

gotta have
CHILD
CARE

Updated November 14, 2023

VIRGINIA
PROMISE
Partnership

Why is Quality Child Care and Early 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.



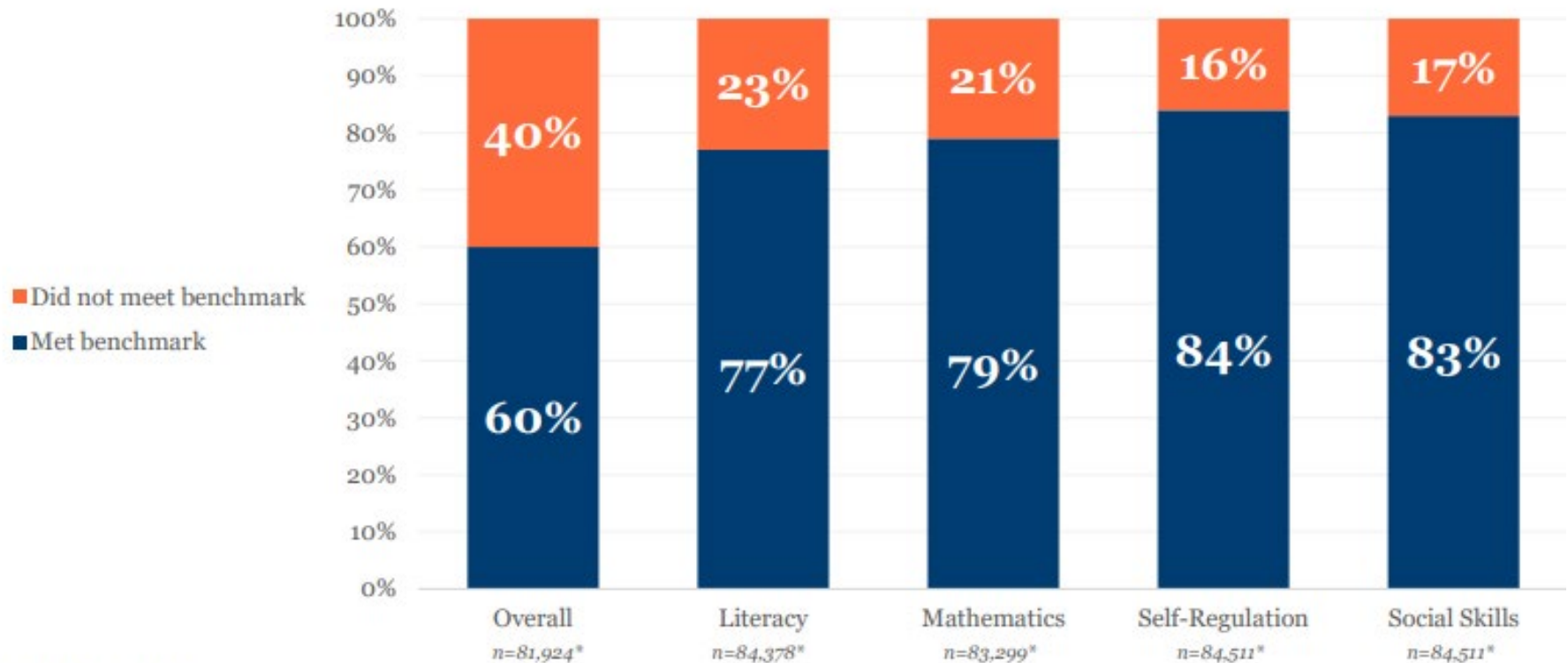
Work-Ready Parents. Child care services ensure parents can go to work to support their family's financial security, economic mobility, and self-sufficiency.



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

School Readiness in Virginia

40% of Virginia kindergarteners began the 2022-2023 school year still needing to build skills in Literacy, Mathematics, Regulation, and/or Social Skills.*

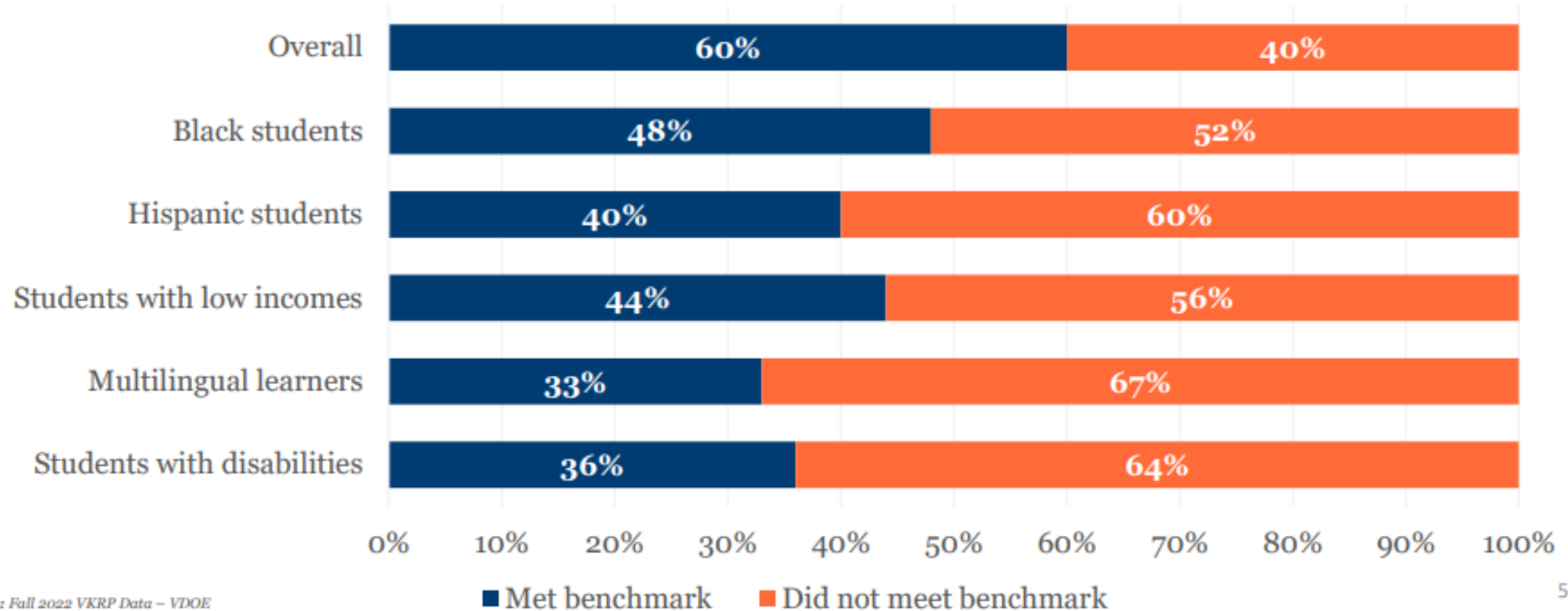


Source: Fall 2022 VKRP Data – VDOE

* Students with complete data on each individual measure were included to obtain these estimates.

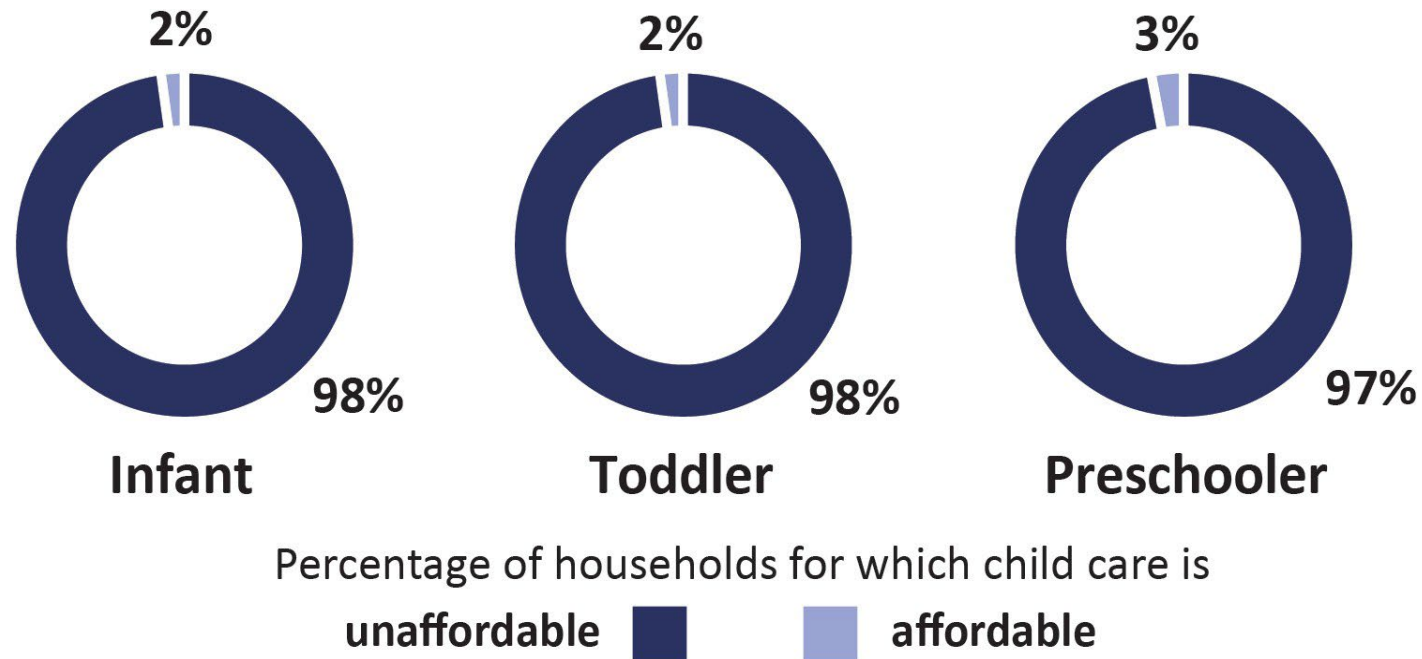
Persistent Disparities in Readiness

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



Affordability Limits Choice

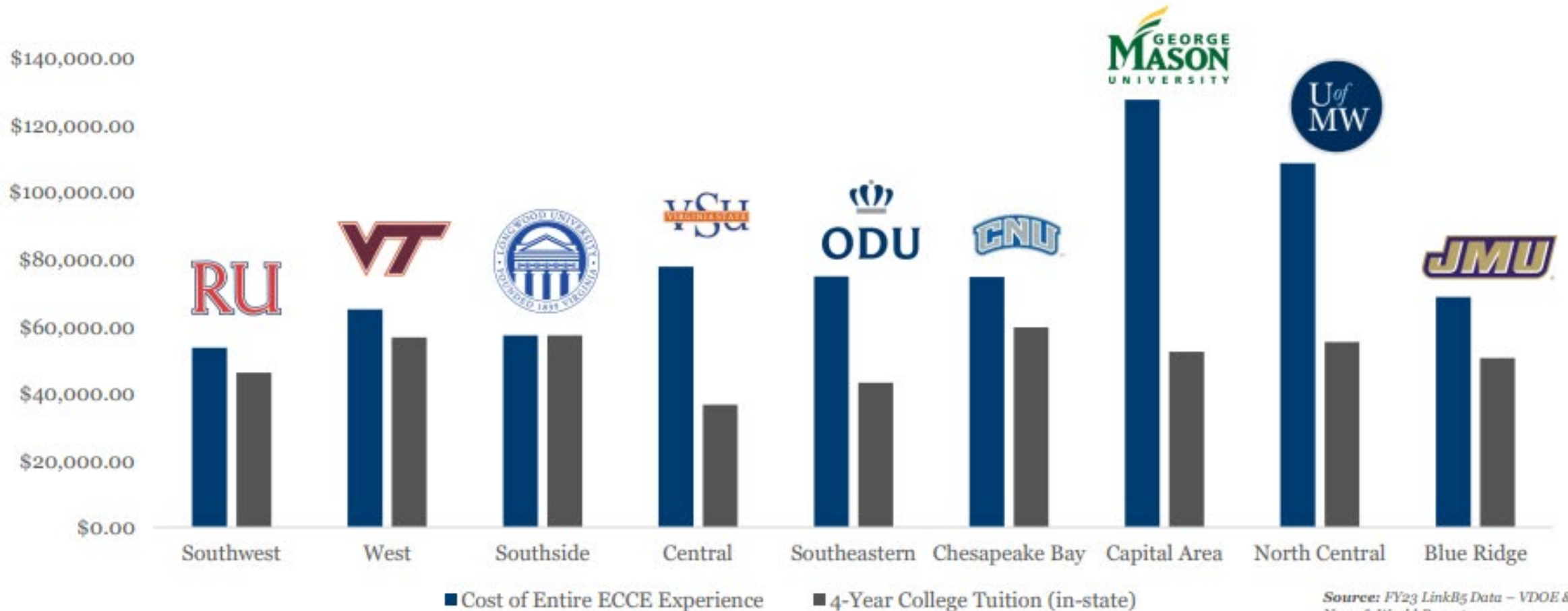
Child care is unaffordable for nearly all low-income families with young children.



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

As Expensive as Higher Education

In nearly every region, it costs more to send one child to child care than to earn a bachelor's degree from a local public university.



Source: FY23 LinkB5 Data – VDOE & US News & World Report

Strategic Investments In Early Childhood Improved Access And Affordability

Temporary federal COVID relief funds were strategically used to expand access for low-income families to quality early education programs.

VDOE used federal COVID-19 funding in FY23 and FY24 to pay for expansions to child care subsidy programs. The funds were used to:

- Increase reimbursement rates for subsidy vendors
- Expand eligibility criteria for families with young children (85% SMI)
- Reduce copayments (12% average decrease, no family pays >7% of income)
- Allow parents looking for work to qualify
- Eliminate waitlists

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

The Proven Benefits of Child Care Investments

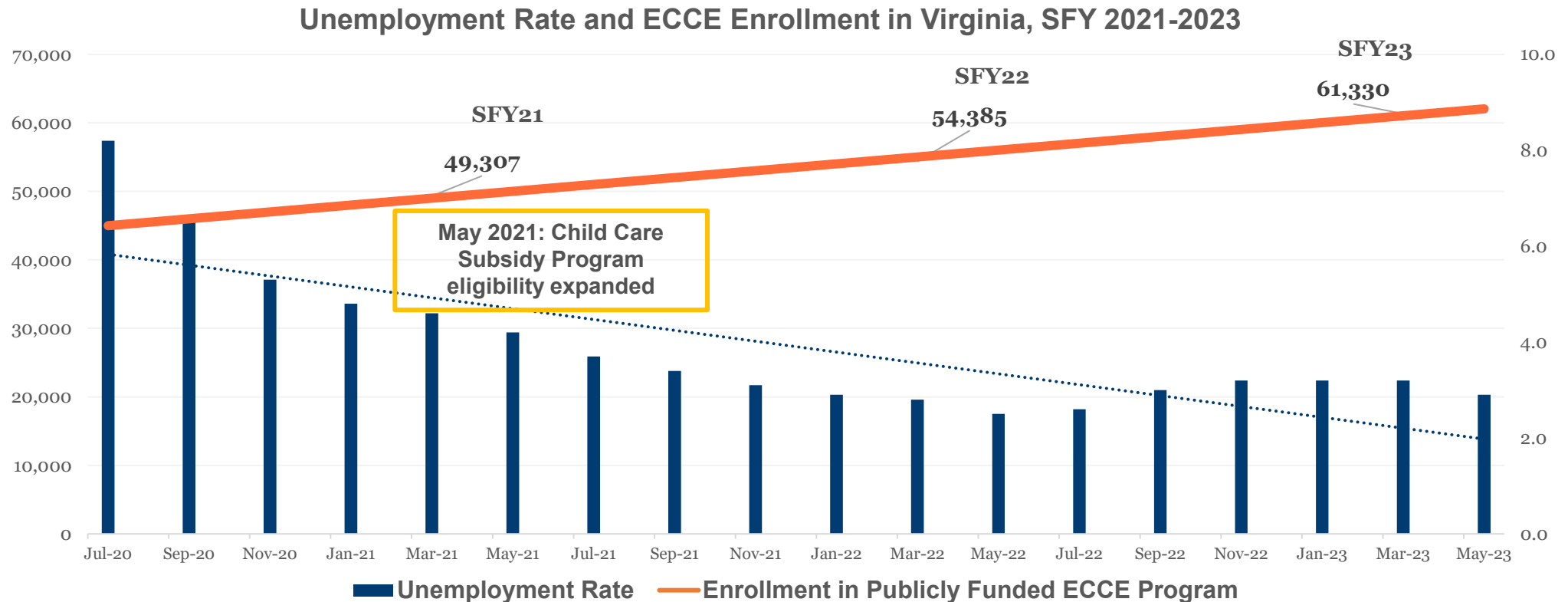
Using temporary federal COVID relief funds, Virginia's additional \$309 million in child care investments **in 2023 alone** has:

- **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 within one year.
 - At least \$30 million in state tax revenue will be generated 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

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 Problem

Table 1. Available Funding and Estimated Children Served, FY23-26¹

	Available Funding				Children Served			
	FY23	FY24*	FY25*	FY26*	FY23	FY24*	FY25*	FY26*
TOTAL²	\$526,237,185	\$647,670,465	\$364,827,862	\$372,803,255	64,368	70,152	34,535	35,358
Child Care Subsidy Program (CCSP) ³	\$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 FY25-26⁴

Loss of services		
Children that would lose care in FY25 from FY24		35,617
Families that would lose care in FY25 from FY24		20,951
Unmet Need		
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 Employers⁴

Working Parents	
Estimated number of working parents in FY25 that would experience a child care related job disruption	37,398
Employers	
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:

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

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

³ 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.

⁴ Estimates assume minimum funding available for the CCSP through CCDF and SGF.

PRELIMINARY ESTIMATES AS OF OCTOBER 2023

The Cost of Inaction

Without further action, from FY24 to FY25:

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

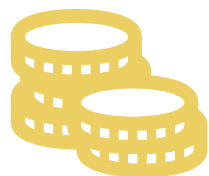
Source: Virginia Department of Education, October 2023

The Cost of Inaction

Without funding to sufficiently respond to family demand for child care, there may be a negative impact on Virginia families, private businesses, and the broader economy.



Fewer children enter school ready. Virginia data shows at-risk children that attend preschool are more likely to enter school ready than their peers who don't attend any early childhood experience.



Small businesses close and families struggle. Child care providers increasingly depend on public funds, especially in underserved areas with lower-income families. Reduction in public funds may force businesses to close their doors or reduce the number of children served.



Fewer parents —particularly mothers—in the workforce. Every publicly-funded slot supports the employment of one parent in the Commonwealth. Every slot reduced will have an equivalent negative impact.

The Solution

To avoid these disruptive impacts and fully realize the potential of Virginia's children, families, workforce, and economy, policymakers must:

MAKE SUSTAINED INVESTMENTS.

Invest **\$275 million in FY25** and **\$325 million in FY26** to maintain and support parent demand for child care services.

ENSURE STABLE FUNDING.

Enact legislation to ensure and maximize sustainable, stable funding that is responsive to parent choice, including:

- A predictable cost-of-quality funding formula that responds to growing parent demand
- A non-reverting fund to safeguard and maximize child care funds for distribution

Join Us!



Get Involved Today!



SIGN UP. Join the Virginia Promise Partnership's email list by filling out the form on the [Get Involved webpage](#) to learn about upcoming advocacy opportunities.

SAVE THE DATE. Join the Virginia Promise Partnership for our 2024 General Assembly Lobby Day on **Thursday, January 25**. Registration link and more information coming soon!

GET SOCIAL. Follow the Virginia Promise Partnership on Facebook, Instagram, and X to stay up-to-date on our latest efforts!