

Office of Regulatory Management
Economic Review Form

Agency name	Virginia Board of Education
Virginia Administrative Code (VAC) Chapter citation(s)	8VAC20-790
VAC Chapter title(s)	Child Care Program
Action title	Annual update to the Child Care Subsidy Program Guidance Manual
Date this document prepared	May 1, 2023
Regulatory Stage (including Issuance of Guidance Documents)	Annual guidance update

Cost Benefit Analysis

Complete Tables 1a and 1b for all regulatory actions. You do not need to complete Table 1c if the regulatory action is required by state statute or federal statute or regulation and leaves no discretion in its implementation.

Table 1a should provide analysis for the regulatory approach you are taking. Table 1b should provide analysis for the approach of leaving the current regulations intact (i.e., no further change is implemented). Table 1c should provide analysis for at least one alternative approach. You should not limit yourself to one alternative, however, and can add additional charts as needed.

Report both direct and indirect costs and benefits that can be monetized in Boxes 1 and 2. Report direct and indirect costs and benefits that cannot be monetized in Box 4. See the ORM Regulatory Economic Analysis Manual for additional guidance.

Table 1a: Costs and Benefits of the Proposed Changes (Primary Option)

(1) Direct & Indirect Costs & Benefits (Monetized)	<i>Section is not required for periodic guidance updates.</i>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	N/A	
(5) Information Sources	N/A	

Table 1b: Costs and Benefits under the Status Quo (No change to the regulation)

(1) Direct & Indirect Costs & Benefits (Monetized)	<i>Section is not required for periodic guidance updates.</i>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	N/A	
(5) Information Sources	N/A	

Table 1c: Costs and Benefits under Alternative Approach(es)

(1) Direct & Indirect Costs & Benefits (Monetized)	<i>Section is not required for periodic guidance updates.</i>	
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Benefits (Monetized)		
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Net Monetized Benefit	N/A	
(4) Other Costs & Benefits (Non-Monetized)	N/A	
(5) Information Sources	N/A	

Impact on Local Partners

Use this chart to describe impacts on local partners. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 2: Impact on Local Partners

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>The Child Care Subsidy Program Guidance Manual provides local departments of social services with policies, processes, and procedures for assessing initial and ongoing eligibility for child care services through the Child Care Subsidy Program. This revision provides clarification to existing guidance to minimize burden for families, particularly related to eligibility determinations and authorizing hours of care for eligible children. Revisions also propose increases to maximum reimbursement rates (MRR) for family day homes.</p> <ul style="list-style-type: none"> • Costs: The proposed changes pose no direct or indirect costs to local offices. • Benefits: Clarified guidance may result in efficiencies in application processing time. 	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	Clarity in guidance may improve staff morale and reduce burnout at the local level.	

(4) Assistance	Local offices receive an appropriation through a combination of state, local, and general funds to support staff training and operations. In FY23, projected expenditures totaled \$5,594,466. Training and technical assistance on the manual revisions will be available to local offices through this same mechanism in FY24.
(5) Information Sources	VDOE does not have sufficient data to estimate the value of potential benefits in the form of efficiencies in application processing time.

Impacts on Families

Use this chart to describe impacts on families. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 3: Impact on Families

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>The revised guidance will have no direct or indirect costs for families. The guidance clarifies existing processes for local departments and does not place any additional requirements on families.</p> <p>The revised guidance may have a direct monetary benefit to a small number of families in the CCSP that use family day home providers. VDOE is proposing an increase in payment rates for family day homes, meaning that the state will pay a greater share of provider costs. Families whose providers charge more than the current maximum reimbursement rate will see a decline in their out-of-pocket costs as a direct result.</p> <p>Approximately 20% of families in the CCSP use family day home providers. Based on available survey data, VDOE anticipates that less than one-third of family day homes charge families above the MRR, meaning that 10 percent or less of all families will experience a benefit. VDOE does not have reliable data to demonstrate the amount that providers charge over the MRR, but it may range from \$5-20 or more per day. VDOE estimates that a family receiving full-time care in a FDH could see a net benefit of \$1,300 to \$5,200 annually per child.</p> <p>Families may also experience an indirect cost benefit in the reduction of time it takes local departments to process an application and authorize care. VDOE does not have sufficient data to estimate potential indirect monetary benefits in this case. Additionally, larger pool of family day home providers may choose to participate in the CCSP based on the proposed changes to the MRR, which increases the available supply of providers for eligible families.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits

	(a) N/A	(b) N/A
(3) Other Costs & Benefits (Non-Monetized)	N/A	
(4) Information Sources	Data sources include administrative data from the Child Care Subsidy Program and aggregated survey data of providers that participate in the CCSP.	

Impacts on Small Businesses

Use this chart to describe impacts on small businesses. See Part 8 of the ORM Cost Impact Analysis Guidance for additional guidance.

Table 4: Impact on Small Businesses

(1) Direct & Indirect Costs & Benefits (Monetized)	<p>The vast majority child care programs across the Commonwealth operate as small, privately-owned businesses, including family day homes. Family day homes will experience a direct benefit by experiencing an increase in payment rates. VDOE expects that family day homes providing full-time care would experience an average increase per-child ranging from \$4/day (~\$1,000 annually) to \$18/day (~\$4,700 annually), depending on the age of child served. The change in payment rates would also offer more stable revenue for family day home operators, allowing them to consistently employ staff despite variation in the ages of children served. Family day homes may also see an indirect benefit of increased rates by making out-of-pocket costs more affordable for families.</p> <p>To the extent that enrolled families are also more easily able to access child care assistance, other program types may also experience an indirect benefit.</p> <p>There are no direct or indirect costs to programs resulting from the proposed revisions.</p> <p>Other types of small businesses are not expected to experience direct or indirect costs. Other small businesses (employers) may experience an indirect benefit of employees having greater child care options.</p>	
(2) Present Monetized Values	Direct & Indirect Costs	Direct & Indirect Benefits
	(a) N/A	(b) N/A

(3) Other Costs & Benefits (Non-Monetized)	N/A
(4) Alternatives	N/A--the proposed revisions do not place a regulatory burden on small businesses.
(5) Information Sources	Benefit impacts were estimated using existing and proposed payment rates from the CCSP.

Changes to Number of Regulatory Requirements

Table 5: Regulatory Reduction

For each individual action, please fill out the appropriate chart to reflect any change in regulatory requirements, costs, regulatory stringency, or the overall length of any guidance documents.

Change in Regulatory Requirements

VAC Section(s) Involved	Initial Count	Additions	Subtractions	Net Change
N/A				

Cost Reductions or Increases (if applicable)

VAC Section(s) Involved	Description of Regulatory Requirement	Initial Cost	New Cost	Overall Cost Savings/Increases
8VAC20-790	Paying providers at the MRR established by the Department	Current cost to serve ~38,000 children per month is \$29M	Estimated cost to serve ~38,000 children per month with new MRR is \$31M	Estimated increase in cost is \$2M per month (note this is a net neutral change with reduction in overall costs associated with family copayments that went into effect in January)

Other Decreases or Increases in Regulatory Stringency (if applicable)

VAC Section(s) Involved	Description of Regulatory Change	Overview of How It Reduces or Increases Regulatory Burden

Length of Guidance Documents (only applicable if guidance document is being revised)

Title of Guidance Document	Original Length	New Length	Net Change in Length
CCSP Guidance Manual	~197 pages (unformatted word document)	~199 pages (unformatted word document)	2 pages

			<p>*Note page counts exclude Appendices F and G, which are tables displaying MRR for child care providers. Rates tables are 27 pages when formatted. This length will not change in the revised manual.</p>