

Response to Questions on the FY 2012 Budget

Request By: Supervisor Gross

Question: Please provide information on whether subsidy losses are impacting the ability of non-profit child care providers to stay in business and provide services to children.

Response: Two issues currently impacting child care programs in the community are reduced subsidy slots and low maximum reimbursable rates.

Reduced subsidy slots: Family child care providers have indicated to the Office for Children that enrollment in family child care homes has decreased. Many family child care providers who serve low income families are neighbors of parents who receive a child care subsidy. Fewer families participating in the child care subsidy program impacts enrollment in family child care homes. Some child care centers have indicated they have lower enrollments as well.

Maximum reimbursable rates: The state establishes the maximum rate of reimbursement which localities can pay to child care providers serving children in the subsidy program. These rates are not updated regularly and do not reflect the current market. For example, Virginia has not increased its school age child care rates since 2001, or its preschool child care rates since 2004. When reimbursement rates do not reflect the true market cost for child care, they can severely impact the budgets of child care programs that serve children in the subsidy program.

Currently, in order to meet their budgets, non-profit child care programs that serve children in the subsidy program are dipping into their reserves, decreasing staff hours, limiting the number of subsidy children served, passing on additional fees to families, and working to raise additional funds.