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# NEW RATES AND FAMILY COPAYMENTS FOR THE CHILD CARE SUBSIDY PROGRAM

To improve school readiness and help the child care industry, Virginia lawmakers added budget language in 2022 to require two key changes to the Child Care Subsidy Program (CCSP). These changes will help child care programs meet quality expectations and better support their workforce while making child care more accessible and affordable for families:

1. CCSP providers will be paid based on the cost to meet quality expectations; and
2. Families will shift to low per-child monthly copayments.

## New Maximum Reimbursement Rates (MRR) for CCSP Child Care Providers

As of October 1, 2022, Virginia will use a cost estimation model to determine the “true cost” to deliver quality care and education and set the MRR in the CCSP. Virginia’s model was developed in partnership with national experts and reflects feedback from Virginia child care centers, family day homes and families. [Recording of June 2022 Public Engagement Session](https://www.youtube.com/watch?v=XJzVroKG4K4).

### Virginia’s model means that new MRR rates will:

* Account for differences in size and setting;
* Account for geographic variations in wages and other operating costs;
* Account for the cost of meeting Virginia’s health and safety standards, including age-based group sizes and teacher-child ratios; and
* Assume the need to offer competitive compensation and support for educators as part of meeting expectations in [VQB5](https://www.scorecard.doe.virginia.gov/early-childhood/vqb5/index.shtml).

### Key points for Center-Based Programs:

* The full-day MRR are set at 75% of estimated costs based on the Ready Region in which the center is located.
* Level 1 and Level 2 centers will now have the same rates because the health and safety requirements are similar.

### Key points for Family Day Homes

* The full-day MRR are set regionally at estimated costs for both Level 1 and Level 2 Family Day Homes. These MRR are different due to health and safety requirements.
* Rates are set at graduated percentages of cost for each age group: 94% for infants, 82% for toddlers, 76% for preschool, and 70% for school age children. Modeled rates account for the cost of serving mixed age groups.

### Key points for all programs:

* No site will experience a reduction in payment rates. Full-day and part-day locality rates either increase or are held harmless. If the model generated a rate that was lower than the 2018 MRR, that rate will be kept the same.
* Part-day rates are prorated based on full-day rates.

The Department will not pay more than the established MRR. However, if the MRR is higher than the rate a program charges the general public, the provider will be paid the MRR. If a vendor prefers to receive a lower rate than the MRR, please contact VDSS. The proposed rates are available for review on [childcareva.com](http://www.childcareva.com) or in the October 2022 [Child Care Subsidy Program Manual](https://www.childcare.virginia.gov/home/showpublisheddocument/18802/638041091653430000).

## Revised Family Copayment Scale

Federal law requires most families in the CCSP to pay a copayment to their child care provider. During the pandemic, the federal government provided flexibility and Virginia temporarily covered all copayments. This flexibility, however, will end on December 31, 2022 and Virginia must begin to charge copayments again.

Prior to the COVID-19 pandemic, a family of four could owe more than $8,000 in copayments annually, which was unaffordable and unsustainable. In response to budget language passed by the General Assembly in 2022 and feedback from families and child care providers, the VDOE will adopt a new simple copayment scale on January 1, 2023. This will reduce copayment burdens for families and more closely mirror other publicly-funded programs.

### As of January 1, 2023:

1. Copayments will be eliminated for families with incomes at or below 100% of the Federal Poverty Guideline (FPG).
2. Families with household incomes over 100% FPG will have a copayment. However, copayments will be low monthly fees based on household income and the number of children receiving assistance (up to three children).
3. Maximum total fees for monthly family copayments will not exceed 7 percent of family income.

Here is the new copayment scale, which takes effect on January 1, 2023.

| ***Income Threshold*** | ***Monthly Fee per Child*** |
| --- | --- |
| 0-100% FPG | $0 |
| 101-200% FPG | $60 |
| 201-300% FPG | $120 |
| 301% FPG- 85% SMI | $180 |

Reminder: Families will continue to have their copayments covered through December 31, 2022.

All Program policies including Maximum Reimbursement Rates for providers and additional paid provider holidays/absences, family copayments, and family criteria for eligibility in the Program-–are defined in the [Child Care Subsidy Program Manual](https://www.childcare.virginia.gov/home/showpublisheddocument/18802/638041091653430000).