

# State of the Commonwealth: Early Childhood Care and Education

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VIRGINIA FUNDERS NETWORK

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# In the next 10 minutes!

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- Why focus on Early Childhood Care and Education?
- Virginia's Priorities: Access, Affordability, Quality
- Virginia's Innovations and Achievements
- What's Next?

# Why is Quality Early Childhood Care and Education Important?

Access to quality child care is critical to supporting:



**School-Ready Children.** Participation in quality child care and early education services is linked to improved school readiness and lifelong success.



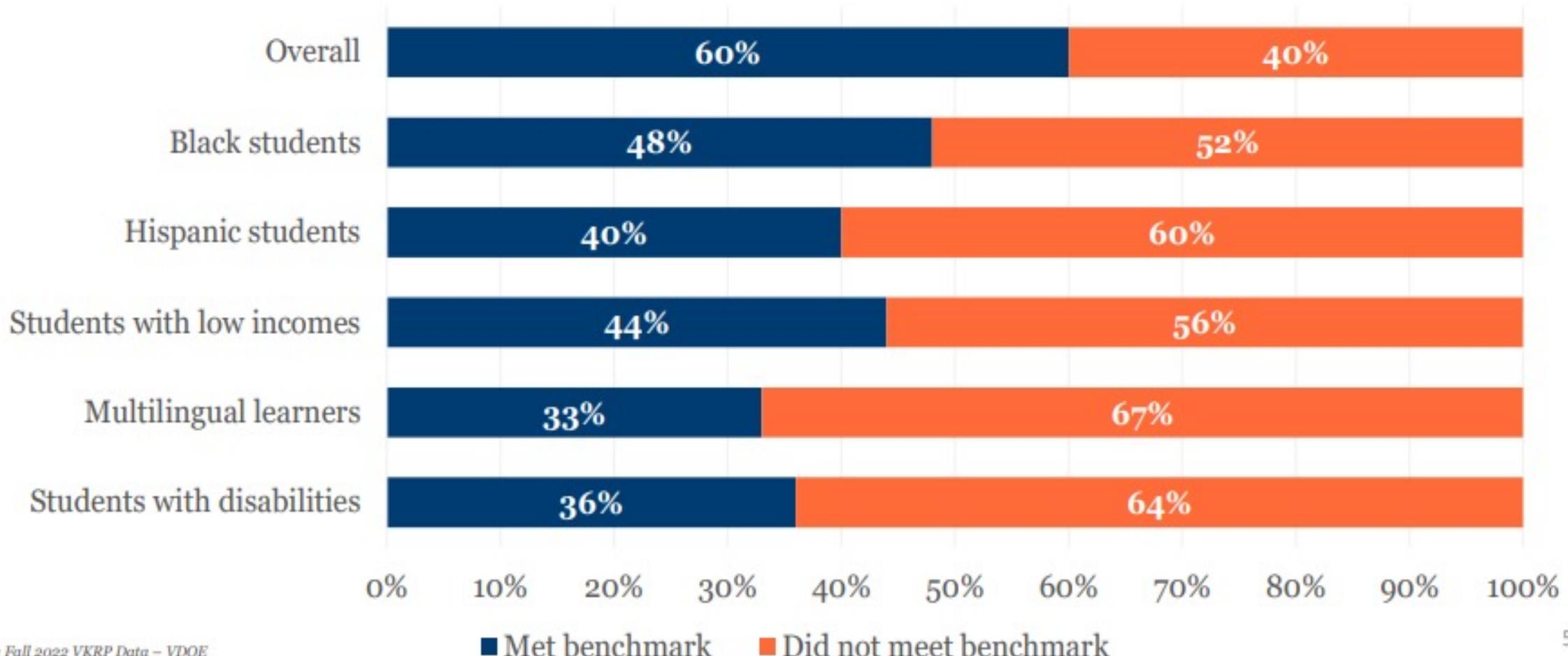
**Work-Ready Parents.** Child care services ensure parents can go to work to support their family's financial security, economic mobility, and self-sufficiency.



**Thriving Communities & Economy.** Access to quality child care services generates millions of in cost savings and economic benefits.

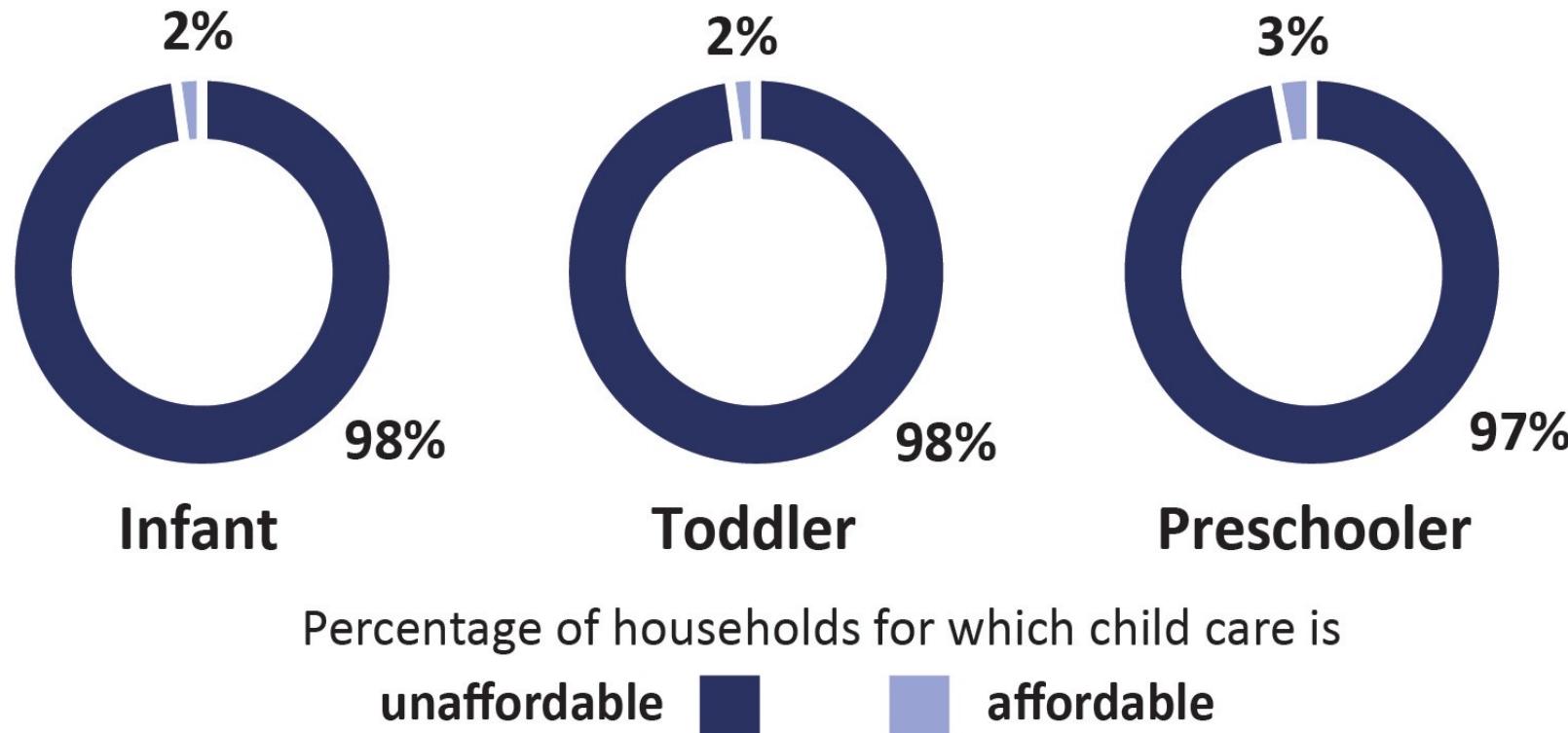
# Persistent Disparities in Readiness

Children who have historically faced barriers are less likely to enter kindergarten with the skills needed to succeed.



# Gaps in Affordability Limit Choice

Child care is unaffordable for nearly all low-income families with young children.



**Source:** JLARC Report: *Virginia's Self-Sufficiency Programs and the Availability and Affordability of Child Care*, October 2023

# Strategic Investments in Early Childhood

## Improved Access And Affordability

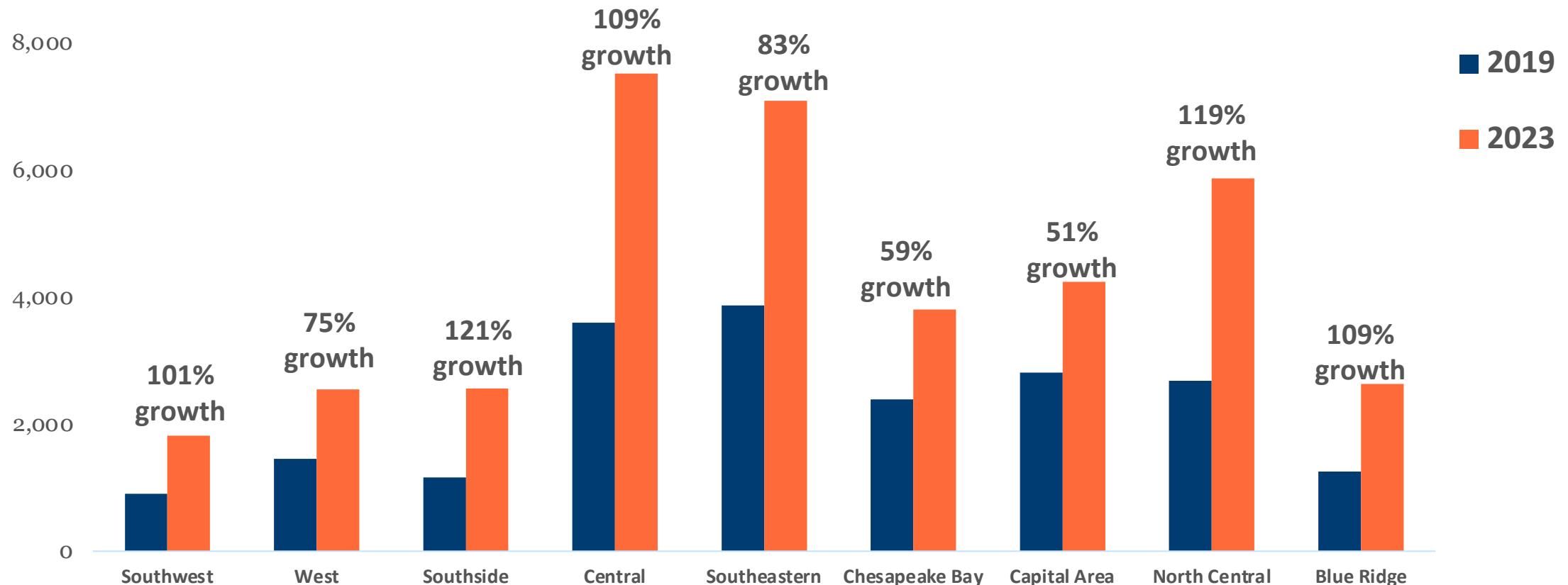
Temporary federal COVID relief funds were strategically used in FY23 and FY24 to expand access for low-income families to quality early education programs:

- Increased reimbursement rates for subsidy vendors
- Expanded eligibility criteria for families with young children (85% SMI)
- Reduced copayments (12% average decrease, no family pays >7% of income)
- Allowed parents looking for work to qualify
- Eliminated waitlists

**Source:** JLARC Report: *Virginia's Self-Sufficiency Programs and the Availability and Affordability of Child Care*, October 2023

# Growth in Demand Everywhere

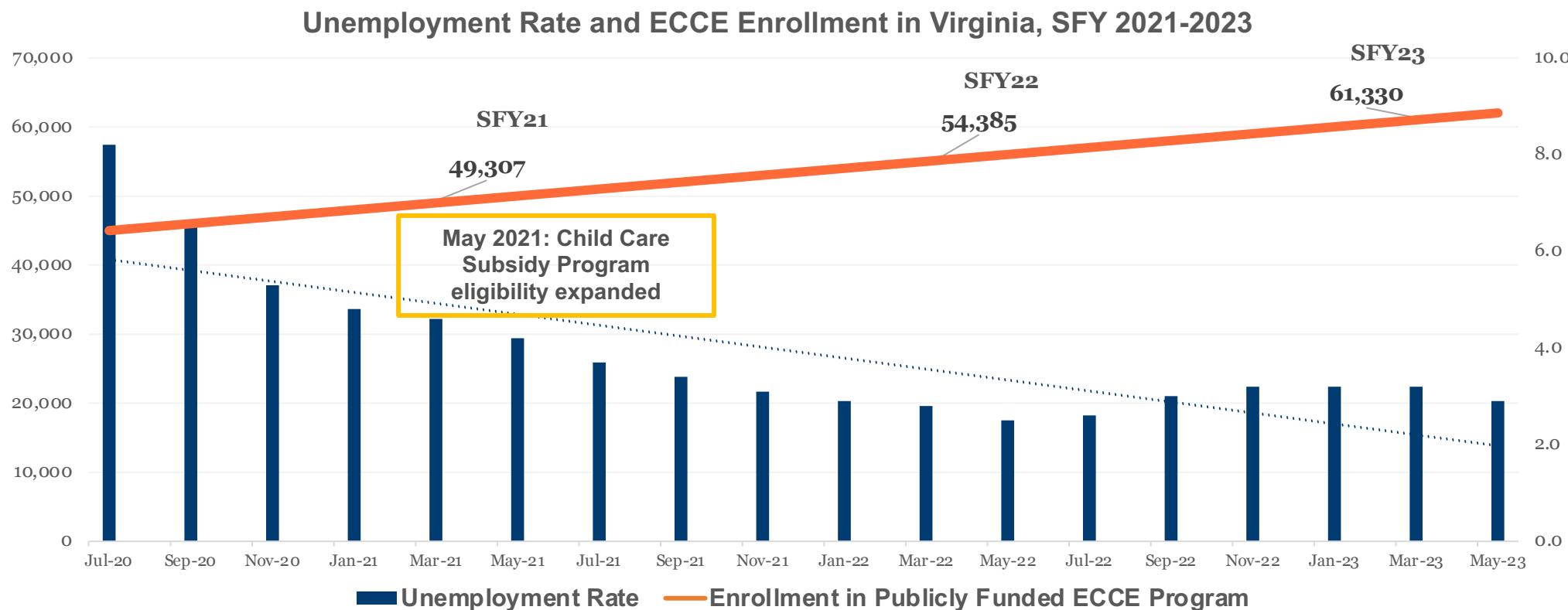
Children served in Mixed Delivery and the Child Care Subsidy Program increased in every Ready Region between 2019 and 2023, ranging from 51% in Capital Area to 119% in North Central.



Source: FY19 and FY23 Enrollment Data – VDOE

# Investment in Early Education Drives Economic Growth and Family Self-Sufficiency

Expanding access to child care in response to family demand has supported Virginia's economic recovery since the COVID-19 pandemic.



# The Proven Benefits of Child Care Investments

Using temporary federal COVID relief funds, Virginia's additional **\$309 million** in childcare investments in 2023 alone have:

- **Improved School Readiness.** An estimated **2,007 more children** will be kindergarten ready.
- **Driven Employment.** An estimated **10,710 mothers** of children under the age of 5 will join the workforce.
- **Generated Economic Growth.**
- An estimated **\$364 million** will be generated in increased family earnings and disposable income and **\$30 million** will be generated in state tax revenue within one year.
- At least **\$778 million** in combined cost savings and economic benefits will be generated over the lifetime of the 11,151 children age 5 and younger who received care because of the investment.

Source: Vanderbilt University Report: *Early Investment, a Lifetime of Returns: Articulating the Value of Early Childhood Investments in Virginia*, September 2023

**Table 1. Available Funding and Estimated Children Served, FY23-26<sup>1</sup>**

	Available Funding				Children Served			
	FY23	FY24*	FY25*	FY26*	FY23	FY24*	FY25*	FY26*
<b>TOTAL<sup>2</sup></b>	<b>\$526,237,185</b>	<b>\$647,670,465</b>	<b>\$364,827,862</b>	<b>\$372,803,255</b>	<b>64,368</b>	<b>70,152</b>	<b>34,535</b>	<b>35,358</b>
Child Care Subsidy Program (CCSP) <sup>3</sup>	\$318,082,931	\$411,503,038	\$153,871,766	\$155,518,476	40,286	44,315	11,011	11,129
Mixed Delivery (MD)	\$26,340,900	\$41,091,699	\$10,028,095	\$10,328,938	2,060	2,500	631	650
Virginia Preschool Initiative (VPI)	\$181,813,354	\$195,075,728	\$200,928,000	\$206,955,840	22,022	23,337	22,893	23,579

*Note: Estimates above reflect only programs for which the state has policy authority over eligibility and enrollment and therefore does not include Early Head Start, Head Start or Early Childhood Special Education.*

**Table 2. Impact of Reduction in Children Served on Virginia Families in FY25-26<sup>4</sup>**

<i>Loss of services</i>		
Children that would lose care in FY25 from FY24		35,617
Families that would lose care in FY25 from FY24		20,951
<i>Unmet Need</i>		
TOTAL estimated wait list in FY25: 44,174	For children birth-to-five	26,414
	For school-age children	17,760
TOTAL estimated wait list in FY26: 52,868	For children birth-to-five	33,509
	For school-age children	19,359

**Table 3. Impact of Child Care Disruptions on Working Parents and Employers<sup>4</sup>**

<i>Working Parents</i>	
Estimated number of working parents in FY25 that would experience a child care related job disruption	37,398
<i>Employers</i>	
Top sectors employing parents of children in publicly-funded programs	# of Parents
Health care and social assistance, including child care	4,691
Education, including local school divisions	2,285
Retail	1,843
Hospitality and food services	1,376
Government and public administration	932

**ADDITIONAL DATA NOTES:**

<sup>1</sup> FY23 funding and children served reflect actual counts; FY24-26 reflect projections (indicated by \*).

<sup>2</sup> TOTAL line highlighted in orange assumes minimum funding available for the CCSP through CCDF and SGF.

<sup>3</sup> Historically, discretionary funding for CCDF rolls over from year to year and is spent within the 3-year liquidation window under federal law. Virginia is typically using the previous year's discretionary funds to cover costs associated with direct services (i.e., using FY19 funds to cover direct services in FY20). At the direction of the General Assembly, VDOE is now using all available funding to eliminate wait lists in the CCSP. VDOE projects that it will fully exhaust all rollover funds from previous fiscal years in March 2024 and will begin using FFY24 funds for direct services at that time. VDOE projects that little to no FFY24 funds will roll over to FFY25.

<sup>4</sup> Estimates assume minimum funding available for the CCSP through CCDF and SGF.

**PRELIMINARY ESTIMATES AS OF OCTOBER 2023**

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# The Cost of Inaction

Without further action, from FY24 to FY25:

- Child care funding in Virginia will drop by nearly **\$300M**
- **35,600 children** could lose access to child care and early education services
- **37,300 parents** could experience a child care related job disruption, impacting employer productivity and bottom line

# Legislative Priorities

- Appropriation of state funding to meet current parent demand
  - \$275 million in FY25
  - \$325 million in FY26
- Legislation to ensure and maximize sustainable, stable funding that is responsive to parent choice, including:
  - a predictable funding formula that responds to growth and cost of quality
  - a non-reverting fund to safeguard and maximize ECCE funds for distribution based on parent demand.

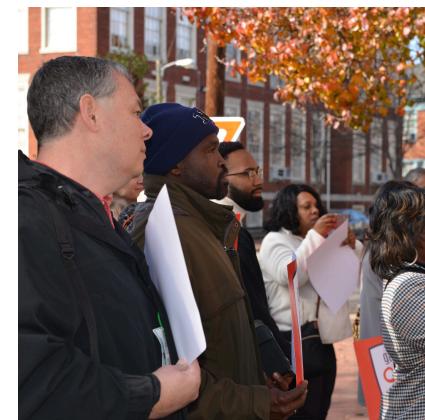


# “Gotta Have Child Care” Campaign Launch

December 4, 2023 | Richmond, VA



*Virginia Promise Partnership Parent Advisory Vice Chair Tomashia Cornitcher shares remarks at the Gotta Have Child Care campaign launch.*



# Building Blocks for Virginia Families

Governor Glenn Youngkin's proposed biennial budget for fiscal year (FY) 2025 and 2026 includes the following child care investments:

- **Child Care Subsidy Program (CCSP)** - \$213 million in FY25 and \$237 million in FY26
- **Mixed Delivery Program (MD)** - \$36.5 million in each year
- **Virginia Preschool Initiative (VPI)** - funded in FY25 and FY26 through an allocation formula based on unserved at-risk four-year-olds

# Remaining Funding Gaps

	<b>New Funding Needed to Sustain Parent Demand</b>	<b>New Funding Proposed by Governor Youngkin for CCSP and MD</b>	<b>Additional Funding Needed from General Assembly</b>
FY25	\$275M	\$249M	<b>\$26M</b>
FY26	\$325M	\$274M	<b>\$51M</b>

# VPP & VBREE Lobby Days



# 2024 ECCE Bill & Budget Amendment Overview

- 30+ ECCE bills
- 50 ECCE budget amendments
- A range of topics and innovative ideas, including:
  - Cost-sharing model
  - Updates to child care provider subsidy reimbursement process
  - Zoning reforms to incentivize the opening of new child care facilities
  - Tax reforms to establish stable funding streams
- Updates available on the [Virginia Promise Partnership Bill Tracker](#)

# Conference Budget Highlights: Preserve ECCE Services for Low-Income Families

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\$401.4 million SGF in FY25 and \$497.6 million SGF in FY26 to support CCSP, MD and VPI.

\$117 million increase for CCSP, MD, and VPI over levels included in Governor's introduced budget.

# On the edge of our seats...

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- Special session May 13
- Dynamics, timeline and conclusion of session
- Significance of this budget – in VA and nationally
- The power of convening voices of families, providers, business leaders, economic development, etc. to advocate for an assertive agenda