



# COMMONWEALTH of VIRGINIA

DEPARTMENT OF EDUCATION  
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Date: September 29, 2022  
To: All Approved Child Care Subsidy Vendors in Virginia  
From: Alexandra McPherson, Associate Director, Early Childhood Enrollment, VDOE  
Denise Branscome, Associate Director, Early Childhood Grants and Finances,  
Frank Smith, Interim Child Care Subsidy Program Manager, VDSS  
Subject: Notice of Child Care Subsidy Revised Provider Payment Rates – Effective October 1, 2022

This memo seeks to inform you of the changes to provider payment rates in the Child Care Subsidy Program, effective October 1, 2022.

In response to new language in Virginia's budget, the Virginia Department of Education (VDOE) and the Virginia Department of Social Services (VDSS) have been working together to fund child care programs to 1) meet quality expectations and 2) make public child care more accessible and affordable for families. This will help strengthen Virginia's early childhood system and prepare more children for kindergarten.

These changes are summarized below.

## REVISIONS TO PROVIDER PAYMENT RATES

As required by the state budget, VDOE and VDSS worked with national experts to develop a **cost estimation model** to estimate the cost to meet quality expectations and set Maximum Reimbursement Rates (MRR) based on a percentage of these costs. The model accounts for the cost of meeting basic health and safety standards in Virginia and assumes competitive compensation for staff.

Virginia is increasing the rates to help providers offer more competitive compensation, fully staff classrooms, reduce turnover and meet the demand of working families in Virginia. The new MRR for child care centers and family day homes in the Child Care Subsidy Program go into effect on October 1, 2022.

Vendors should expect to see the increased rates reflected in the November 1 payment. In most localities and age groups, the rates are increasing. In some localities, the rates are staying the same if the estimated cost were at or below the current MRR. **No program will receive a reduction in their payment rate.**

All providers will be paid the MRR for the locality in which their program is located, less any required copayment where applicable. **If the MRR is higher than the rate your program charges the general public, you will still be paid the MRR.** Please note that the vendor

agreement language that prohibits programs from receiving more than the rate they charge the general public is being changed.

If a provider prefers to receive a lower rate than the MRR, contact VDSS.

Note that no action is needed at this time. Providers do not have to take any additional action to receive the MRR. In addition, there are no new or additional requirements associated with higher payment rates at this time. All programs, however, are encouraged to consider increasing compensation, incentives, and/or benefits in order to attract, retain, and better support quality teachers.

Please also remember that all programs that participate in CCSP must participate in VQB5 by August 2023.

## REVISED FAMILY COPAYMENT SCALE

In response to the state budget, VDOE and VDSS restructured copayments in the Child Care Subsidy Program to reduce financial burdens for families and promote consistency with other publicly-funded programs.

The proposed copayment scale will go into effect for all families on January 1, 2023. VDOE will continue to cover family copayments until that date.

## INCREASE IN PAID PLANNED CLOSURES

Child Care Subsidy providers (Level 1 and Level 2) will be paid for up to 15 days of planned closure for holidays, vacations, and professional development or planning time. Juneteenth is now a paid holiday. There are 11 paid holidays, which count toward the 15 total days.

Family Day Home providers will be paid up to 3 days for sick leave.

Child attendance: Level 1 and Level 2 providers may be paid for up to 36 absences per child, per fiscal year (June 1 – May 31).

## WHAT IS NEXT?

You will receive updated Purchase of Services Orders (POSOs) by October 7 stating the new maximum reimbursement rate that will be paid.

The Vendor Agreement is being revised to reflect these new policies. VDSS and VDOE will ask all Vendors to review and sign the revised Vendor Agreement in the coming months. More information will be provided soon.

## QUESTIONS?

Additional details, including the revised MRR tables and copayment scale, are available at [ChildCareVA.com](http://ChildCareVA.com). Please contact [vendor.services@dss.virginia.gov](mailto:vendor.services@dss.virginia.gov) with any questions or concerns.