

Subject: Request for more data on unmet childcare subsidy needs
Related Department: DHS

FY 2025 Proposed Budget
Budget Work Session Follow-up

4/10/2024

The following information is provided in response to a request made by Ms. Garvey at the work session on March 14, 2024, regarding the following question:

Provide more data and information on household eligibility and access barriers to receiving the childcare subsidy administered by DHS. How many Arlington children are not being placed in childcare and describe why not?

Arlington Department of Human Services (DHS) administers both the state-funded childcare subsidy as well as a local-funded childcare subsidy program to Arlington households in need of affordable childcare. Historically, there have been barriers to utilizing the state childcare subsidy, so the local childcare subsidy has been made more flexible over the years so that increasingly more households can access either of these two subsidies.

The eligibility requirements for the state childcare subsidy, funded through the Virginia Department of Social Services (VDSS), are the following:

- Low-income Arlington residents who are working, enrolled in secondary or post-secondary education, or looking for work;
- Children served must be U.S. citizens or Lawful Permanent Residents;
- Children served must be under age 13, or under age 18 if they have special needs;
- Children must be age-appropriately immunized;
- Household must meet income qualifications (i.e., a household of four cannot make more than \$4,039 in monthly gross income).

Through this subsidy, fee-paying households pay a flat per-child monthly sliding fee, not to exceed 7% of the household's gross monthly income. Households receiving Temporary Assistance to Needy Families (TANF) who are also enrolled in the VIEW (Virginia Initiative for Employment Not Welfare) program do not pay a fee and are subsidized at 100% per federal mandate.

It is important to note that VDSS updated its eligibility requirements in FY 2024 to include residents looking for work, which is based on a resident's self-attestation. Since the addition of the "looking for work" eligibility requirement, the number of childcare subsidy holders has increased over 38% from 321 children served in FY 2023 to 445

Subject: Request for more data on unmet childcare subsidy needs

children served (as of March 31, 2023) in FY 2024. As the childcare programs grows, funding will be needed for additional staff. VDSS has not yet given Arlington County any additional FTEs.

There are multiple barriers to accessing the state childcare subsidy:

- 1.) Many Arlington childcare providers charge more than what the maximum state subsidy will pay. Households who cannot afford to pay the difference often look for more affordable childcare options outside of Arlington.
- 2.) Many childcare providers in Arlington do not want to take the childcare subsidy, as it requires more paperwork (getting set up as a vendor in the VDSS system to receive payments, submitting monthly attendance records) and because the state pays a month in arrears.
- 3.) Many childcare providers in Arlington do not want to take the childcare subsidy because there is plenty of demand from the private market, and these families pay full market rate and at the beginning of the month.
- 4.) The state childcare subsidy does not pay for households that are undocumented or underdocumented.
- 5.) The state childcare subsidy does not pay for households with parents that are under age 18 (the state requires that the parent signing the application be 18+).
- 6.) While there is currently not a waitlist for the state-funded childcare subsidy, VDSS announced that it would reenact the waitlist in FY 2025 (effective June 1, 2024). This will pose an additional barrier to accessing the state childcare subsidy moving forward.

In an attempt to address these barriers with the state childcare subsidy, DHS has loosened restrictions on the locally funded childcare subsidy program so that more Arlington households can access affordable childcare. The local childcare subsidy addresses many of the barriers experienced with the state subsidy by:

- does not require lawful status for either the parents or the children;
- does not require that parent(s) be at least 18 years of age;
- pays on the first of the month (through DHS' contracted provider);
- pays the full market rate.

However, despite having the local childcare subsidy, DHS has historically not spent the full local childcare subsidy allocation each year, as households are still having a hard time finding available slots in childcare facilities in Arlington and are still competing with the private market.

Due to the lack of available slots in Arlington childcare facilities that are willing to accept the childcare subsidy, or due to the fact that some households enrolled in the state subsidy cannot afford to pay the difference of what the state subsidy pays and the market rate, and/or due to the fact that some households may work outside of Arlington and, thus, prefer to place their children in childcare near their places of work, some Arlington households look for childcare options outside of Arlington. Below is a

Subject: Request for more data on unmet childcare subsidy needs

breakdown of children currently enrolled in the state childcare subsidy, and where they are utilizing their subsidy:

Location	Vendors	Enrollments
Arlington	42	362
Alexandria	19	36
Falls Church	13	26
Springfield	4	9
Annandale	2	8
Woodbridge	2	3
Fairfax	1	1

Total HH's	323
Total Children	445

This data reveals that over 18% of Arlington resident children are attending childcare outside of Arlington, due to one of the aforementioned reasons. Despite having the local childcare subsidy in place, which does help reduce some barriers, DHS has still encountered problems finding childcare providers in Arlington who want to accept subsidy-holding households.

We also anticipate that the Child Care NOFA awards will also provide some additional level of affordability. We anticipate awards to be presented to the County Board later this year.