



Arlington Community Foundation Shared Prosperity Initiative:
Status Report on Efforts Made Toward More Affordable Child Care in Arlington
February 2023

April 2023 Update - Community advocacy based on this report led the County Board in April 2023 to fund, beginning in FY 24, a new full-time senior level DHS position to support the implementation of the Child Care Action Plan, among other priorities.

EXECUTIVE SUMMARY

The Arlington Community Foundation (ACF) Shared Prosperity Initiative builds on years of prior County and community planning and civic engagement focused on preserving Arlington’s rich social and cultural fabric and eliminating existing disparities - particularly in the areas of affordable housing and affordable child care. We honor and carry this work forward as we seek to mitigate the displacement of our lowest income residents, especially those residents who make below 30% of our area median income (AMI), or less than \$43,000 for a family of four.

In early 2019, ACF convened a roundtable of business, nonprofit, and government leaders to address the displacement of these very low-income Arlingtonians. The roundtable honed in on affordable child care as one of several key focus areas and adopted a 5-year goal that built on the 2017-2018 [Child Care Initiative](#) (CCI).

The Goal

By 2024, through government and private investments and policy changes, an additional 1,000 children from very low-income Arlington families (30% AMI and below) will have access to quality child care.

For context, the latest census data show there are nearly 1,800 Arlington children under age 6 who live in households at or below 150% of the federal poverty level (\$41,625 for a family of 4) which is equivalent to making below 30% AMI. There are over 3,300 Arlington children who live in households below 60% AMI.

Much has happened in the ensuing years since this goal was established—not the least of which was the pandemic with its many disruptive impacts on child care providers and working families who provide essential services. The inventory of all child care slots in Arlington is a combination of APS, private market, Head Start and others, each of which has different income eligibility rules making direct comparisons complex. For purposes of this report, “subsidized slots” are those funded by the Virginia Child Care Subsidy Program; “affordable slots” include all subsidized slots plus slots funded through APS, VIEW/TANF, Early/Head Start, private dollars or Arlington County.

A careful assessment of available data reveals that between 2019-2022:

- **The total inventory increased by a net of 317 slots** (4%), bringing the total to 7,887 slots. These slots serve approximately 38% of Arlington's 0-5 year-old children. Within those 7,887 slots, the number of *licensed* slots grew by 825 (16%) bringing the total licensed slots to 5,899. It is important to point out that APS' preschool programs experienced a precipitous drop in enrollment during the pandemic, and enrollment has not yet returned to pre-pandemic levels. Thus, the **gross gain in non-APS slots was 460** (7%) from FY 2019 to FY 2022.
- Among all 7,887 available slots, the number of **affordable ones increased by 147 slots** (from 281 to **428**). These 428 slots represent only 5.5% of the available supply. There are a few other reduced-cost slots available within private programs or through County offerings that use a sliding scale, and these are not captured in these available affordable supply numbers. Five Arlington childcare centers entered the Virginia Child Care subsidy program, creating the opportunity for growth in affordable slots.

In the 4+ years since the 2018 acceptance of the [Child Care Action Plan](#) by the County Board, Arlington is only 147 slots closer to our 1000 affordable slot goal. At this rate, it will be another 27 years before we have sufficient affordable slots to serve today's young children from very low-income families.

More than ever, this is putting our lowest income neighbors in an impossible bind. Without affordable child care, they cannot work, and without work, they cannot feed their children or qualify for housing subsidies in this increasingly expensive community.

No sector in Arlington can, by itself, achieve child care affordability on the scale needed by Arlington families, especially for those who are most vulnerable. ACF and other community partners stand willing to do our part. But without a consistent policy focus on affordable child care in FY2023 and beyond, dedicated County staff oversight, and cross-systems innovation and problem solving, it is unlikely that our community will experience success in holistically addressing this important community need.

Our goal with this status update is to re-energize the work and efforts toward affordability initially started with the [2018 Child Care Action Plan](#). It is our belief that, without an explicit County Board commitment to incentivize affordability, the cost of child care cannot be brought within reach of very low income families.

This report contains many recommendations on the state and local level. They all connect to 2+ years of extensive [data analysis](#) and recommendations from a 22-member CCI Leadership Roundtable as well as a 40-member working group of parents, providers, and other government and nonprofit stakeholders.

2023 is the time for County Board action to re-energize this work in FY2024 and beyond by:

1. Funding an additional FTE to ensure a consistent focus on Child Care Action Plan implementation, with a priority focus on vulnerable populations. *Community advocacy based on this report led the County Board in April 2023 to fund, beginning in FY 24, a new full-time senior level DHS position to support the implementation of the Child Care Action Plan, among other priorities [4/23].*

2. Establishing and annually **publishing, as part of the budget process, an integrated set of specific child care affordability metrics** that integrates the metrics from [Child Care Licensing](#) and [Child Care Subsidy Performance Measurement Plan](#).

BACKGROUND

In 2017, Arlington County Board Chair Katie Cristol worked with the leadership of the Arlington Department of Human Services to launch a robust cross-sector [Child Care Initiative](#) (CCI) to “promote the development of an inclusive, integrated child care system that effectively serves all Arlington County families, *with a priority focus on vulnerable populations.*” (italics added) An extensive [data analysis](#) was conducted, and a CCI Leadership Roundtable, comprised of 22 individuals and another 40-member working group of parents, child care providers, County staff and community organizations, was formed and worked together for more than two years.

The vision for the initiative was: “All Arlington County families have access to high quality, affordable child care.”

During 2017 and 2018, the CCI Work Group and Leadership Roundtable drafted a CCI Action Plan and gathered community input. The detailed [2018 Child Care Action Plan](#)—outlining specific recommendations to get to both increased supply and affordability—was accepted by the County Board in summer 2018. The Plan provided a roadmap for local systems improvements; needed financial resources; zoning, land use, and permitting changes; improvements to the Virginia Child Care subsidy program engagement by providers; facilities and space needs; and child care workforce supports.

In 2019, ACF identified multiple elements of the CCI Action Plan focused on affordability to promote and carry forward. In support of our 1000 slot goal, ACF launched a small private child care subsidy demonstration pilot; engaged in advocacy and recommendations around local and Virginia Child Care subsidy programs and policy reforms that could bring affordability to scale; and worked to engage the business community and the County in creating affordable space for child care facilities, with the expectation that lower facility costs would allow providers to offer more affordable rates.

This update is organized around 5 action and policy areas that the Foundation, the County, State, and community organizations invested time in between 2019-2022:

1. Rent reduction and other strategies to lower the cost of child care for families
2. Privately funded child care scholarships
3. State child care subsidy program changes and provider supports
4. Local efforts to increase access to affordable child care
5. School-aged child care during pandemic virtual learning

For each area, we share insights gained and recommendations for going forward.

1. Rent reduction and other strategies to lower the cost of child care for families

In 2019, building on the County's [Childcare in the Commercial Corridors](#) report and the [Child Care Initiative](#) Action Plan, the ACF Shared Prosperity Roundtable endorsed a two-pronged approach to achieve more affordable child care by lowering the cost of space:

1. County Board strategies such as density bonuses; permit modifications or density exclusions at the time of site plan approval in exchange for dedicated first floor child care space that could include a set-aside for some number of affordable slots; incentives to repurpose existing ground floor commercial or nonprofit space; zoning ordinance and county code changes; and technical support during the permitting process; and
2. Business-owner actions that directly address the high cost of rent. Examples include owners assisting with specialized buildout, or offering lowered rent or in-kind space to providers in their buildings.

Key Insights: While there was generalized agreement in both the 2009 and 2018 County reports that addressing the high cost of rent is an important piece of lowering the cost of care, systemic changes in these areas to address affordability have still not been made. Explicit County Board action that ties site plan/density adjustments to a commitment to affordable slots is needed.

Recommendations

1. Create a list of County Board-approved projects and any land use tools or other incentives that were used to provide dedicated child care spaces since 2018. Include data on whether affordability was a consideration in the approved site plan conditions.
2. Create a framework that supports tradeoffs in the development process to provide affordable slots for a set period of time and communicate this option to developers as a tool the County is willing to deploy to achieve greater affordability for child care slots.
3. Develop a package for tenants in the commercial corridors that describes the ways that companies can support affordable child care in their leased building.
4. Review all zoning adjustments made over the past decade to ensure that child care is broadly allowed as a ground floor use in every Arlington commercial area.

2. Privately funded child care scholarships

In 2020-2021, based on recommendations for philanthropically-funded child care subsidies in the Child Care Action Plan, ACF deployed \$200,000 in funds from Nestle to test the use of private scholarships to children whose families earn below 30% AMI and who are not eligible for Virginia Child Care subsidies. These scholarships have supported child care for five children ages 2-5 for 2 years at an average cost of \$1,622 per month per child.

In a collaborative process with DHS and Thrive, we highlighted strategies that could be deployed to increase provider willingness to accept subsidies as well as increase eligibility for families. These strategies are detailed in the Local Efforts section beginning on p. 6.

Key insights: In the course of implementing this small scholarship pilot, we learned that, even though the Virginia Child Care Subsidy Program pays close to the cost of a market slot, local providers largely do not participate in these programs due to heavy administrative burdens. As a result, public dollars available for Arlington had been left unused. Rather than continuing to raise funds for private scholarships, barriers to participation in the Virginia Child Care subsidy program - and by extension any governmental subsidy program - must be addressed so Arlington can first effectively deploy all available government funds.

Recommendation:

Incentivize providers to take Virginia Child Care subsidies through our recommended [General Assembly](#) and [County actions](#).

3. Virginia Child Care Subsidy Program changes and provider supports

In preparation for the 2022 General Assembly session, ACF organized with a number of other foundations to ask NOVA's General Assembly Delegation to address barriers to Northern Virginia provider participation in the [Virginia Child Care Subsidy Program](#). Training, health, and retirement benefits for child care workers were also requested.

During the 2022 session, the General Assembly:

- required the VA Department of Education to set child care subsidy rates based on the cost to provide quality child care. While the amount of the Virginia Child Care subsidy for Arlington has not been the primary driver of center subsidy acceptance, this adjustment resulted in Arlington having the largest subsidy rate in the state.
- eliminated any waiting list for child care subsidies, expanded funding and set a goal of providing subsidies to 281 Arlington children. At the end of the Commonwealth's FY22, 311 Arlington children were taking advantage of the Virginia Child Care subsidy program, exceeding the goal. An additional 117 children were supported with VIEW/TANF, Early/Head Start or local dollars, bringing the total number of affordable slots to 428.
- Beginning January 1st, 2023, the General Assembly:
 - removed the co-payment requirement for families with incomes at or below 100% of the federal poverty guideline and, for families with children too young to be enrolled in kindergarten, added job search as a qualifying activity. Unfortunately, using 100% of the federal poverty guideline provides relief to only the most extremely low-income residents—

those making about 20% of our area median income (AMI), or less than \$30,000 annually for an Arlington family of four.

- replaced the 7% copay requirement for families whose incomes exceed 100% of the federal poverty guideline with a flat fee per child (not to exceed 7% of family income in aggregate).

Other changes implemented by the Commonwealth during the pandemic expired in May 2022:

- co-payments for those over the federal poverty guidelines that increase as income increases, and
- increased number of absences allowed per child.

Finally, the General Assembly enacted [HB 884](#) which will permit the creation of benefits consortiums for small businesses. This is a tool that could potentially be used by home day care and child care centers to offer affordable health care for providers.

Key insights: Even though current Virginia Child Care subsidies provide funding that is close to the market rate cost for child care in Arlington, local providers largely do not participate in the program.

Current salaries and benefits for providers are not competitive with public schools who themselves are facing a significant hiring challenge.

Recommendations:

Although incremental progress was made in the Virginia Child Care Subsidy Program in 2022, additional actions are needed to directly address the administrative burden and upfront costs that participating providers and families face:

1. Remove the required flat fee (not to exceed 7%-of-income) family co-pay for households between 100-150% of the federal poverty guidelines (the equivalent of Arlington's 20-30% AMI), and allow for an increased number of pre-approved absences.
2. Integrate key measures from the County's [Child Care Subsidy Performance Measurement Plan](#) with the [Annual Child Care Licensing](#) measures into one accessible tool to capture results of these state efforts for policy makers and interested stakeholders.
3. Provide assistance to child care providers to ease access to the Affordable Care Act and support Arlington child care providers in taking advantage of the state benefits consortium for small businesses.

4. Local efforts to increase access to affordable child care

2022 Status report on local efforts to increase *affordability*

In the fall of 2021, ACF [identified a number of activities](#) that Arlington County could undertake that would advance our Shared Prosperity goal toward deeply affordable child care, including providing the first month's tuition as a grant to the providers taking the Virginia Child Care subsidies, underwriting co-pays with local dollars, and exploring use of the state's Mixed Delivery program which in FY 2024 will be offering affordable slots down to infants and up to age 5

In the past three years, an additional **five child care programs enrolled** in the Virginia Child Care Subsidy Program.

In September 2022, the **Department of Parks and Recreation** transitioned 2 existing half-day co-operative pre-K programs to full-day professionally-staffed programs for 20 children at Gunston and Lubber Run Community Centers. Fees are calculated on a sliding scale.

Arlington Thrive is using a 2022 Community Development Fund grant to hire a child care locator/navigator to help low-income families find providers who will take the Virginia Child Care subsidy and to advocate for additional centers or family daycare homes to accept the subsidy. Their grant-funded program offers financial assistance to cover fees not covered by the subsidy and assistance with paperwork or other barriers to accepting the subsidy. As part of this project, Thrive has brokered an agreement with Little Beginnings Child Development Center, Funshine, and STEM Preschool to participate in the subsidy program. Thrive will pay the family co-pays.

In 2022, the **Department of Human Services** arranged for **Arlington Thrive** to administer payments to providers for slots that are either locally funded subsidies or through **ACF's Nestle** child care scholarships (currently 8 slots). This local and philanthropic funding allows for the more provider-friendly and family-friendly provisions recommended by ACF:

- child care subsidies are paid to providers on the first of the month, not at month's end,
- providers are paid market rates,
- anyone, regardless of immigration status, with minor-aged children who is working or studying (any degree, career, etc.) is eligible, and
- grandparents who care for their minor-aged grandchildren now qualify for these funds.

2022 Status report on local efforts to increase *overall market-rate supply*

Since 2019* the **County Board** has taken the following actions:

- adopted [Zoning Ordinance Amendments](#) that increased the maximum number of slots in family daycare homes from 9 to 12 (allowing 61 existing homes and 21 new homes with 9 or fewer slots

to be administratively approved since 2019) as well as eased the parking requirements for all child care provider locations (3/2019, 7/2019)

- established use standards for family day care homes ([Arlington County Code Chapter 59](#)) (7/19)
- tasked County staff to assist in matching developers and providers and smoothing the permitting process as needed (FY 2020)
- authorized \$75,000 to support Planning Department work on child care-related land and zoning policies, regulations or other planning mechanisms. (FY23 funded)

Unfortunately, there is no evidence that any of these changes have resulted in increased affordability.

In November 2021, the County set aside \$5M in ARPA funding to support a bricks and mortar investment. It is unclear whether this funding will be specifically geared toward creating affordable slots for low-income residents. More transparency on the plans for these funds is needed.

2023 status of affordability in Arlington Public School Pre-K programs

While APS programs do not provide coverage for a full working day for children under 3, they are an important source of high quality pre-k experiences. In FY23, 613 children ages 3-4 receive free tuition in APS programs.

Key insights:

More work must still be done locally to incentivize providers to participate in the state and local subsidy programs.

High zoning, permitting, and other administrative costs faced by child care providers make the business minimally profitable.

Recommendations:

1. Use tax breaks or other financial tools to incentivize affordability as an equity goal in the FY23 CPHD review of child care-related land and zoning policies, regulations or other planning mechanisms.
2. Integrate key measures from the [Child Care Subsidy Performance Measurement Plan](#) with the [Annual Child Care Licensing](#) measures into one accessible tool for policy makers and interested stakeholders.
3. Eliminate local barriers to full utilization of other state child care funding that Arlington is eligible for through the [Virginia Preschool Initiative](#) and the Virginia Early Childhood Foundation's [Mixed Delivery](#) program.

*Prior to Board adoption of the Child Care Action Plan, Arlington had 6,837 childcare slots, 4,358 of which were licensed. By 2019, the number of slots had grown to 7,570, with 5,899 licensed slots. Unfortunately, very few of these slots were affordable.

5. School-aged child care during pandemic virtual learning

ACF joined 21 Safety Net Arlington nonprofits in [Calls to Action](#) directed jointly to the County and APS to offer school-aged child care to essential low-wage workers who could not work from home during the 2020-21 virtual learning school years. Despite citing this as both an educational and employment equity issue, these were unsuccessful.

ACF recommended the establishment of a \$500,000 school-aged child care contingency during development of the FY21 budget. The County Board did not include that item in its adopted budget.

Key insights: In Arlington’s zoning code and child care regulations, there are many barriers to nimble action on permits and facility use during any type of emergency.

The County and APS do not have existing relationships and structures to support efficient decision-making and facility sharing on cross-cutting issues during emergencies.

Recommendation:

An honest debrief of why Arlington County and APS were not able to address this need – at the same time that most others in the DMV did – is needed, along with recommendations to create the conditions for more nimble, collaborative emergency responses in the future.

CONCLUSION

In the last 5 years, Arlington County has undertaken many studies and community initiatives designed to support the commitment to be a welcoming place for people of all backgrounds and incomes. All of these actions were preceded by deep and broad community discussion and study, and resulted in recommendations.

- 2017 - **Destination 2027** launched, aimed at highlighting disparities across the social determinants of health and advancing equity.
- 2018 - the **Child Care Action Plan** was completed and accepted.
- 2019 - the **Equity Resolution** was adopted and stated that: *“all populations [will have] access to community conditions and opportunities needed to reach their full potential and to experience optimal well-being.”* The Equity Resolution speaks in terms of the County *“analyzing..disaggregating data...assessing...developing frameworks.. and developing measures ...to address disparities.”*

2023 is the time for the County Board to ACT on affordable child care.

The many individuals and community organizations who have put good-faith time and effort over the years into creating these and other initiatives ask that the County now ACT, using these years of analysis, strategizing, framing and disaggregating of data, and **take the necessary steps—including**

dedicated staff, funding targeted to those most vulnerable, and measurement of progress—to ensure that Arlington follows the CCI roadmap to fruition.

While we have identified a number of actions in this paper to advance our goal, we ask the County Board to **take two key steps NOW to ensure progress on affordability:**

1. Fund an additional FTE to ensure a consistent focus on Child Care Action Plan

implementation, with a priority focus on vulnerable populations. As originally demonstrated in the 2017-2018 Child Care Initiative and development of the 2018 Child Care Action Plan, the position must have the authority and relationships to work across all County departments, the Manager's office, and APS. **UPDATE:** *Community advocacy based on this report led the County Board in April 2023 to fund, beginning in FY 24, a new full-time senior level DHS position to support the implementation of the Child Care Action Plan, among other priorities [4/23].*

2. Establish and annually publish, as part of the budget process, an integrated set of specific child care affordability metrics.

Progress on the elements of the CCI Action Plan and overall inventory could be better tracked for the public and the many stakeholders who were a part of the Initiative by creating a Child Care budget page that integrates the metrics from [Child Care Licensing](#) and [Child Care Subsidy Performance Measurement Plan](#). To enhance understanding of challenges and growth related to **affordability**, the following metrics should also be tracked:

- The number of affordable slots from any provider in Arlington sorted by ages 0-2, 3, and 4 and expressed as percentages of all children 0-5 (pre-kindergarten) AND children whose families earn less than 60% AMI (300% federal poverty line).
- The number of affordable slots disaggregated by the following categories: state-funded, federal government funded (VIEW, TANF, Early/Head Start), fee-reductions within a private or County program, private or philanthropically funded, and/or created using land use tools or development concessions.
- The number and percentage of children receiving a Virginia Child Care Subsidy who have no co-pay requirement.
- The number and percentage of children receiving a Virginia Child Care Subsidy who have a 7% co-pay.
- Disaggregation of APS offerings through VPI or Pre-K Montessori including family payment levels and number of children also enrolled in Extended Day.