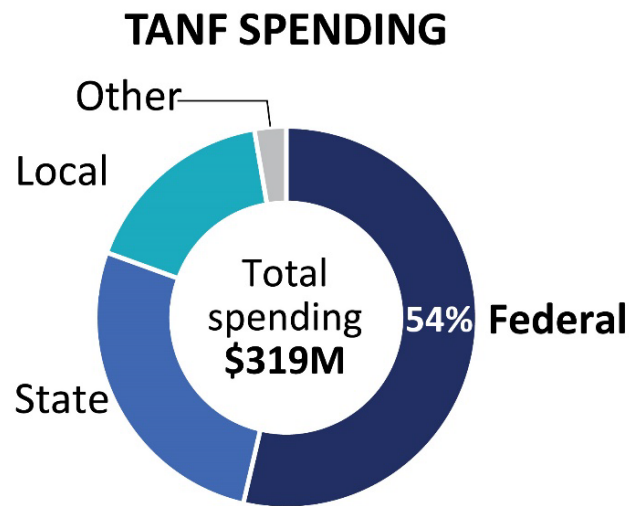
- Program has dual purpose: (1) allow parents to work and (2) prepare children for school
- Pays for some or all of families' child care costs
 - Parents must meet income requirements, have children under age 13, and be working, looking for work, or participating in education or job training
- ~40,000 children received child care subsidies in 2023
 - Number of children receiving subsidies in 2023 increased with use of federal pandemic relief funds

Sample hypothetical cash values of various benefit programs for a Richmond family of 4



NOTE: 2019 average benefit amounts for TANF, SNAP, and energy assistance were used and inflation adjusted to 2023 because of pandemic-era changes made to benefits amounts and rules.

Self-sufficiency programs are primarily supported by federal funds (FY23)



In this presentation

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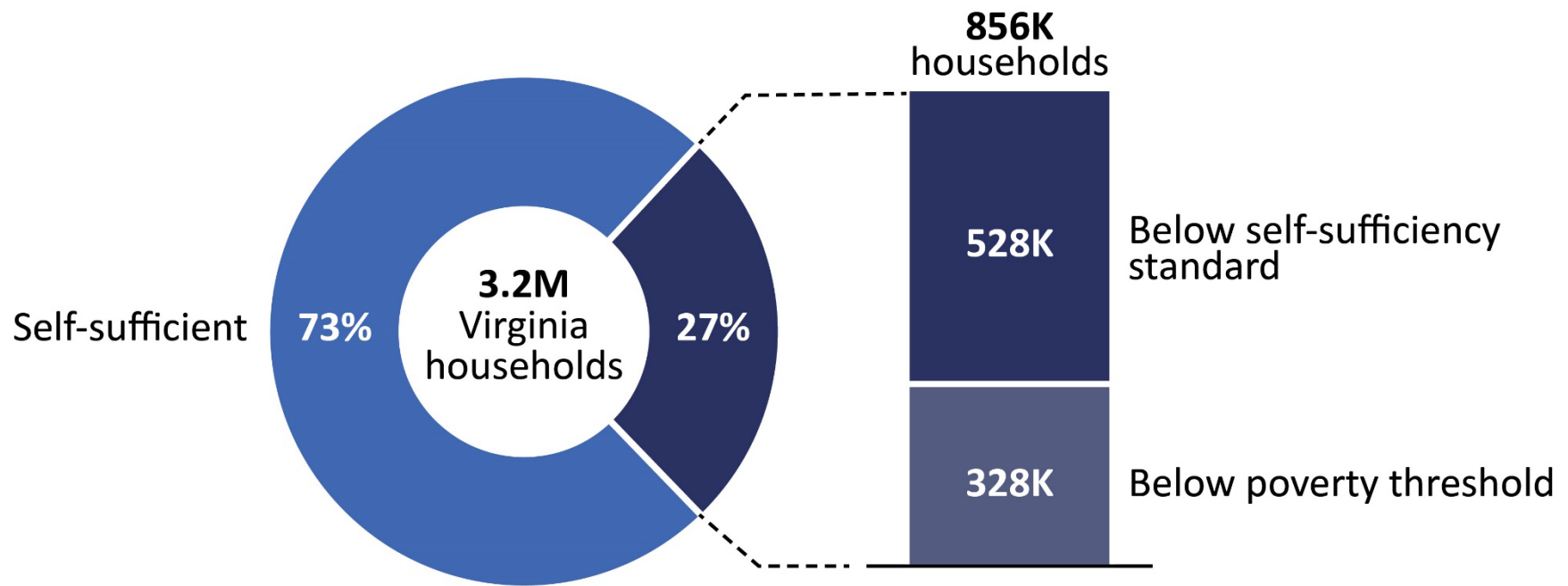
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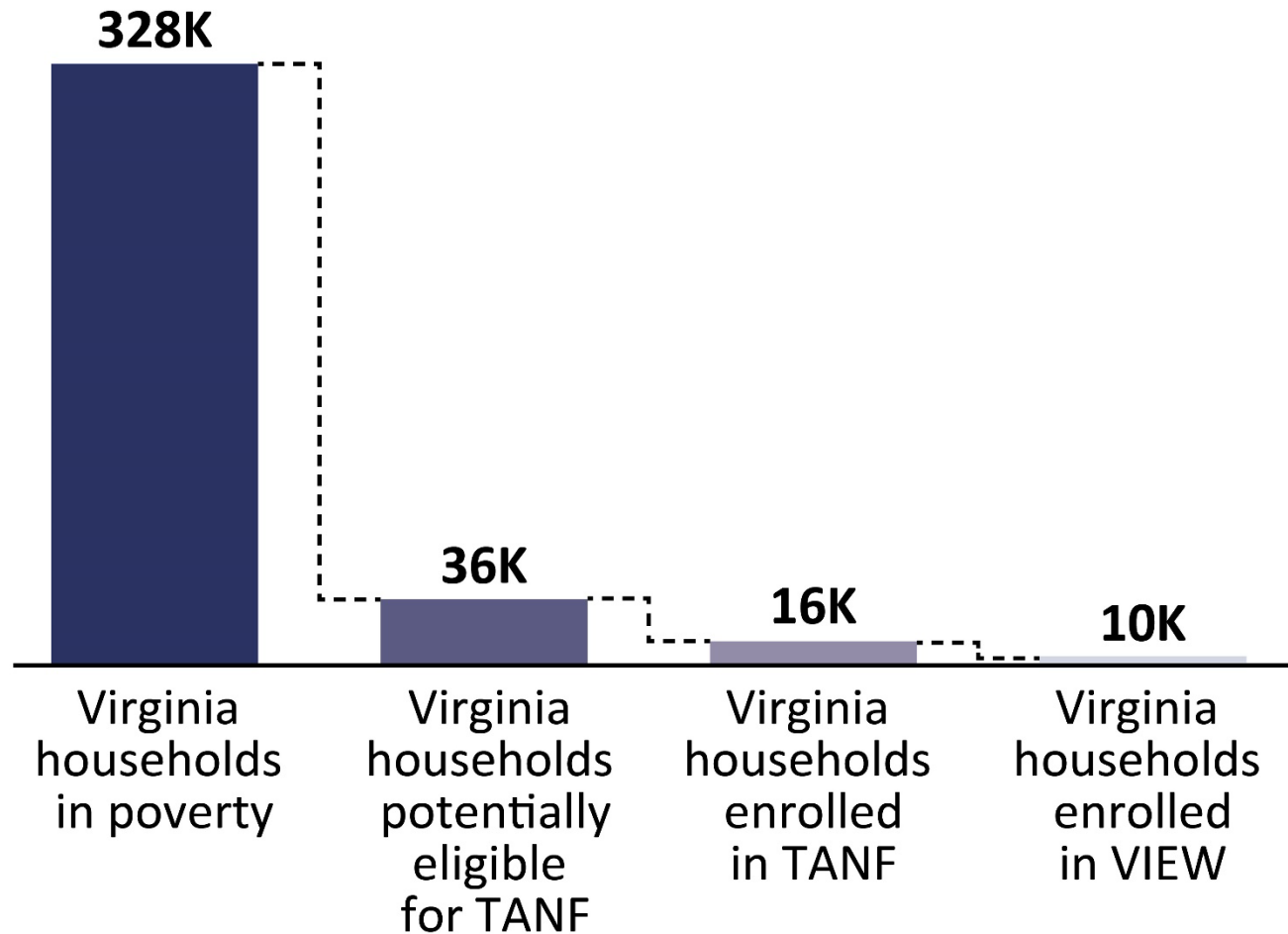
Improving access to child care

About one-quarter of Virginia households earn too little income to be deemed “self-sufficient”



NOTE: Based on Census Bureau data for 2017–2021.

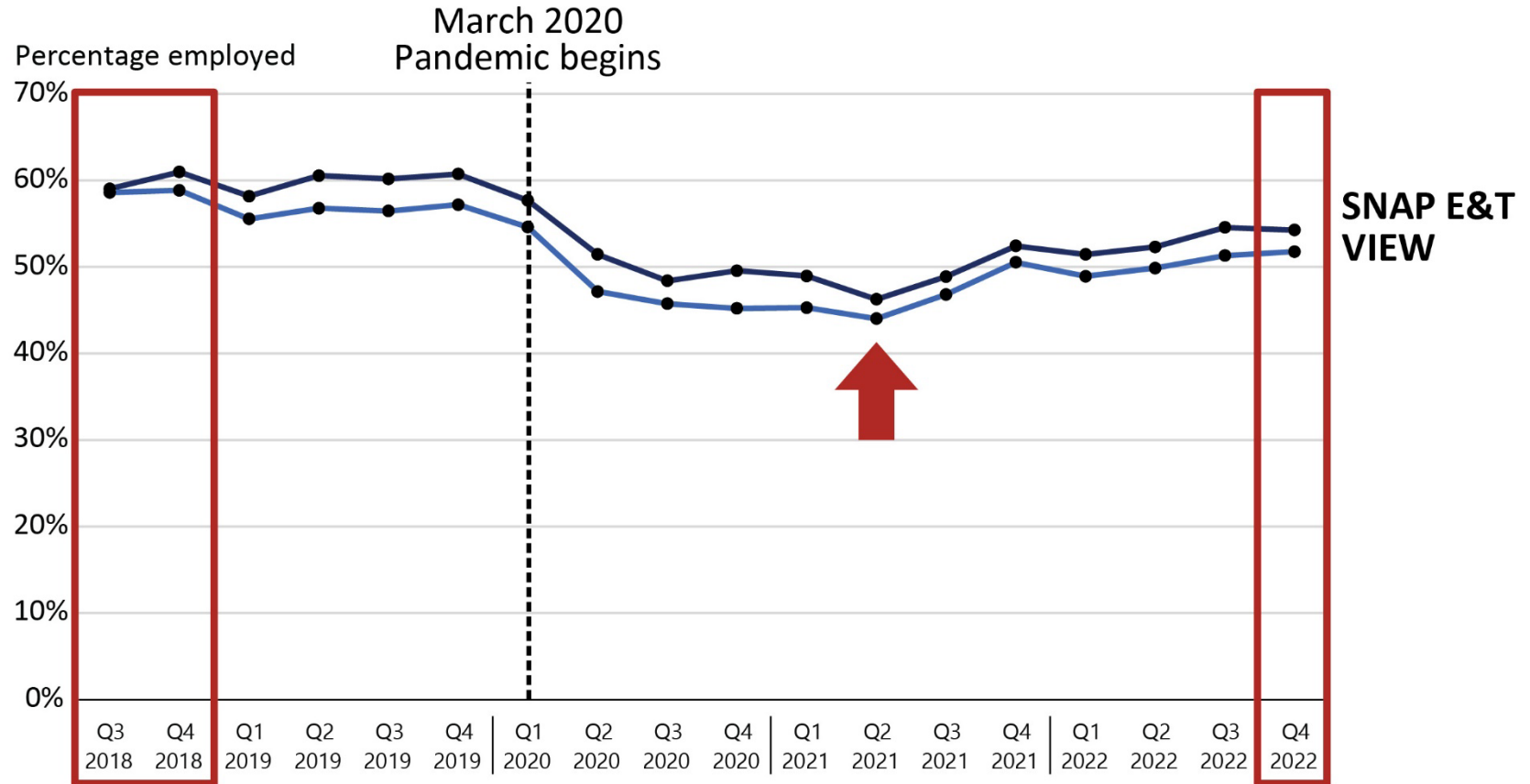
Few Virginians in poverty qualify for TANF-VIEW because of stringent eligibility thresholds



Finding

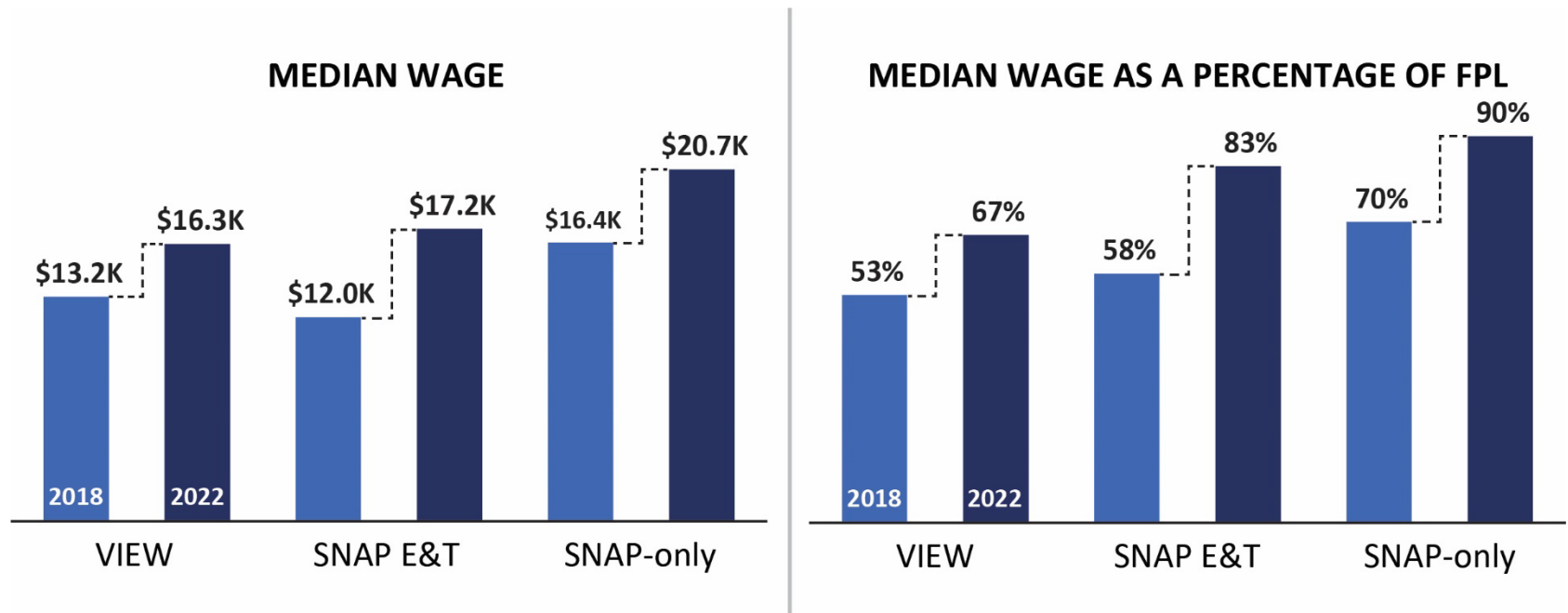
VIEW and SNAP E&T clients make limited progress toward self-sufficiency over time, consistent with experiences in other states and conclusions drawn by national research.

Employment rate for self-sufficiency clients did not increase over time



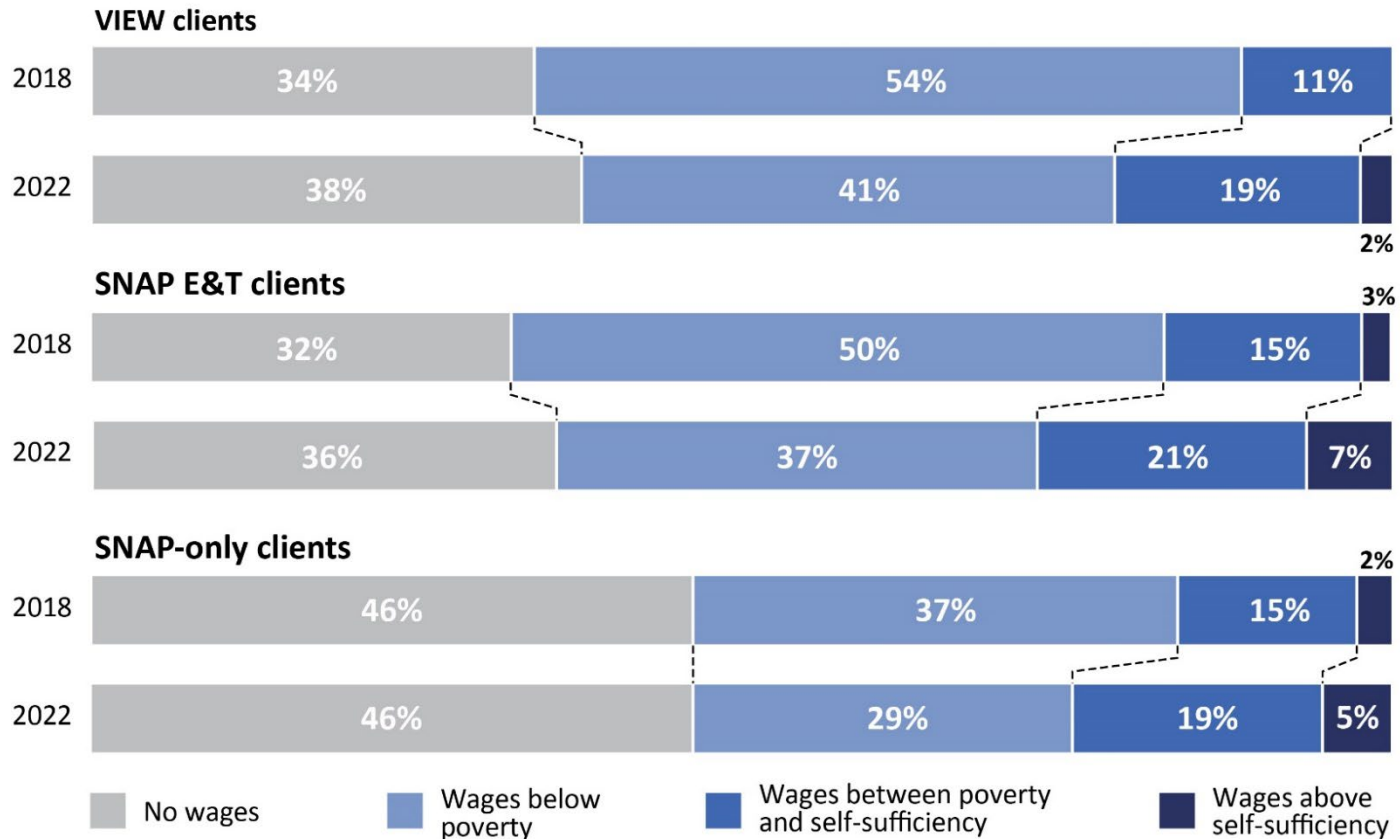
NOTE: Reflects employment rate for non-disabled eligible adults (age 18–49) who were enrolled in VIEW or SNAP E&T for any period of time between 1/1/2018 and 6/30/2018.

Median wages of participants increased, but income remained below poverty four years later



NOTE: Reflects median wages for non-disabled eligible adults (age 18–49) who were enrolled in VIEW or SNAP E&T for any period of time between 1/1/2018 and 6/30/2018.

Few clients earned wages exceeding the self-sufficiency standard four years later



NOTE: Reflects wages relative to poverty rates and self-sufficiency standard for non-disabled eligible adults (age 18–49) who were enrolled in VIEW or SNAP E&T for any period of time between 1/1/2018 and 6/30/2018.

In this presentation

Background

Self-sufficiency program participants' outcomes

Self-sufficiency program operations and design

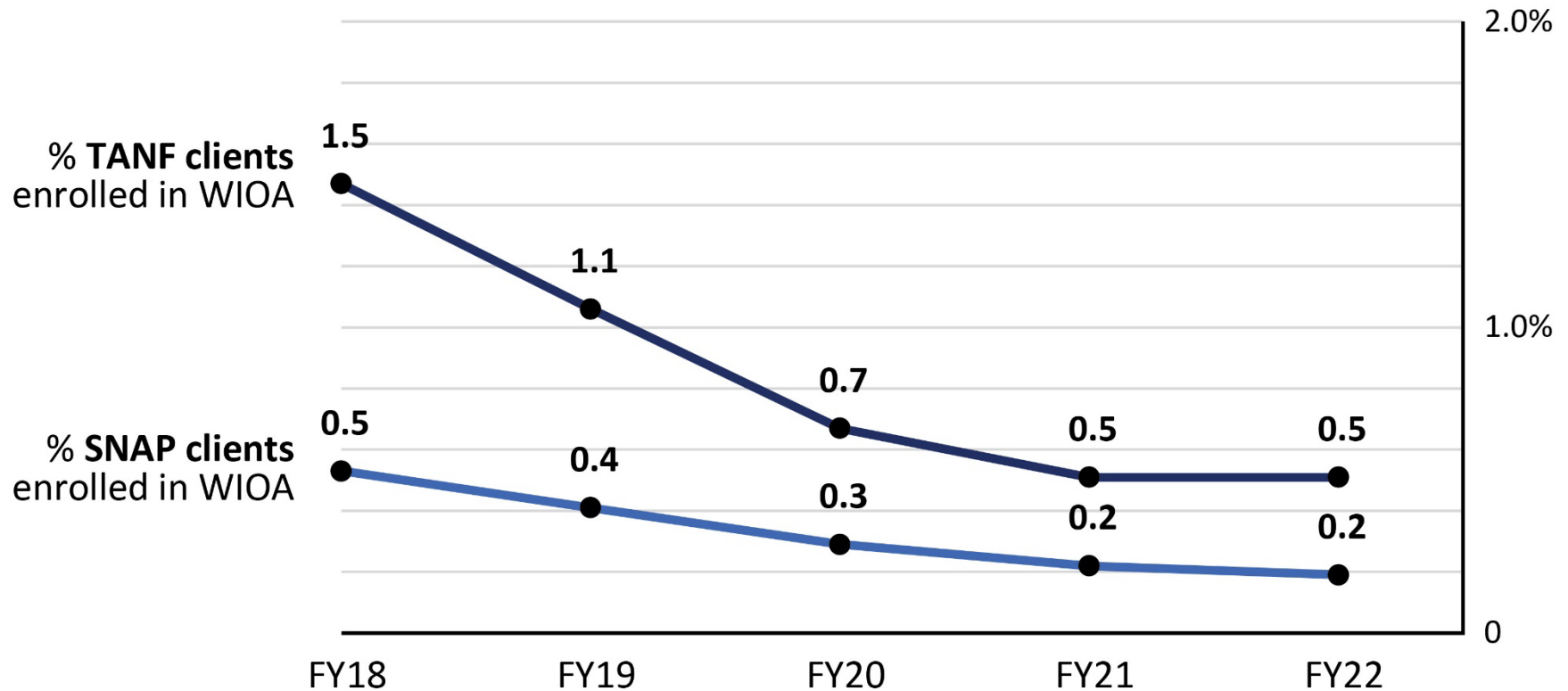
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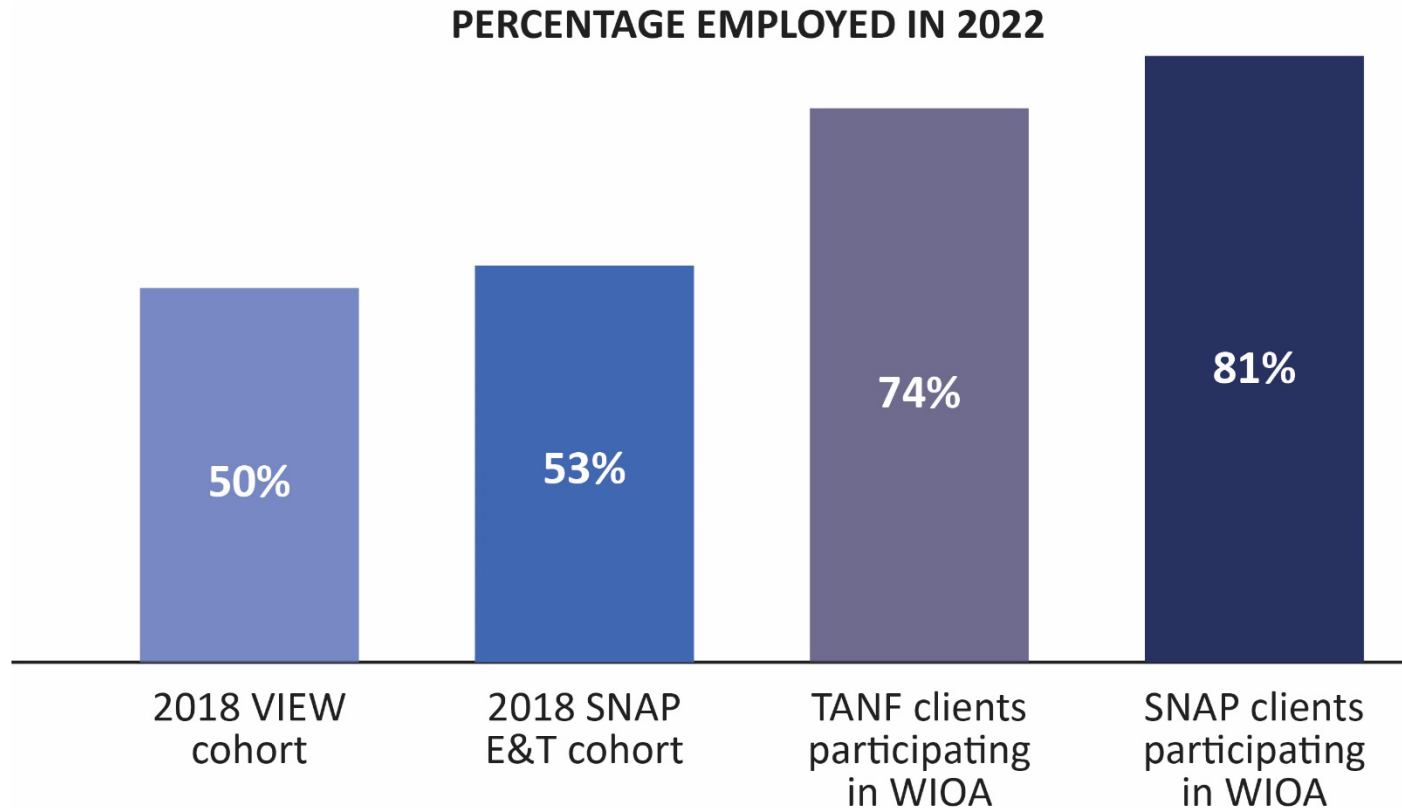
Few TANF-VIEW and SNAP participants use the state's workforce development programs, in part because of poor coordination between the social services and workforce development systems.

Few self-sufficiency clients use the state's workforce development system



NOTE: Reflects participation in the Workforce Innovation and Opportunity Act (WIOA) Title 1 programs. WIOA programs identify only if participants are concurrently enrolled in TANF or SNAP, do not identify VIEW or SNAP E&T. SFY 2023 case counts were not available at the time of the report.

Employment rates were higher for self-sufficiency clients using workforce development services



NOTE: Reflects employment rates for participants in the Workforce Innovation and Opportunity Act (WIOA) Title 1 programs two quarters after they exited the program.

State has done little to encourage self-sufficiency clients to participate in workforce development

- Self-sufficiency clients are natural fit for workforce development system
 - In need of employment or training services to improve employability and earning potential
- Low participation is long-standing problem (2005 JLARC study)
- State does not have plan for how systems should coordinate
 - State law requires secretary of HHR to develop VIEW/workforce development collaboration plan

Workforce development regions and local departments often lack written agreements

- Memorandum of understanding (MOU) is only formal mechanism requiring coordination of VCWs and local departments of social services
- Only 47 of 120 local departments of social services included on MOUs with workforce regions
 - State statute requires regions to sign an MOU with each entity delivering services in region
- VBWD policy requires just one entity delivering VIEW and SNAP E&T in a workforce region to sign the MOU

* VCW – Virginia Career Works centers; VBWD – Virginia Board of Workforce Development

State could take other actions to foster coordination

- Local departments of social services and Virginia Career Works centers (VCWs) had varying understanding and awareness of each other's programs
- State has aspirational goal to create a “no wrong door” approach and have local department of social services staff located at all VCW comprehensive centers
- Most VCWs have no physical co-location with social services programs
- VCW staff co-locating at local departments of social services would provide self-sufficiency clients access to workforce development services

Recommendations

Board of Workforce Development should rewrite policy to require each local workforce development board to develop and enter into memoranda of understanding with each local department of social services in their region.

General Assembly may wish to consider requiring local departments of social services to develop and enter into memoranda of understanding with their local workforce development board.

Recommendations

General Assembly may wish to consider dedicating portion of federal WIOA funds to co-locate VCW staff at local departments of social services on a part-time basis.

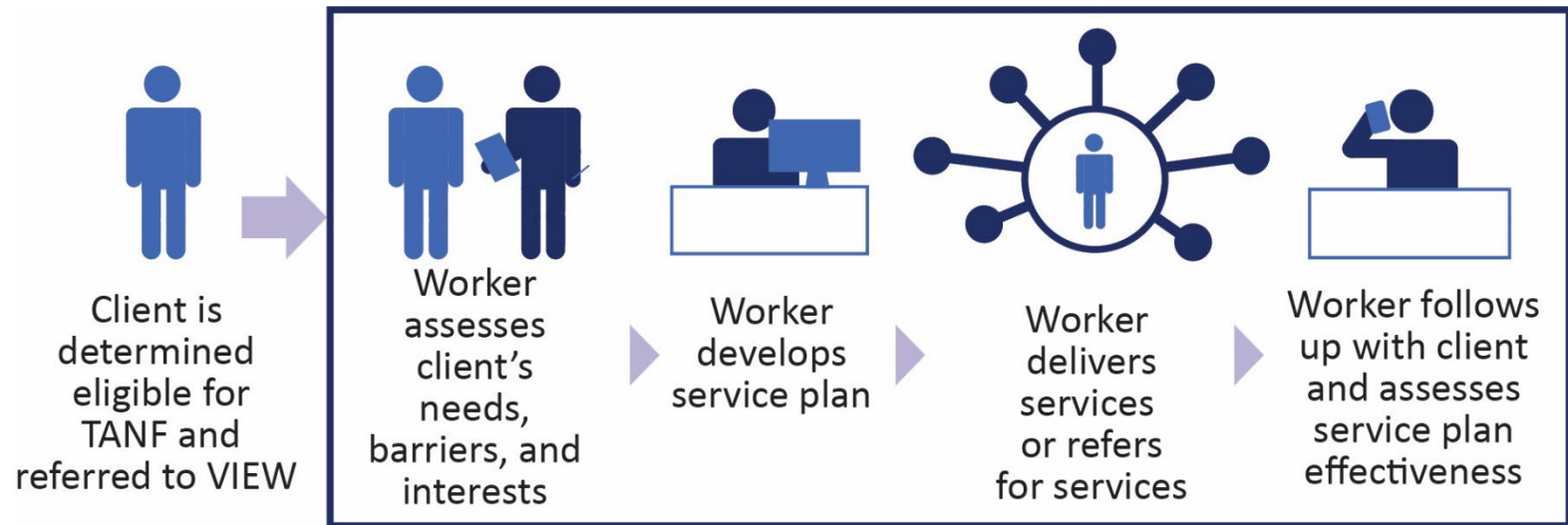
Secretaries of labor and of health and human resources should

- develop region-specific guidance to foster integrated service delivery between social services and VCWs and
- evaluate benefits of moving administration of VIEW and SNAP E&T to Virginia Department of Workforce Development and Advancement and report findings by October 1, 2024.

Finding

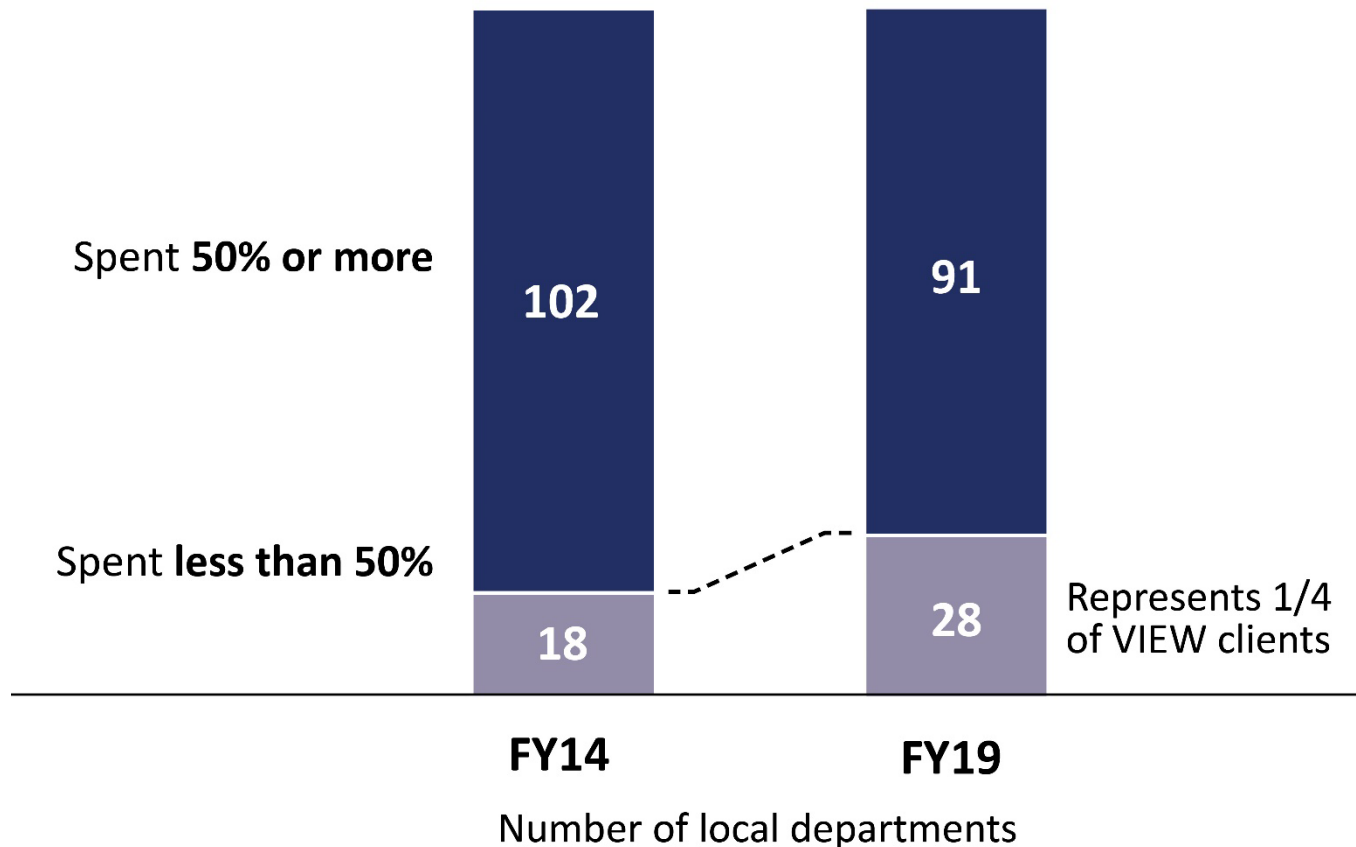
Local departments of social services do not fully spend VIEW funds that could pay for supportive services to address barriers to self-sufficiency, such as transportation and child care.

Local department staff assess clients' needs, design service plans, and deliver/arrange services



- VIEW funds are used to provide services like transportation, child care, work uniforms, tuition for training courses, job-required background checks, occupational or professional licensing fees, safety equipment, and emergency intervention services

Over time, more local departments have been spending less than half of their VIEW allocations



NOTE: FY20–FY23 excluded because of suspension of VIEW participation requirement.

Local departments tend to not use VIEW funds for child care costs, a primary barrier to employment

- Most VIEW participants' primary child care costs can be covered by the child care subsidy program
- Subsidy does not cover costs aside from tuition and \$100 registration fee, like activity or transportation fees
- Local departments of social services *can* use VIEW funds to pay for these extra costs but majority don't (>60%)
- VDSS guidance is not clear on ability to use VIEW funds to pay for child care costs not covered by the subsidy

Recommendation

The Virginia Department of Social Services should

- evaluate local departments' expenditures of their VIEW allocations at least quarterly and work to ensure departments maximize opportunities to spend funds on “supportive services” and
- revise VIEW policies to encourage local departments to use VIEW funds to pay for child care costs not covered by the child care subsidy program.

Finding

Most self-sufficiency clients do not engage in sufficient work or education/training to meet VIEW program's work requirements.

VIEW clients must participate in work activities to receive financial assistance benefits

- Must work or participate in a work experience, education, or training activity for 30 to 35 hours per week
- Activities that count toward the work requirement include:
 - Traditional employment
 - Subsidized employment
 - Job search
 - Job readiness classes/program
 - Community work experience
 - Public service program
 - On-the-job training
 - Vocational education and training

Most VIEW clients do not meet work participation requirements

| Year | Percentage of clients <u>not</u> meeting work participation rate |
|-----------|--|
| 2016 | 55% |
| 2017 | 63 |
| 2018 | 63 |
| 2019 | 60 |
| 2020 | 71 |
| 2021 | Requirement suspended because of pandemic |
| 2022 | Requirement suspended because of pandemic |
| June 2023 | 77 |

Local departments report that they commonly sanction clients, but not reflected in VDSS data

- Sanctions are suspension of TANF payments for clients who do not comply with program requirements
 - State policy requires local departments to sanction clients by suspending TANF payments for at least one month when the work activity requirements are not met
- Local departments reported commonly sanctioning clients for non-compliance
- VDSS data on sanctions shows far fewer sanctions being issued than the number reported by local departments

Recommendation

VDSS should monitor whether local departments of social services are properly sanctioning clients who are not meeting VIEW work requirements.

Finding

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

Most VIEW clients worked in industries with low wages, part-time hours, and irregular work

- Majority of employed clients in JLARC's cohort (69 percent) worked in industries and jobs with low wages, irregular hours, and limited opportunity for advancement
 - Examples of these industries include administrative and support services (e.g., temp services, call centers), retail, home health, and restaurants
- Consistent with experiences in other states, few employed clients earned wages that met self-sufficiency standard, even if working full-time
- Studies in other states found that clients who work typically have low wages and irregular employment

Several strategies may better incentivize clients to build skills and pursue higher paying jobs

- Reduce emphasis on immediate assignment to job search and increase emphasis on skill-building activities
- Focus assessment and planning on short- and long-term client needs and outcomes
 - Involve an interdisciplinary team of service providers
 - Develop service plans that integrate VIEW services with those provided by other programs (e.g., WIOA)
- Pay clients to participate in and complete training and skill-building activities to make these activities as or more attractive than a low-wage job

Recommendation

The General Assembly may wish to

- direct the design and implementation of a pilot program for interdisciplinary assessment and planning process for VIEW clients and
- direct the design and implementation of a pilot program to incentivize clients to participate in education and training programs.

In this presentation

Background

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Lack of access to affordable child care is a significant barrier to self-sufficiency

- Parents need child care to be able to work
- Without child care, parents may have to
 - reduce their work hours
 - take lower-level or lower-paying jobs
 - drop out of the labor force
- Reduced household income inhibits achievement of self-sufficiency

Different types of providers offer child care statewide



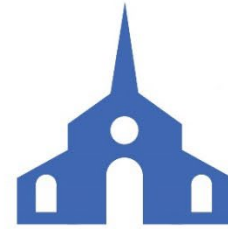
Child care centers



Family child care homes



Schools, community organizations, etc.



Religious institutions



Relatives, neighbors, nannies, au pairs, etc.

- Some child care is regulated by the state and considered “formal” child care, while other child care is considered “informal” (e.g., unregulated care by relatives)
- There are 6,700 formal child care providers in Virginia
 - No accurate data on number of informal providers

Finding

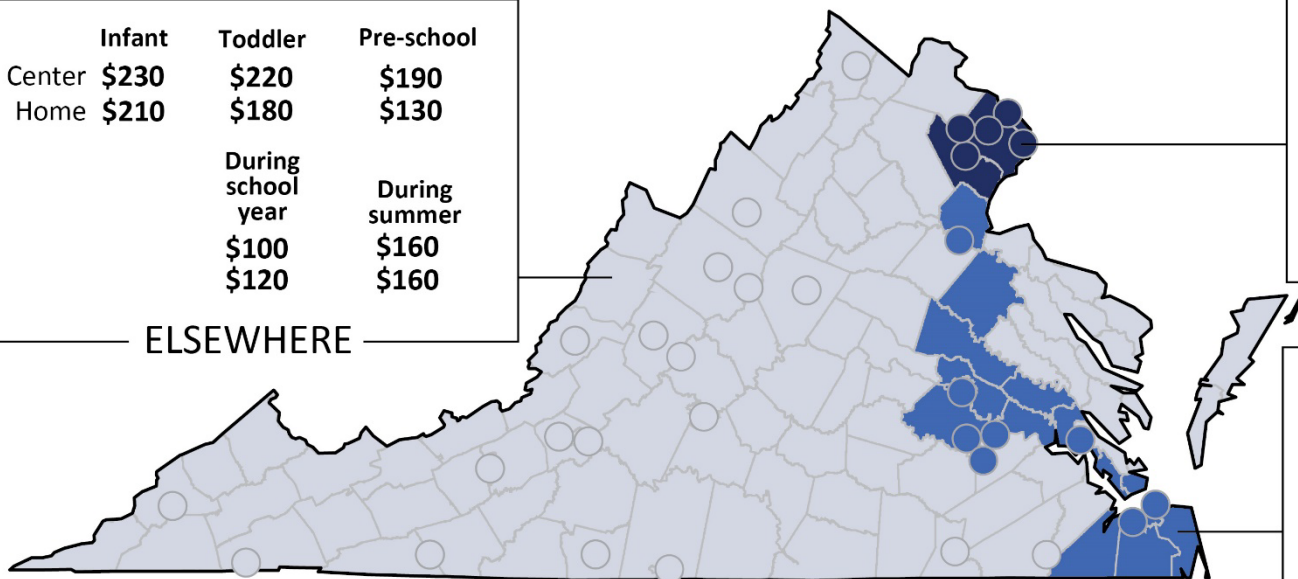
Child care is unaffordable for many Virginia families statewide, especially those with young children.

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

Average weekly rates

| | Infant | Toddler | Pre-school |
|--------|--------|--------------------|---------------|
| Center | \$230 | \$220 | \$190 |
| Home | \$210 | \$180 | \$130 |
| | | During school year | During summer |
| | | \$100 | \$160 |
| | | \$120 | \$160 |

ELSEWHERE



| | Infant | Toddler | Pre-school |
|--------|--------|--------------------|---------------|
| Center | \$440 | \$420 | \$340 |
| Home | \$340 | \$320 | \$310 |
| | | During school year | During summer |
| | | \$170 | \$350 |
| | | \$190 | \$260 |

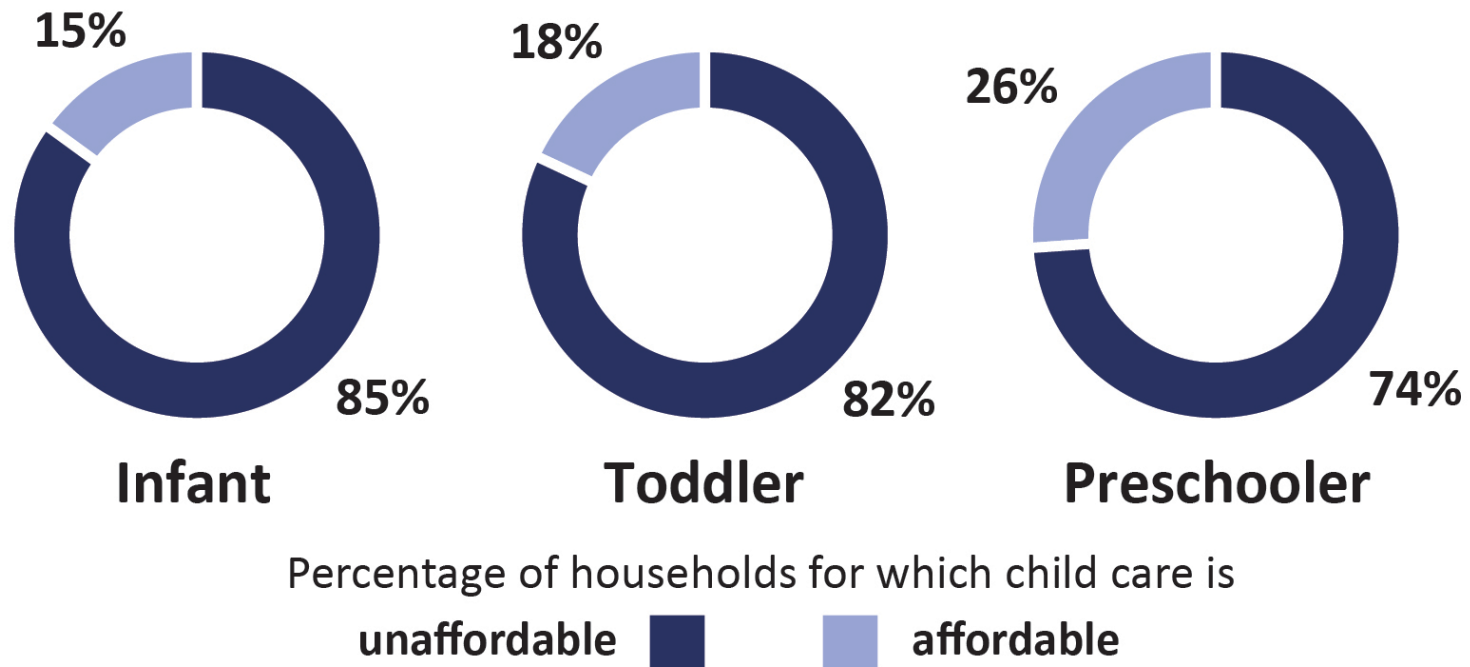
NOVA

| | Infant | Toddler | Pre-school |
|--------|--------|--------------------|---------------|
| Center | \$320 | \$290 | \$230 |
| Home | \$230 | \$230 | \$210 |
| | | During school year | During summer |
| | | \$140 | \$190 |
| | | \$110 | \$170 |

URBAN CRESCENT

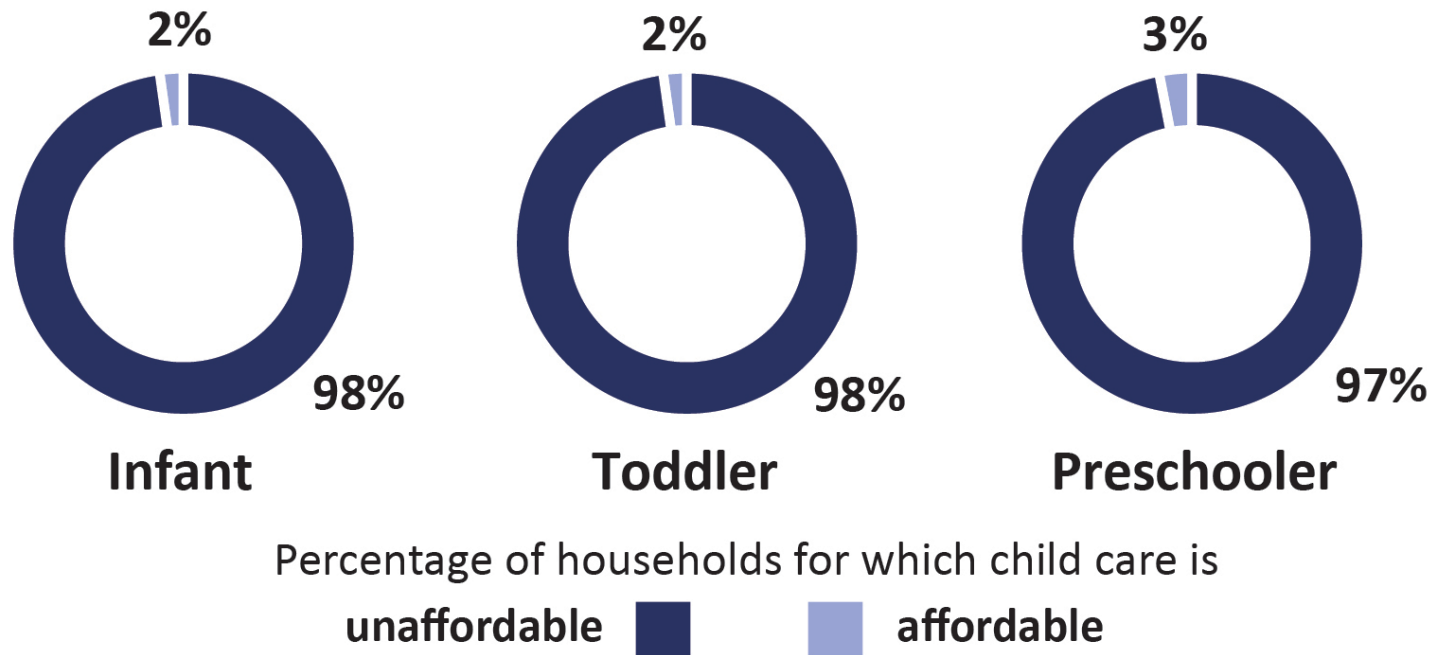
NOTE: Center = child care center. Home = family child care home.

Child care is unaffordable for most Virginia families with young children



NOTE: Federal government considers child care unaffordable if cost >7% of household income.

Child care is unaffordable to nearly all low-income families with young children

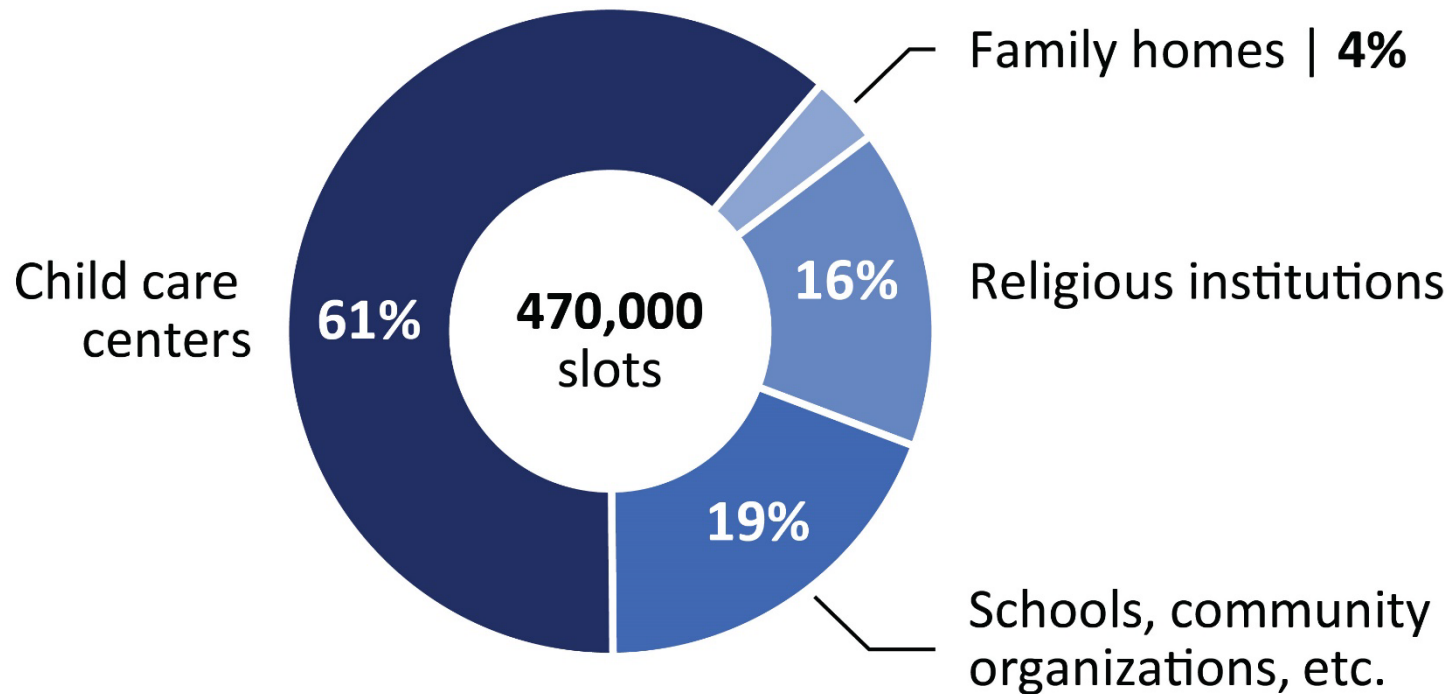


NOTE: Percentage of households with children with incomes below 300% FPL where child care is affordable (7% or less of their income).

Finding

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

6,700 formal child care providers serve up to 470,000 children



NOTE: 470,000 slots = total licensed capacity statewide and does not reflect that some providers operate at less than their licensed capacity.

Virginia needs at least 140,000 more child care slots to meet demand

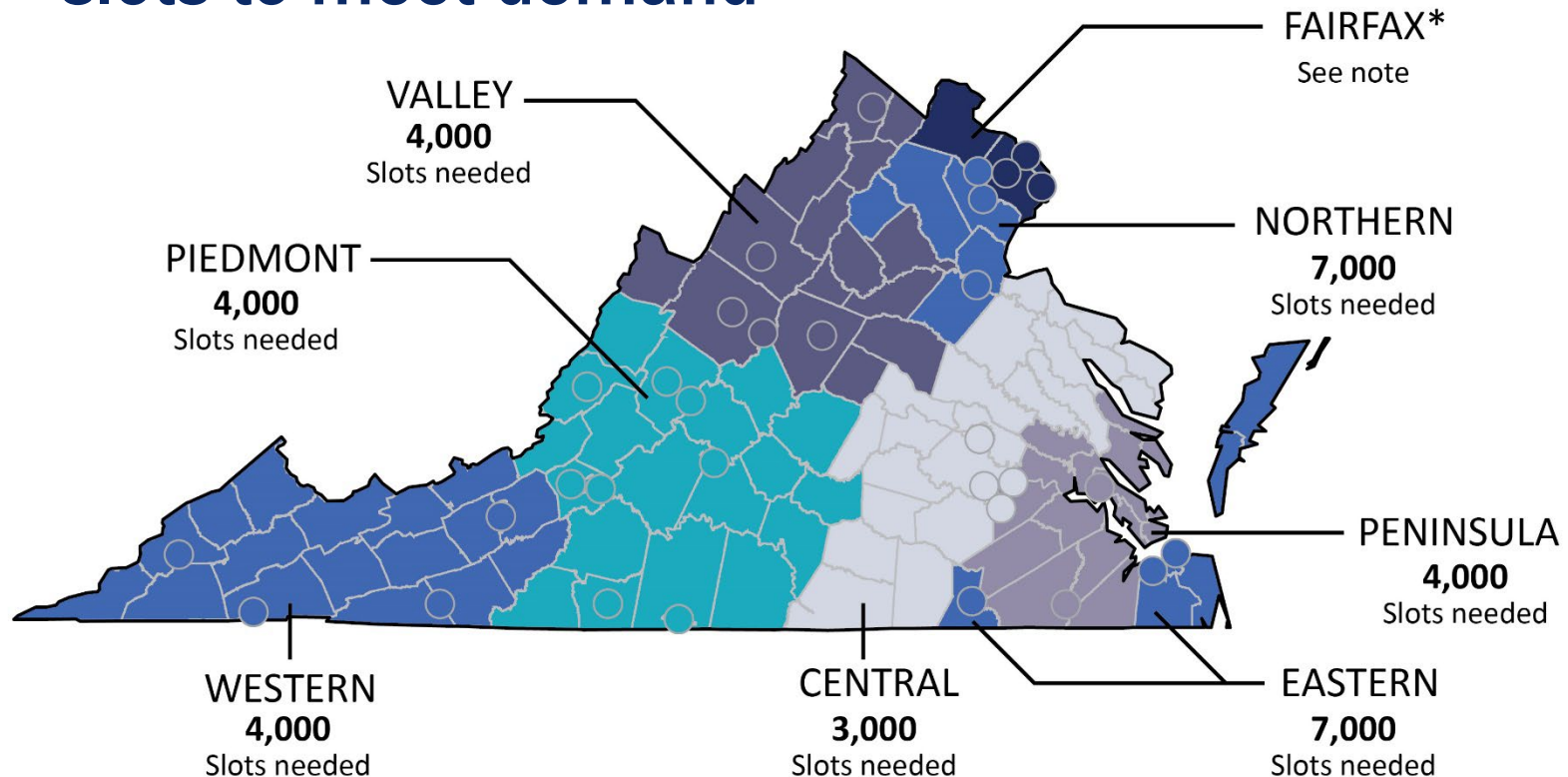


NOTE: Does not take into account affordability of slots. State likely needs more slots to meet demand for affordable child care.

Child care slots for infants and toddlers are especially needed

- Lack of child care for infants and toddlers identified as significant issue
- Virginia needs at least 33,000 infant-toddler slots
 - Does not account for affordability of existing infant-toddler slots, distance to providers, or parent preference for type of care
 - Therefore, need for infant-toddler slots is likely greater
- Largest need in Eastern, Northern, and Western regions

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



*Regional estimates for Fairfax indicate there is not unmet need for infant-toddler care in the region, but these estimates don't account for cost of slots, the fact that families from other regions could be using slots in the region, or families that would prefer formal care but are forced to use informal care.

High costs associated with operating infant-toddler slots may contribute to shortage

- Primary cost of operating child care program is staffing, and the number of staff needed is driven by ratios
- Child care providers required to have more staff for infant-toddler programs because infants and toddlers require more care, attention, and interaction than older children
 - 1 staff member per 4 infants (ages 0 to 15 months)
 - 1 staff member per 5 toddlers (ages 16 to 23 months)
 - 1 staff member per 8 to 10 preschoolers (ages 2 to 4)

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

- Virginia's staffing ratios are similar to other states
 - According to child care providers, increasing the number of children per staff would negatively affect working conditions
 - “if [the number of children per teacher] were any higher, you would have some pretty unhappy teachers”
- Virginia's background check requirements are stricter than other states and federal guidance—can delay hiring
- Material in required staff training is not always applicable and may be a poor use of staff time

Child care providers face major staffing challenges

- Child care workers generally earn low wages
 - Virginia lead teachers earned \$16 per hour in fall 2022
 - Virginia assistants earned \$13 per hour in fall 2022
- Child care providers experience significant turnover
 - 38% for Virginia lead teachers between fall 2021 and 2022
 - 49% for Virginia assistants between fall 2021 and 2022
- Challenges echoed on JLARC survey of child care providers:
 - 66% reported difficulty recruiting staff
 - 27% reporting difficulty retaining staff

In this presentation

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State's role in child care has historically been limited

- State role limited to
 - Administering child care subsidy program
 - Licensing and regulating providers
 - Funding early childhood development programs (e.g., VPI)
- State has recently become more involved in quality of child care

VPI = Virginia Preschool Initiative

Finding

Child care subsidy improves access and affordability, but federally funded expansions will end in FY24.

State used federal COVID-19 funding to expand subsidy access

- VDOE used ~\$380M in federal COVID-19 funding in FY23 and FY24 to pay for expansions to subsidy program
 - increased reimbursement rates for subsidy vendors
 - expanded eligibility criteria for families with young children
 - reduced copayments
 - allowed parents looking for work to qualify
 - eliminated waitlists
- # of children receiving subsidized care increased by more than 50%
- Average monthly copayment decreased 12% and no family pays >7% of income on child care tuition

Cost of extending all recent expansions is at least \$319M annually

- Appropriation Act language authorizing expansions sunsets at end of FY24 and federal relief funds will be exhausted
- Maintaining current program would require additional general funds
 - Maintain all recent expansions = \$319M
 - Maintain most significant recent expansions = \$265M (reimbursement, copays, eligibility expansion, job search)
- Funding would be in addition to ~\$130M base cost of program

Note: Most significant recent expansions = reimbursement rates, eligibility criteria, and copayments.

25,000 fewer children will have access to subsidized care when expansions expire

| | Maintain and fund expansions | Without additional funding |
|--|--------------------------------------|---|
| Number of children receiving subsidized care | 40,000 | 11,600 to 16,000 (~25K children placed on waitlists) |
| Average monthly copayments | \$72 | \$72 to \$82 |
| Program costs | \$319M on top of \$130M base funding | \$130M in base funding |

Finding

Child care subsidy vendor reimbursement processes can be burdensome and time consuming, deterring providers from becoming vendors.

State could replace burdensome “swipe” system with an enrollment-based system

- Currently, subsidy vendors are reimbursed for the days they provide care to children using a “swipe card” system
 - Swipe card system is prone to challenges, including parents forgetting cards, swipe machines not working, and providers having to follow-up on missed swipes
 - “Swiping daily with a card is a hassle. Chasing down parents [when other family members are dropping off] is difficult.”
- Enrollment-based reimbursement system, with an attendance threshold, would encourage more providers to participate

Recommendation

The General Assembly may wish to consider requiring VDOE to issue Child Care Subsidy Program payments to vendors based on enrollment, subject to an attendance threshold, on an ongoing basis.

VDOE and VDSS should develop and implement a process to reimburse subsidy vendors based on enrollment as soon as possible, but no later than January 1, 2024.

Finding

Virginia has implemented most of the strategies used in other states to expand access to affordable child care.

State could consider expanding current initiatives to address child care access

- Virginia has multiple initiatives to (i) reduce cost of child care and (ii) build, stabilize, and support child care workforce
- State could expand some or all of these initiatives
 - e.g., direct more funding to RecognizeB5—a state program that provides retention bonuses to teachers at government-funded programs; direct more funding to Mixed Delivery to create more slots—a state program that funds free preschool for at-risk three- and four-year olds in private early childhood care and education settings

Commission on Early Childhood Care and Education is evaluating improvements to child care

- Focused on expanding access to child care and improving the child care workforce
- Developing recommendations for financing state's early childhood care and education system
- Expected to publish recommendations in October

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