

Office of Governor Ralph S. Northam

Summary of the Proposed Early Childhood Education State Agency Transition

February 2020

EXECUTIVE SUMMARY

To increase access, strengthen quality and improve school readiness outcomes of its birth to five early childhood care and education system, Virginia must establish a single and durable point of accountability within the Board of Education and the Department of Education.

Governor Northam's 2020 Early Childhood Package includes legislation (SB578/HB1012) and proposed funding to:

- Establish the Virginia Board of Education (BOE) and Virginia Department of Education (VDOE) as responsible for oversight and administration of early care and education out of the home, to create a single point of state accountability for school readiness effective 7/1/2021.
- Transition the Child Care and Development Block Grant (CCDBG) and the Head Start Collaboration Office to the VDOE in phases, with transition fully complete by 7/1/2021.
- Create an Early Childhood Education Advisory Committee to the BOE, which will serve as the state's Early Childhood Advisory Committee (ECAC) as required for federal grants. This Committee will vet policies and regulations and advise the Board of Education on related matters.

This document provides an overview of the proposed phases of transition, and the estimated cost impact per phase for the transition of CCDBG (also called the Child Care and Development Fund) and the Head Start Collaboration Office. Note that this document reflects an intensive interagency effort in response to Governor Northam's Executive Directive 4 as well as extensive stakeholder feedback gathered in the prior year.

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FREQUENTLY USED ACRONYMS

The following list includes acronyms that are frequently used throughout the document:

- BOE means the Virginia Board of Education
- CCDF means the Child Care Development Fund, which is currently managed by VDSS.
- CCSP means the Child Care Subsidy Program
- ECAC means Early Childhood Advisory Council.
- ED4 means Executive Directive 4, which was issued by Governor Ralph Northam in July 2019.
- FERPA means Family Education Rights and Privacy Act, a Federal law that governs access to educational information and records by public entities.
- FTE means Full Time Employee.
- GF means General Funds.
- HHS means the United States Department of Health and Human Services.
- HSSCO means the Head Start State Collaboration Office
- LDSS means Local Departments of Social Services.
- MOU means Memorandum of Understanding.
- NGF means Non-General Funds.
- OAG means the Office of the Attorney General for Virginia.
- PDG means the Preschool Development Grant Birth through Five, which is managed by VDOE. This grant has been extended to run through 2023 and will include multiple cohorts of community participants.
- VDSS means Virginia Department of Social Services.
- VDOE means Virginia Department of Education.

SUMMARY OF THE TRANSITION TIMELINE

Month	Key Activities and Milestones
February 2020	<ul style="list-style-type: none"> • Collaborative design of new licensing platform begins once VITA signs off
April 2020	<ul style="list-style-type: none"> • VDSS and VDOE finalize MOU for transitioning Quality and interim transition staff • VDSS Quality staff and contracts begin move to VDOE • VDOE begins hiring transition staff (as needed) through collaborative agreement with VDSS
June 2020	<ul style="list-style-type: none"> • All Quality staff at VDOE by 7/1 (8 FTE including Head Start Collaboration Office Director) • Review of CCDF Quality contracts begins to identify changes needed for Practice Year
July 2020	<ul style="list-style-type: none"> • VDSS and VDOE finalize MOU for transitioning Licensing
August 2020	<ul style="list-style-type: none"> • Plan for CCDF transition due (8/15)
October 2020	<ul style="list-style-type: none"> • VDSS and VDOE finalize MOU for transitioning oversight of Child Care Subsidy Program • Early Childhood Advisory Council (ECAC) begins
December 2020 / January 2021	<ul style="list-style-type: none"> • Update on transition due to General Assembly (12/1) • DOE begins hiring for expected vacancies (i.e., DSS staff indicate that they are NOT going to transition) for a start date of 6/29
April / May 2021	<ul style="list-style-type: none"> • Draft guidelines for unified measurement system practice year and review with ECAC
June 2021	<ul style="list-style-type: none"> • Quality contracts aligned for Practice Year • Licensing/Subsidy Central Office staff move to DOE on 6/29-6/30 (as appropriate)
July 2021	<ul style="list-style-type: none"> • Transition of licensing and oversight of subsidy as of 7/1 • DOE CCDF Lead Agency as of 7/1
December 2021	<ul style="list-style-type: none"> • Update on transition due to General Assembly (12/1)

PHASE I: TRANSITION QUALITY AND BEGIN BUILD OF UNIFORM MEASUREMENT SYSTEM

Timeframe:

4/1/ 2020 – 12/31/2020

Objectives:

In Phase I, the state seeks to achieve the following:

- Complete the first year with community pilots (PDG Cohort 1),
- Expand to include more community pilots (PDG Cohort 2),
- Begin design of uniform measurement system, and
- Transition CCDF Quality staff and contracts from DSS to DOE.

Personnel, Programmatic and Fiscal Impact:

Personnel Summary on Phase I:

- 8 FTEs move from VDSS to VDOE (7 for Quality Programs, 1 Head Start Collaboration Office)
- No new hires are required at VDOE as there is sufficient existing management and administrative capacity to supervise the transferred VDSS staff

Please see Appendix A for tables with estimated cost impact for both VDOE and VDSS.

At this time, an estimate of any potential savings during the transition period and over the long-term cannot be determined with any rate of accuracy. However, the unified oversight of existing quality programs for the Virginia Preschool Initiative (VPI) and CCDF will position Virginia to build a uniform measurement and improvement system for all early childhood programs that take public funding in an expedient and aligned manner.

Programmatic Detail on Phase I:

- As of 7/1/2020, VDOE will manage the implementation of Virginia's quality initiatives for VPI and CCDF as well as the professional development initiatives for child care providers. Based on current staffing levels, approximately existing 7 FTE Quality staff, including a quality manager and 3 program consultants and 3 training and education consultants, would transition to the VDOE and be located at Central Office at the Monroe Building. In FY21, key objectives will be to integrate quality measurement and improvement efforts across functions (e.g., preK, child care) as well as use data from field to develop a strategy to align quality initiatives, which will likely include procurement activities for FY22. It should be noted that most of these FTEs participated in ED4 activities in summer 2019 in which the interagency team comprehensively reviewed all current efforts related to quality measurement and improvement in Virginia. Staff will become a part of the Division of School Readiness in the Office of Early Childhood and will report into the Director of Early Childhood who reports to the Chief School Readiness Officer. Staff will be well positioned to work closely with colleagues who support quality measurement and improvement in school-based preschool such as VPI or early childhood special education as well as the PDG core team.

- VDOE will agree to fully meet federal CCDF Child Care quality and professional development program requirements, quality and professional development program requirements set out in the federally approved state Child Care Plan, and VDSS and state requirements for sub-recipient monitoring, fiscal reporting, and quality program reporting and other requirements.
- There will be no significant programmatic changes to quality contracts in FY21. As noted above, staff will focus on analyzing data from Virginia from FY20 to determine how to strengthen and better align quality improvement activities as required by CCDF in future years.
- As of 7/1/2020, VDOE will be responsible for managing the Head Start Collaboration Office and initiatives related to planning and collaboration with Head Start providers in Virginia which receive funds directly from HHS to provide Head Start child care and wrap around services for low-income households. VDSS and VDOE are working with HHS to execute the necessary changes so that the contract would shift to VDOE from VDSS. Based on current staffing levels, transitioning the Head Start Collaboration Office would require 1 existing FTE to transition to the VDOE from DSS and would be located at VDOE Central Office at the Monroe Building. Director will report directly to the Chief School Readiness Officer who reports to State Superintendent. Director will be well positioned to collaborate closely with team members who support state pre-K, early childhood special education, and, ultimately child care as well as to establish linkages with K-12 at the VDOE.

Fiscal Detail on Phase I:

- VDSS and VDOE will establish a MOU to address quality initiatives including staff and contracts. As VDSS will remain CCDF Lead Agency, VDSS will contract with VDOE through an MOU to manage these initiatives and VDOE will invoice VDSS. It is estimated that this impacts \$723,469 in NGF personnel costs that would transition to VDOE for FY 2021.
- There would be no significant changes to the \$11,850,168 in 16 quality-related contracts funded with NGF that support Virginia Quality, Impact Registry, Infant and Toddler Specialist Network, Resource and Referral, Smart Beginnings and other efforts statewide. These contracts also cover the necessary information technology systems that support the current Quality initiatives (e.g., Impact Registry).
- Transition of the Head Start Collaboration Office impacts \$175,000 in NGF, including approximately \$70,000 in contracts. These contracts also cover the necessary information technology systems (e.g., Head Start Association website).
- The transfer of these contracts from VDSS to VDOE will require approval from the vendors.
- There are no major transition costs expected. Any minor costs related to moving staff or information technology changes can be covered with NGF.

PHASE II: PREPARE FOR TRANSITION OF LICENSING, SUBSIDY OVERSIGHT AND CCDF LEAD AGENCY RESPONSIBILITY

Timeframe:

1/1/2021 to 6/30/2021*

Objectives:

In Phase II, the state seeks to achieve the following:

- Prepare for the transition of CCDF Licensing from DSS to DOE,
- Develop new licensing system,
- Prepare the transition of CCDF child care subsidy oversight and policy responsibility from DSS to DOE,
- Scale Pilots (PDG Cohort 3),
- Launch Early Childhood Advisory Council (ECAC), and
- Establish guidance and align supports for statewide “practice year” of uniform measurement and improvement system.

Personnel, Programmatic and Fiscal Impact of Phase I:

Personnel Summary on Phase II:

- 4.5 new FTEs will be required at VDOE to support a seamless transition

There is also an estimated \$400,000 costs at VDOE related to the transition to cover expenses related preparing for the facilities related needs and move of staff from VDSS to VDOE on 7/1/2021. FY21 GF appropriation provided in the introduced budget.

Please see Appendix B for tables with estimated cost impact for both VDOE and VDSS.

At this time, an estimate of any potential savings during the transition period cannot be determined with any rate of accuracy. However, actions accomplished during this phase will enable a smooth transition in the last week of June/first week of July of 2021.

Programmatic Detail for Phase II:

- VDSS and VDOE will execute at least two separate MOUs during this period to lay out all details and contractual arrangements for the transition of licensing and oversight of the child care subsidy program. See Appendix D for more detail on what will be included in MOUs. VDSS and VDOE plan to complete the first MOU by August 2020 and the second by October 2020 to allow for adequate time to report to General Assembly and address any unexpected costs for FY22 that may be realized in time for the Governor’s Budget.
- VDOE will hire 4.5 FTE including a manager to support the transition, a project manager to support design/build of the licensing platform and HR and fiscal staff who would likely start after 1/1/2021 to be in place to support transition activities leading up to 7/1/2021.

- Additionally, it is expected that 1 FTE at the Attorney General's office will be needed to support the MOU efforts in FY21 and to work with VDOE to support CCDF-related activities after 7/1/2021.
- VDOE will also launch the Early Childhood Advisory Council (ECAC) using existing staff but will also hire an Assistant Director of Policy to manage this entity as well as be responsible for producing new uniform measurement and improvement system guidelines and regulations as well preparing for the transition of licensing and subsidy regulations. This individual will produce a crosswalk of how CCDF regulations align with other early childhood regulations, policies and guidelines and begin advising the Board of Education in preparation for the transition.
- VDSS will use existing Division of Licensing staff to support the planning work related to the transition of the licensing function. Many of these same staff will transition to VDOE in FY2022.
- VDSS and VDOE staff will work collaboratively on the design and build of the new licensing platform that can be used with both adult and child centers starting in FY22. The goal is to build two discrete applications on a shared state platform that enables both functions to adapt the technology to meet user needs over time. This will likely require new devices in the field which will be funded with NGF and GF based on current cost allocation arrangement. Devices would then transition with staff to VDOE after 7/1/2021. This project will be funded with NGF and GF contained in the Governor's introduced budget. VDSS has existing staff to support this endeavor while VDOE will both use existing staff and hire a project manager/system administrator early in FY21. These staff will also develop a "Plan B" on how to use the Dolphin application if needed after 7/1/2021 across the agencies (i.e., creating a copy) and existing devices would transition with staff.

Fiscal Detail for Phase II:

- As part of the MOU process, VDOE and VDSS will address any transition costs beyond the \$400,000 in GF in the proposed budget. It is expected that personnel costs related to the transition may be covered with NGF.

PHASE III: COMPLETE TRANSITION OF LICENSING, SUBSIDY OVERSIGHT AND CCDF LEAD AGENCY RESPONSIBILITY

Timeframe:

7/1/2021 to 6/30/2022

Objectives:

In Phase III, the state seeks to achieve the following:

- Complete transition of child care licensing oversight, policy development, and operations,
- Transfer the responsibility and funds of CCDF from DSS to DOE whereby DOE is the official “lead agency” as recognized by the federal Department of Health and Human Services and contracts back with DSS for the operations of the child care subsidy program,
- Establish new measurement and improvement system regulations, and
- Complete statewide “practice year” for the new Quality system in which all publicly-funded programs (VPI, child care subsidy, and Head Start) must participate; results are for learning purposes there are no consequences or financial incentives.

Personnel, Programmatic and Fiscal Impact of Phase I:

Personnel Summary on Phase III:

- 160.5 FTEs at VDOE (150 of whom were transferred from VDSS)
 - In addition to the 4.5 new FTEs from Phase I, VDOE will need at least 6 new central office FTE positions to support CCDF licensing, subsidy and administrative activities VDOE will need to name a CCDF Administrator.
 - Based on current staffing levels, child care licensing would require 142 FTEs at the VDOE with 99 inspectors and other field staff and 43 administrators, directors and central office staff such as consultants, IT administrators, fiscal and policy staff. These existing positions will be transferred from VDSS.
- 154 FTEs at VDSS
 - To sustain the CCDF subsidy operations at VDSS, approximately 26 FTEs will remain at VDSS including personnel in administration (2 FTE and 1 Wage), business systems (3 FTE), operations (7 FTEs and 3 Wage), subsidy-general (2FTE), regional subsidy (5 FTE), local staff training (2 FTE and 1 Wage) and Child Care Subsidy vendor relations (5 FTE and 2 Wage).
 - An estimated 89 FTEs will be needed to sustain licensing for adult living facilities as well as the Child Welfare Unit, which includes 155 child placing agencies, 25 children’s residential facilities, 4 child caring institutions, and 1 independent foster home. This includes 39 FTE inspectors and other field staff and 43 FTE administrators, directors and central office staff such as consultants, IT administrators, fiscal and policy staff. The additional GF needed to support these staff is discussed in the fiscal detail below.
 - To sustain criminal background check operations at VDSS, approximately 39 FTEs will remain at VDSS.
 - Cost allocation for certain administrative personnel at VDSS will be adjusted to account for the transfer of CCDF Lead Agency responsibility and oversight of the grant; this will not significantly affect these staff. The additional GF needed to support these staff is discussed in the fiscal detail below.

Programmatic Detail on Phase III:

- As of 7/1/2021, VDOE will be the official lead state agency for the Child Care and Development Fund (CCDF) which pays for subsidizing the cost of child care for low-income households and improving the quality of child care. The CCDF funds will come to VDOE from the federal Department of Health and Human Services and the Governor's introduced budget reflects this shift in FY 2022.
- As of 7/1/2021, VDOE will be responsible for the development and promulgation of policy and regulations related to the child care subsidy program, the quality standards and quality programming for early childhood education, and the implementation of health and safety licensing standards for child care facilities.
- These child care licensing regulations and the child care subsidy regulations will move over in their current form from the State Board of Social Services to the Board of Education, effective 7/1/2021.
- As noted in Phase II, VDOE will enter into a MOU with VDSS for the administration of the child care subsidy program. This responsibility includes: 1) the allocation of funds to and training and oversight of local departments of social services to continue to perform eligibility determination, counseling, and case management to low-income families; 2) managing child care providers by approving their participation in the program, reimbursement for services delivered, and providing call center services for their interaction with the state; and 3) coordinating with the Department of Health to promote participation of child care subsidy providers in the Child and Adult Care Food Program to increase healthy meals provided to low-income children to reduce food insecurity. This will minimize disruption for both families and providers. This also enables Virginia to maintain the ~\$12 million of local funds contributed by local governments for staff and operations at local departments of social services which is used as match for the federal grant. The MOU will also cover all information technology needs including the case management software, website, and technology needed to do eligibility and make payments to providers. VDSS and VDOE will also work collaboratively to produce all necessary reports, ensure quality assurance, address potential fraud and prepare for any audits or external reviews.
- The responsibility for regulating child care providers will move from the State Board of Social Services to the State Board of Education. VDOE will be responsible for implementation of the licensing regulations and managing the licensing inspectors that inspect the 6,082 licensed child care providers, training of child care providers, and taking the appropriate action when a child care provider fails to meet licensing laws and regulations. DOE will also be responsible for health and safety inspections the approximately 600 unlicensed child care providers who receive child care subsidy. Note that all of these programs that take public funding would also be part of the state's new uniform measurement and improvement system under VDOE.
- Based on current staffing levels, child care licensing will require approximately 142 FTEs at the VDOE with 99 inspectors and other field staff and 43 administrators, directors and central office staff such as consultants, IT administrators, fiscal and policy staff. These existing positions will be transferred from VDSS. Licensing inspectors housed throughout the Commonwealth in various buildings with different lease arrangements will maintain their current office space and

the current shared cost allocation of those leases until each respective lease comes due. With the new licensing system, it is anticipated that most licensing inspectors in the field will telework to increase efficiency and reduce costs.

- The key functions for licensing personnel will remain the same in FY22 as the regulations will transfer over as-is. However, it is expected that expectations will evolve over time as VDOE implements the uniform measurement and improvement system for all publicly-funded programs, uses all health, safety and quality data to inform and align improvement supports and seeks to achieve efficiencies across the Division of School Readiness. VDOE expects to provide training, coaching and other supports to staff in out-years to drive this change management.
- As part of the Licensing MOU, DOE will contract with DSS for the administration of the criminal background checks for child care providers as of 7/1/ 2021 in order to comply with recent changes to federal law to require a specific set of background checks for child care employees.
- DSS will continue to license child placing agencies, children’s residential facilities, child-caring institutions, independent foster homes, and adult living facilities. For detail, see Appendix E.
- VDOE will need to inform HHS, establish a new cost-allocation agreement and amend the state plan to account for the transition. As of 7/1/2021, VDOE will be solely responsible for the state plan and all reporting required by HHS as well as reports required by the General Assembly.

Fiscal Detail on Phase III

- As of 7/1/2021, CCDF funds will come to VDOE from the HHS. VDOE expects to transfer \$162,655,795 to VDSS to run the child care subsidy program, including NGF for VDSS staff and systems as well as local staffing.
- VDOE will use an estimated \$18,415,956 in CCDF (NGF) to support the licensing of child care facilities and inspection of subsidy providers.
- The VDOE contract with VDSS for the administration of the criminal background checks for child care providers as of 7/1/2021 will require an estimated \$4,000,000 in NGF (CCDF).
- VDOE expects to use NGF funding to cover new back-office costs directly related to CCDF and to enter into a new cost-allocation agreement with the Feds to cover indirect and administrative expenses.
- To sustain adult licensing activities, an additional \$2,130,394 in General Fund and 8 positions will be provided to DSS to maintain this level of service. These funds are currently included in the Governor’s proposed budget.
- VDSS will also require an additional \$3,055,524 in GF to cover administrative expenses incurred to support core functions at the agency, previously covered through the CCDF cost allocation agreement. These funds are currently included in the Governor’s proposed budget.

ANTICIPATED IMPACT ON AGENCIES AND OTHER STAKEHOLDER GROUPS

VDOE and School Division Impact:

Does VDOE have the expertise and capacity to take on/oversee early childhood care and education?

VDOE and the Division of School Readiness are well equipped for a transition that aligns health, safety and quality expectations for all providers receiving public funds. The Department has a long history in advancing rigorous, developmentally-appropriate academic and quality expectations for children, including more than 20 years administering the Virginia Preschool Initiative, multiple federal preschool grants, including VPI+.

However, with the addition of new responsibilities and new staff transitioning in, the Department will need to increase administrative and programmatic support to ensure that these efforts are successful. These positions are reflected in Phase II and III of the report. It is anticipated that these additional positions would be fully covered with CCDF funds and would not require additional general funds in the short or long term.

Finally, it should be noted that the introduced budget includes \$400,000 in FY21 to cover the moving and facilities costs that are anticipated to prepare for the transferring of staff from VDSS to VDOE by July 1, 2021. These are one-time costs with one time funding.

Does the Board of Education have the expertise and capacity to take on/oversee early childhood care and education?

The Board of Education has experience with complex and interrelated regulations that govern the health, safety and academic programs in public schools from K-12. They also have more than 20 years of experience overseeing the Virginia Preschool Initiative. However, licensing of child care centers is a new body of work for the Board. In order to support the Board of Education in their new responsibilities, including development and implementation of the plan, the bill establishes an Early Childhood Advisory Council to the Board of Education. The bill specifies that membership of the advisory council would include representatives from a variety of stakeholders who are essential to the discussion. Additionally, Governor Northam has recently provided an early childhood education provider to the Board to increase its capacity in this area.

What does this mean for local school divisions?

The proposal means that any public school-based programs would be required to participate in the new uniform rating system (which would be phased in over time). While programs would be consolidated at the state level, it does not consolidate programs at the local level. Therefore, it does *not* mean that local school divisions would be responsible for assessing eligibility, licensing, and regulation of child care.

Additionally, in order to compete for access dollars in the proposed budget, local school divisions will need to engage with other community partners, including local departments of social services, head starts, and private providers, to help shape localities' early childhood systems and the array of quality early care and education options available to families. But the school divisions will not have primary responsibility for running any parts of that outside the schools.

The Virginia Association of School Superintendents is actively supporting the Governor's Early Childhood Education package as introduced.

How does the proposed state agency consolidation related to Preschool Development Grant (PDG)?

The ongoing work at VDOE and in local communities, which has been funded by the federal PDG grants in recent years, primarily supports quality improvement at the local level. These improvements, and the community infrastructure being built with these federal funds has informed, and will continue to inform, statewide approaches to ensuring quality programming for children.

PDG provides an opportunity for pioneering communities to pilot a coordinated approach to developing a unified local network of measurement and accompanying improvement resources. Specifically, PDG funds communities to:

- Prepare for and conduct CLASS observations in all infant, toddler and preschool classrooms
- Gather and enter relevant quality information about all infant, toddler and preschool classrooms (e.g., use of curriculum, professional development)
- Gather and enter information about educators; and
- Use all this data to align professional development and support continuous improvement.

The state will also use this data to design and build the new uniform rating system. Using data and lessons learned from PDG, Virginia Quality, Head Start, and VPI CLASS efforts, Virginia will establish the approach and criteria (i.e., levels) for the new uniform measurement and improvement system proposed in the legislation.

Over the next three years, additional communities will be invited to join PDG, eventually reaching statewide participation by 2022. The funding provided through PDG is critical for supporting educators and program leaders to prepare for the new measurement and improvement system.

Providers that are privately funded will continue to be invited to opt into participating in the uniform quality and measurement system, though this will remain optional. It should be noted that public financial incentives such as tiered reimbursement and educator incentives are limited to those programs that take public funding.

With the proposed legislation, the health and safety oversight for all early learning programs (including those fully privately funded) will move to the VDOE. By housing health, safety and quality oversight in a single agency the Commonwealth will be better able to align those expectations for providers, and inform parents about the quality of programs in their communities, regardless of setting or funding type.

VDSS and LDSS Impact:

How does this impact the remaining work of the Virginia Department of Social Services?

The biggest impact of the transition on VDSS is related to the disentanglement of child and adult licensing. See Phase III and associated appendices of this report for a complete narrative on this component of the transition. There are two items of particular note as it relates to ensuring that all functions are backfilled at VDSS through the transition.

- 1) To sustain adult licensing activities, an additional \$2,130,394 in General Fund and 8 positions will be provided to DSS to maintain this level of service. These funds are currently included in the Governor's proposed budget.
- 2) VDSS will also require an additional \$3,055,524 in GF to cover administrative expenses incurred to support core functions at the agency, previously covered through the CCDF cost allocation agreement. These funds are currently included in the Governor's proposed budget.

What does this mean for local departments of social services (LDSS)?

Currently, local departments of social services are responsible for determining a family's eligibility for financial assistance and regional offices for regulating/inspecting early childhood care and education programs. In this proposal, the local/regional departments and offices (and the relevant personnel) would maintain the responsibility for determining eligibility and for inspections for relevant programs, and would contract with VDOE to deliver these services. This relationship would be similar to the current relationship the local departments have with other state agencies, like the Department of Medical Assistance Services (DMAS) in eligibility and enrollment in the Virginia Medicaid program.

VDOE will also work closely with local departments of social services and other partners as changes are implemented, to ensure that access to care is not reduced, especially for Virginia's most vulnerable working families. Local social services offices will continue to play important roles in helping connect families with comprehensive, two-generation services beyond early childhood care and education.

Will this impact the health and safety standards at early childhood care and education programs currently overseen by the Virginia Department of Social Services (VDSS)?

Ensuring a healthy, safe environment at these programs will remain a top priority for the Commonwealth.

Licensing for health and safety will move to the VDOE as part of the proposed legislation. The existing regulations will move over exactly as is; there will be no changes prior to or during the transition. After July 1, 2021, the VDOE will lead a review and revision process in full compliance with the Administrative Process Act. Stakeholders and representatives of all private and community-based providers will be included in a systematic and comprehensive review of health, safety and quality expectations. The VDOE will continue prioritizing health and safety as the most critical element of a successful early learning experience.

Moving licensing regulations to the Department of Education ultimately enables us to look at health, safety and quality side-by-side as well as how we fund these responsibilities. It will help ensure we are balancing across those important elements, based on research and learnings from the field.

Early Childhood Provider Impact:

What does this mean for religious-exempt programs?

Programs will maintain their current license-exempt status and processes. Because the child care licensing functions, staff and funding would be transferred to the VDOE, the bill language moves the relevant licensing codes sections from the Social Services section of the Code to the Education section of the Code. Other than changing “Commissioner” to “Superintendent”, the licensing and regulatory language is untouched.

What does this mean for Head Start?

The legislation calls for establishing a uniform rating system (which would be phased in over time) for publicly-funded programs serving more than 3 unrelated children, including center-based Early Head Start and Head Start. This aligns with federal expectations that programs are participating in state quality rating systems, and experience Head Start programs already having using CLASS as an observation and improvement tool.

Additionally, the Head Start Collaboration Office, currently housed at VDSS would transfer to VDOE. This would enable better alignment between VDOE and Head Start efforts, and ensure Head Start partners are included as a key partner in the new early childhood system.

VDOE will also work closely with Head Start partners as changes are implemented, to maintain funded enrollment and ensure that access to care is not reduced, especially for Virginia’s most vulnerable families. With its focus on families that are below the poverty level, Head Start remains an essential resource for the most vulnerable families. Head Start will also continue to play important roles in helping connect families with comprehensive, two-generation services beyond early childhood care and education. The VDOE will strengthen its partnerships with Head Start to ensure that Virginia’s most vulnerable families and children are connected to the array of services that enable families to thrive so their children can thrive.

The Head Start Association and the Virginia Association of Community Action Programs are actively supporting the Governor’s Early Childhood Education package as introduced.

What does this mean for child care centers or family day homes?

The bill calls for establishing a uniform rating system for publicly-funded programs, including child care centers and family day homes that take child care subsidy or other public funds for providing care and education. Centers and family day homes that do NOT take public funding would NOT be required to participate but would have the option to if so desired. Homes and centers whose only public funding is the Child and Adult Care Food Program (CACFP) would also be exempt from participating.

Virginia recognizes the importance of having early childhood care and education options in private settings as reflected in the Governor’s proposed budget. By offering families options in diverse settings, Virginia can meet the unique needs of families and maintain access and affordability of infant, toddler and preschool care and education.

The Virginia Child Care Association is actively supporting the Governor’s Early Childhood Education package as introduced.

Does this bill change the way private programs will be licensed?

No. Programs will maintain their current status and licensing processes. This bill does not impose any new requirements on them. In order to move child care licensing functions, staff and funding to the VDOE, the bill language moves the relevant licensing codes sections from the Social Services section of the Code to the Education section of the Code.

After July 1, 2021, the Board and VDOE will revisit the licensing regulations over time in order to align health, safety and quality expectations for providers that take public funds. VDOE intends to engage a broad set of stakeholders, including the new Advisory Council, in a comprehensive process in full compliance with the Administrative Process Act.

Other State Agency and Program Impact:

Will this impact other early childhood programs like home visiting, Early Intervention Part C, WIC, and CACFP move to DOE?

No. The bill only directs the transfer of child care licensing and regulation, oversight of the Child Care and Development Fund federal block grant, and the Head Start Collaboration Office to VDOE. Any other programs will continue to be administered by the agencies with current responsibility for doing so.

The bill also specifies that if an early childhood care provider's only public funding is CACFP, they are exempt from participating in the new quality rating and improvement system.

Broader System Impact:

Will these changes and focus on quality of school readiness services result in a more limited supply of early care and education programs?

This package has been carefully developed so as to increase access and quality for at-risk preschoolers, while simultaneously preserving the supply of infant and toddler care from a diverse set of providers. Every provider type, from family day homes to Head Start to private and religiously affiliated centers to public school classrooms plays a critical role in supporting the school readiness of our children and the ability of our current workforce to be productive. The budget and legislation emphatically call for communities to maximize the role and services Head Start and private providers offer; and work collaborative with the diverse ecosystem of providers to serve as many at-risk children as possible. Additionally, by providing new financial incentives to private providers, the initiatives seeks to support their ability to deliver high quality services.

A priority of the VDOE is to work closely with local departments of social services and other partners as changes are implemented, to ensure that access to care is not reduced, especially for Virginia's most vulnerable working families. In fact, as more uniform quality standards are developed for these programs and support is provided for meeting these standards, it is anticipated this would assist local departments of social services in their efforts to offer a wide array of quality early care and education program options for the families they serve.

Finally, Virginia recognizes that both Head Start and local social services offices play important roles in

helping connect families with comprehensive, two-generation services beyond early childhood care and education. The VDOE will continue to work closely with these partners to ensure that Virginia's most vulnerable families and children are connected to the array of services that enable families to thrive so their children can thrive.

APPENDIX A: PHASE I COST IMPACT

The following table includes estimated cost impact for both VDOE and VDSS. Note that all funding is NGF unless otherwise indicated.

Estimated Cost Impact for Phase I			
<i>Personnel</i>	<i># of Positions</i>	<i>Transitional (Initial)</i>	<i>Long-Term Annual</i>
Quality Staff Positions	7 FTE	\$723,469	\$723,469
Head Start Collaboration Office	1 FTE	\$104,983	\$104,983
<hr/>			
<i>Contracts</i>	<i># of Contracts</i>	<i>Transitional</i>	<i>Long-Term (Annual)</i>
Quality Contracts	16	\$11,850,168	\$11,850,168
Head Start Collaboration Office	2	\$70,017	\$70,017
<hr/>			
<i>Other</i>		<i>Transitional</i>	<i>Long-Term (Annual)</i>
N/A		\$0	\$0

APPENDIX B: PHASE II COST IMPACT

The following table includes estimated cost impact for both VDOE and VDSS. Note that all funding is NGF unless otherwise indicated.

Estimated Cost Impact for Phase II			
<i>Personnel</i>	<i># of Positions</i>	<i>Transitional (Initial)</i>	<i>Long-Term (Annual)</i>
VDOE Staff Positions (new) – Asst. Dir for Special Projects (1FTE) – Licensing Sys. Project Mang./Sys. Admin. (1 FTE) – Asst. Dir. for Policy (.50 FTE) – HR Exec. Dir. (.50 FTE) – HR Specialist (.50 FTE) – CCDF Fiscal Specialist (.50 FTE) – Support Services Specialist (office space, etc.) (.50 FTE)	4.5 FTE	\$767,805	\$1,102,702
OAG Staff Positions – Attorney	1 FTE	\$146,374	\$146,374
<i>Contracts</i>	<i># of Contracts</i>	<i>Transitional (Initial)</i>	<i>Long-Term (Annual)</i>
	N/A		
<i>Other</i>		<i>Transitional (Initial)</i>	<i>Long-Term (Annual)</i>
Move-related costs prior to 7/1/2021 (e.g., moving personnel, setting up office space and/or computers, etc.)		\$400,000 (GF)	\$0

APPENDIX C: PHASE III COST IMPACT

The following table includes estimated cost impact for both VDOE and VDSS. Note that all funding is NGF unless otherwise indicated.

Estimated Cost Impact for Phase III			
<i>Personnel at VDOE</i>	<i># of Positions</i>	<i>Transitional (Initial)</i>	<i>Long-Term Annual</i>
General CCDF/Subsidy/ Administrative Staff	10.5 FTE	\$1,397,181	\$1,397,181
Licensing Staff	142 FTE	\$18,415,956	\$18,415,956
Quality Staff	7 FTE	\$723,469	\$723,469
Head Start Collaboration Office Staff	1 FTE	\$104,983	\$104,983
OAG Staff	1 FTE	\$146,374	\$146,374
Personnel at VDSS			
<i>Personnel at VDSS</i>	<i># of Positions</i>	<i>Transitional (Initial)</i>	<i>Long-Term Annual</i>
Subsidy Staff	26 FTE	\$2,307,727	\$2,307,727
Adult Licensing	89 FTE including new GF for 8 FTEs	\$2,130,394 (GF)	\$2,130,394 (GF)
Criminal Background Checks	39 FTE	\$4,000,000*	\$4,000,000*
Other at VDSS			
<i>Other at VDSS</i>		<i>Transitional</i>	<i>Long-Term (Annual)</i>
CCDF Subsidy Pass- Through		\$139,780,654	\$139,780,654
Subsidy Non-Personnel Services (e.g, call center)		\$1,211,587	\$1,211,587
Child Care System		\$5,865,662	\$5,865,662
Administrative Expenses	TBD	\$3,055,524 (GF)	\$3,055,524 (GF)

*Also includes cost of technology and other expenses required to perform comprehensive criminal background checks as required by law

APPENDIX D: ESTABLISHING MOUS

VDOE and VDSS, in collaboration with the Department of Planning and Budget and Attorney General's office, will produce a MOU for each aspect of the transition: Quality/Head Start Collaboration, Licensing and Subsidy. Doing so will require a small interagency workgroup that will report out to agency heads and the Governor's Office. Note that VDOE and VDSS have experience in developing these types of MOUs from the recent transfers of food and nutrition programs as well as using CCDF to fund staff at the VDOE in FY20. These workgroups will include multiple team members from the Executive Directive 4 initiative in order to ensure expediency.

Each MOU will address the following:

- **Personnel** – Should include number of FTEs, vacancies, whether FTEs are 100% CCDF funded or cost-allocated, work location and key functions performed and how many are estimated to transition
- **Physical Office Capacity and Needs** – Should spell out arrangement for office space and equipment for all functions/staff transitioning
- **Contracts** – Should include all contracts including vendor name, amount, length of contract, how/when procured and key activities performed
- **Technology Needs** – Should indicate what the function's technology needs are, how currently funded and key activities as well as agreements on collaborative design-build of licensing platform
- **Interconnected Technology** – Should include the extent to which operations and technology are interconnected and protocols for how this will be handled
- **Local Allocations** – Should address how local Departments of Social Services (LDSS) will be involved as well as operating/communication protocols for working with LDSS
- **Records, Data and Privacy** – Should address how sensitive materials will be moved and stored and how to balance FERPA and other requirements as relevant to the respective agencies
- **Financing** – Should detail how what funds will be provided, how they will be provided, protocols for quality assurance, reporting and fiscal auditing as well as address any bridge financing needs
- **Communications** – Should include steps that will be taken to ensure clear and consistent communication to staff, partners and vendors as needed to ensure effective change management
- **Stakeholder Engagement** – Should include commitments on engagement with stakeholders in the field (i.e., who is going to communicate what and when)
- **Enactment** – Should spell out specific date and milestones for transition

APPENDIX E: PRELIMINARY ANALYSIS ON SUSTAINING ADULT LICENSING AT VDSS

Current State

DSS oversees the inspection of 6,691 facilities to ensure the health, welfare, and safety of adults and children who are in out-of-home care. Six thousand eighty-two of those facilities (91%) are children’s facilities and 609 (9%) are adult facilities. Under the proposed change of the lead agency for child care licensing, DOE will be responsible for the licensing and inspection of the majority of the child care entities. DSS will continue to be responsible for the Child Welfare Unit, which includes 155 child placing agencies, 25 children’s residential facilities, 4 child caring institutions, and 1 independent foster home as well as all the adult living facilities.

Impact on DSS Staffing

Position	Current Adult Only	Current Child Only	Current Share Staff	Total	Proposed Adult Staff
Director	0	0	1	1	1
Associate Directors	0	0	4	4	4
Licensing Administrators	5	7	4	16	8
Program Techs	8	8	0	16	8
Licensing Inspectors	39	84	0	123	39
Legislative/Policy	0	0	2	2	1
Consultants	0	0	34	34	17
Information Technology	0	0	4	4	2
Fiscal Staff	0	0	6	6	4
Vacancies in Recruitment	0	0	0	20	5
TOTAL	52	99	55	226	89

**FY19 Total | **DSS Only Forecast for New Fiscal Year*

Several DSS positions currently fill a dual role and work on both adult and children’s licensing. Therefore, some duplication of positions may be necessary in both the DSS structure and DOE’s new structure. The staffing allocation is proportionally higher per inspected facility for adult licensing because adult programs are more complex and labor intensive. Due to more detailed and comprehensive regulations and the medical nature of the adult program environment, staff need more time to conduct inspections. In addition, they often need to collaborate with nurse consultants and other agencies, such as the Board of Nursing, Board of Long Term Care Administrators and others.

There is also varied program complexity within each assisted living environment. Regulatory requirements cover acuity levels that vary from a residential level of care up to a complex level of care with residents that have a multitude of health issues, including end-of-life care, which requires hospice-level services. DSS also receives a larger volume and more complex legislative and provider inquiries for adult programs and handles more extensive enforcement and sanctions, all of which require specific expertise and well-trained staff.

Impact on DSS Adult Program Funding

DSS has two major sources of funding for licensing services: the Federal Child Care and Development Block Grant (CCDBG) and the General Fund (GF). VDSS uses a federally approved cost allocation methodology based on the total number of child care and adult care inspections, resulting in a 90/10 allocation. Thus, CCDBG funds are allocated to help pay for 90% of adult licensing program expenses. The remaining 10% of adult program expenses is paid by General Fund (e.g., GF in the Social Services Block Grant (SSBG) and the IV-E Foster Care and Medicaid matching funds). Removing federal funding significantly impacts DSS' budget and create the need for GF support.

Expenses and Funding	Current Adult & Child Care Licensing Expenses & Funding	Projected DOLP Expenses & Funding
Expenses		
Personnel	\$15,338,124	\$7,927,051
Non-personal services	935,709	676,922
Systems costs	218,878	218,878
Leases	984,225	474,626*
Total Expenses	\$17,476,936	\$9,297,477
Appropriation		
General Funds	\$3,841,610	\$3,841,610
Federal Funds	14,900,000**	3,100,473
Special Funds	525,000	225,000
Total	\$19,266,610	\$7,167,083
Additional General Fund Appropriation Needed		\$2,130,394
Total General Fund in the Governor's introduced budget		\$5,972,004

*The \$474,626 figure is contingent upon DRES (Division of Real Estate Services) reallocating lease costs based on number of staff per square foot. Current lease costs are \$984,225. If DRES does reallocate, the reallocated lease costs would be approximately \$474,626 for DOLP and \$509,599 for DOE.

**Appropriation was up to \$21M, but the Department of Planning and Budget (DPB) allotted \$14.9M.

APPENDIX F: MEMBERS OF EXECUTIVE DIRECTIVE 4 EXECUTIVE LEADERSHIP AND WORK TEAMS

Governor Northam’s Executive Directive 4 (ED4 – 2019) named Duke Storen, Commissioner of the Department of Social Services, James Lane, State Superintendent of Instruction and Jenna Conway, Chief School Readiness Office to lead the Executive Leadership team. This team consulted closely with Daniel Timberlake, the Director of the Virginia Department of Planning and Budget.

The Executive Leadership team established work teams and engaged the following individuals in the planning process:

Governor’s Office

- Gena Berger
- David Cary
- Holly Coy

Department of Education

- Mark Allan
- Christina Berta
- Erin Carroll
- Kent Dickey
- Eric Ekholm
- Laura Kassner
- Ed Lanza
- Tamilah Richardson
- Zachary Robbins
- Monica Smith-Callahan
- Cheryl Strobel

Department of Social Services

- Craig Burshem
- Sherri Dorsey
- Arlene Kasper
- Sharon Lindsay
- Barbara Newlin
- Tara Ragland
- Shakema Sanders
- Rebecca Shaffer
- Lillian Taylor
- Ida Witherspoon

Department of Planning and Budget

- Victoria Baldwin
- Michael Maul
- Aimee Mitchell
- Michael Shook

External Stakeholders

- Dr. Maria Isabel Ballivian
- Dr. Jarrett Brunny
- Kathy Glazer
- Patti Gstell
- Abby Hamilton
- Vivien McMahon
- Kris Meyers
- Debbie Norwood
- Kiva Rogers
- Katie Squibb
- Anne-Marie Twohie

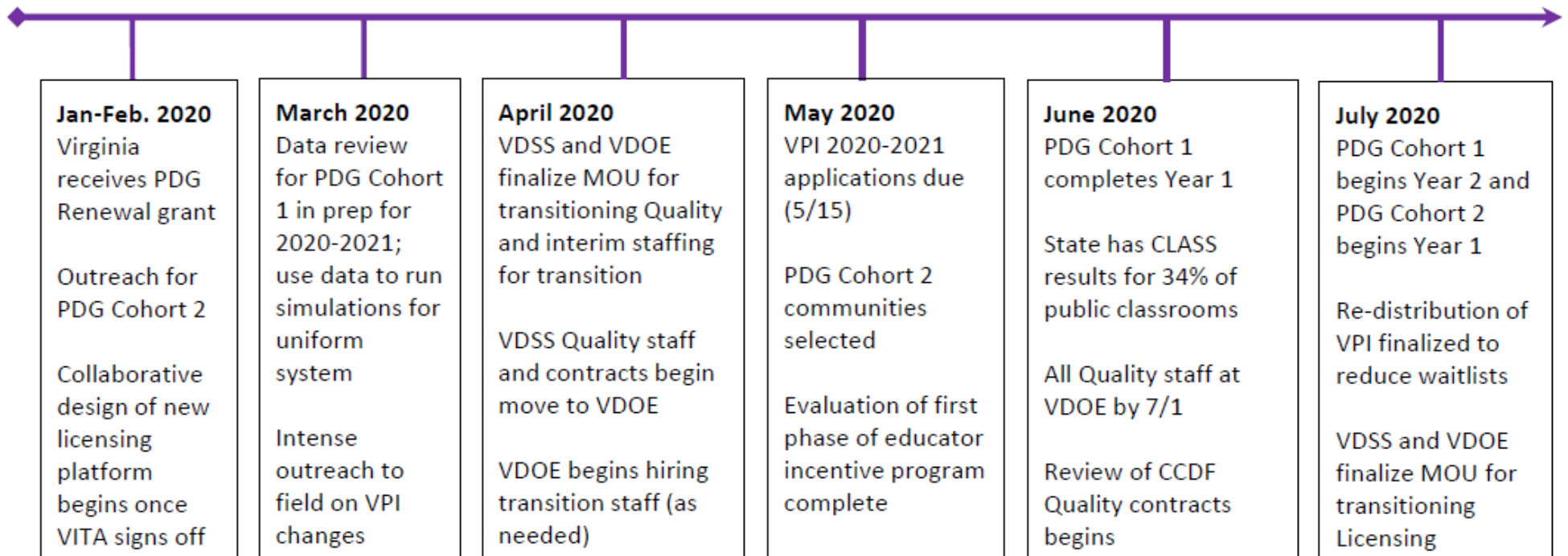
APPENDIX G: STAKEHOLDER ENGAGEMENT

This chart provides all stakeholders engaged in 2019 through PDG B-5 Planning and/or ED 4 Listening Sessions (Name of leader engaged in parentheses).

Multiple representatives from Public School Divisions, Head Start Grantees, Private Child Care Centers and Family Child Care Homes			
-All Ages Read (M. Sullivan)	-Early Impact VA (L. Aparicio)	-Robins Foundation (C. Chin)	-VA Council for Private Education (G. Creasey)
-American Academy of Pediatrics (S. Chung, B. Nelson)	-Eastern VA Medical School (J.Glasgow)	-Salvation Army (J.Pisciotta)	-VA Cross Sector Professional Development (J.Harvey)
-Bon Secours (M. Gordon)	-Elevate Early Education (L. Howard)	-Stop Child Abuse Now (D.Powers)	-VA Dept of Behavioral Health & Developmental Services (M.Signer)
-Chamber of Commerce (B.Duval)	-Fairfax Futures (S. Bergh)	-School Specialty (P.Little)	-VA Dept. of Health-Maternal & Child Health (J.MacDonald)
-ChamberRVA (K.Scheeler)	-Fairfax Office for Children (A. Twohie)	-Secretary of Agriculture (B.Ring)	-VA Dept. Labor and Industry (M.Healy)
-Champions for Children (M. Ciccotti)	-Families Forward VA (L. Specter-Dunaway)	-Secretary of Education (A.Qarni)	-VA Dept. of Social Services (D. Storen)
-Chesterfield Cultural Arts Foundation (B.Miller)	-First Lady & Governor's Office (R. & P. Northam)	-Secretary of Health & Human Services (D. Carey)	-VA Early Childhood Foundation (K. Glazer)
-Chesterfield Mental Health (K.Fried)	-George Mason University (M.Ginsberg)	-Secretary of Public Safety & Homeland Security (B. Moran)	-VA Education Association (J.Livingston)
-Child Care Aware of VA (A. Wirt)	-Girls on the Run (L.Neely)	-Secretary of Veteran Affairs (C.Hopkins)	-VA Educators United/FEA (C.Binkley)
-Child Development Resources (P. Scott)	-Gunston Hall (S.Stroh)	-Smart Beginnings (Multiple)	-VA Head Start Association (D.Ault)
-Childcare Network (J.Smith)	-Healthy Start (C.Elmore)	-State Council of Higher Education for Virginia (P.Blake)	-VA Head Start Collaboration (W.Singer)
-Children's Harbor	-Hopkins House (J.Hopkins)	-STEPS Inc (S.Harrup)	-VA House Appropriations Committee (Delegate C. Jones)
-ChildSavers (R. Bolling)	-HumanKind.org (J.Rowe, A.Graham)	-The Children's Center (R.Hutchins)	-VA House/Senate (Multiple)
-ChildTrends (D. Epstein)	-Infant & Toddler Connection (C.Hancock)	-The Salvation Army (J. Pisciotta)	-VA Literacy Foundation (C.Hutchinson)
-CHIP of VA (M. Moore)	-Intn'l Academy (M.Ben-Omran)	-Tidewater Community College	-VA Municipal League (J.Ackerman)
-City Council in Alexandria (A. Jackson)	-Lieutenant Governor (J. Fairfax)	-U.S. Navy	-VA Office on Youth (B.Lynch)
-Community Action Agencies (Multiple)	-Local Dept of Social Services (R. Vinroot)	-United Way (Multiple)	-VA Pay for Success Council
-Community Health Centers (Multiple)	-Longwood University (S. Miller)	-University of Richmond (J.Wilson)	-VA Public Media (J.Swain)
-Communities in Schools (M. Emblidge)	-McGuire Woods Consulting (L. Fornash)	-VA Association of Elementary School Principals (J. Baldwin)	-VA PTA (S.Gross)
-Cornerstones (A. Hawa)	-New River Community College (B.Graham)	-VA Association of Community Action Partnerships (J. Schuyler)	-VA State Apprenticeship (M.Granville)
-Early Childhood Funder Collaborative (S. Rudisill)	-Norfolk State University (N.Fortune)	-VA Association of School Superintendents (B. Kiser)	-VA Quality (Multiple)
	-North American Reggio Emilia Alliance (N.Thompson)	-VA Association for the Education of Young Children (D.Volcansek)	-VA Repertory Theater (B.Miller)
	-NOVA Community College (C. Schull)	-VA Child Care Assoc. (K. Hulcher)	-VA School Board Association (E.Ewing)
	-Obici (A. Buechler)	-VCU (A.Daire)	-VA Social Services League (A.Crawford)
	-Office of Senator Tim Kaine	--VA Community College System (K. Davenport)	-VTech Child Dev Center (K.Gallagher)
	-Old Dominion University (C. Clow)		-Voices for VA's Children (E. Griffey)
	-Opportunities Exchange (L. Stoney)		-Wolf Trap Arts Institute (A.Welfare)
	-Parents Across America (L.Bowman)		-YMCA (Multiple)
	-Parents As Teachers (S. Parcell)		
	-Partnership for Children, Youth, & Families (K. Durand)		

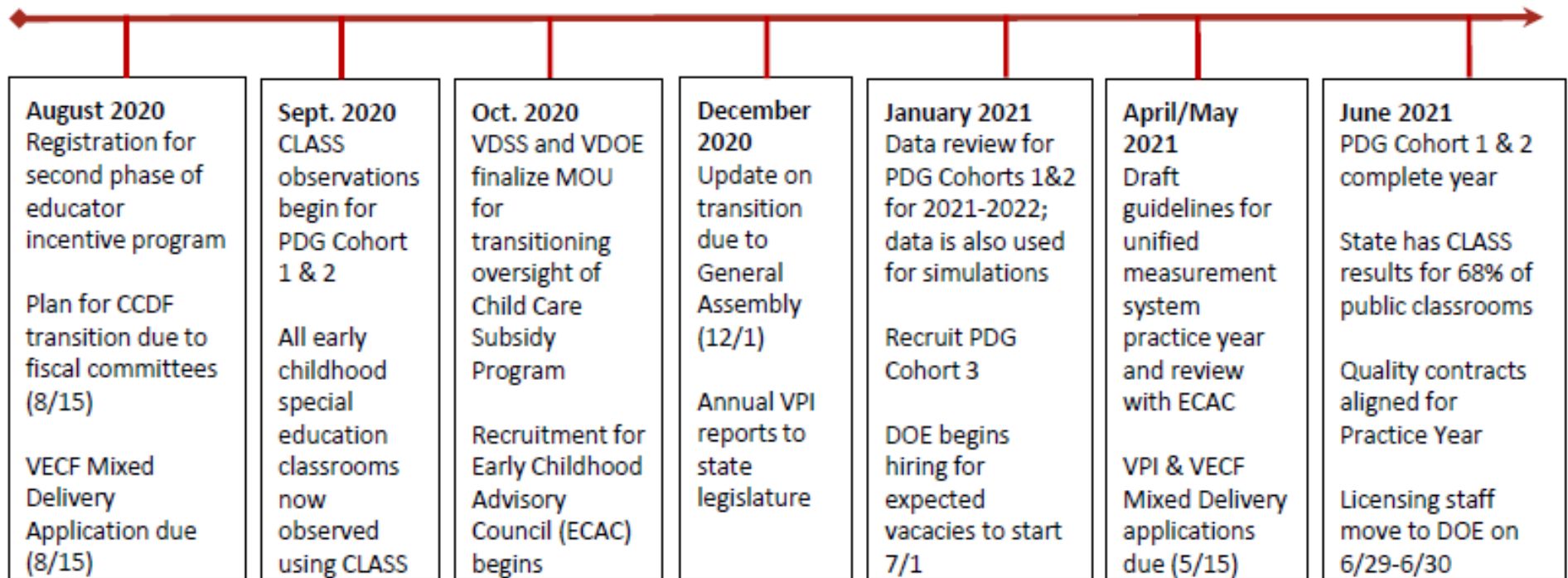
Build and Expand

From January 2020 to July 2020, complete the first year with community pilots (PDG Cohort 1), expand (PDG Cohort 2), begin design of uniform measurement system and collaboratively plan for and begin executing transition of CCDF.



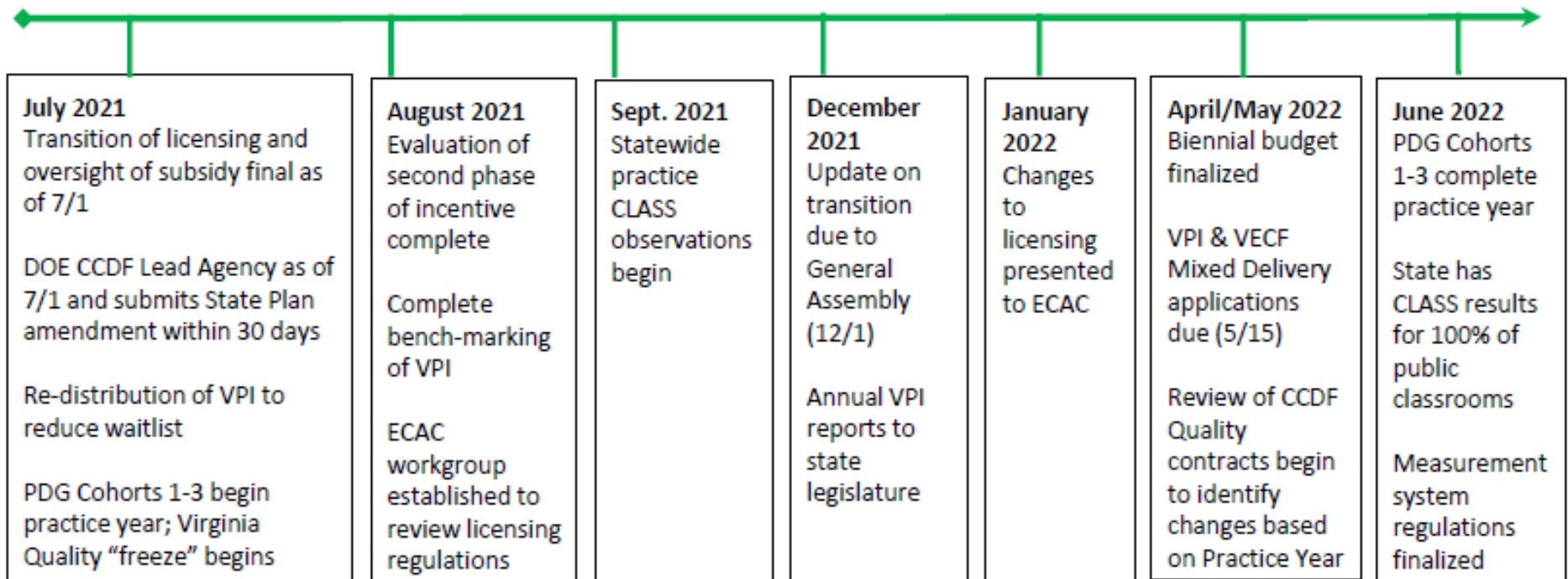
Scale, Transition and Prepare for Practice Year

From August 2020 to June 2021, continue executing transition of CCDF, scale Pilots (PDG Cohort 3), launch Early Childhood Advisory Council (ECAC) and establish guidance and align supports for statewide practice year.



Statewide Practice Year

From July 2021 to June 2022, complete transition of CCDF, began review and alignment of CCDF regulations, establish new measurement and improvement system regulations and complete statewide practice year. All publicly-funded programs must participate but results are for learning purposes; there are no consequences.



Unified System in Place

From July 2022 to June 2023, complete first full year of system, complete review and alignment of CCDF regulations, publish statewide results for all public programs and align incentives. This also represents final year of PDG B-5, meaning Virginia will need to sustain community-level and measurement infrastructure by repurposing other funds.

