PRE-READ MATERIALS

CHILD CARE FUNDING SUMMIT: **CREATING AFFORDABLE CHILD CARE FOR ALL VIRGINIANS**

VIRGINIA COMMISSION ON EARLY CHILDHOOD CARE AND EDUCATION

WEDNESDAY, OCTOBER 14, 2026
10:00 AM – 2:00 PM

PEAKE CHILDHOOD CENTER · NEWPORT NEWS, VA

PREVIEWING THE CHILD CARE FUNDING SUMMIT: OBJECTIVES & KEY QUESTIONS

October 14th Child Care Funding Summit Objectives:

- Get an interactive and on-the-ground look at how ECCE providers operate and manage financial pressures
- Receive a range of estimates from VDOE for long-term funding of the ECCE system to improve affordability and access to high-quality child care
- Understand short-term investments needed to stabilize the ECCE system, sustain historic growth, and/or expand the system to improve access for more families

Questions to consider:

- How is the cost of quality tied to the ability of families to afford and access child care?
- What are the consequences of the growing gap between the cost of quality and existing reimbursement rates for publicly funded child care?
- What are the impacts on Virginia's communities and economy when families cannot afford and access reliable, high-quality child care?

BACKGROUND: COMMISSION ON EARLY CHILDHOOD CARE AND EDUCATION (ECCE)

- Established in § 2.2-208.1 of the Code of Virginia by the 2023 General Assembly via House Bill 1423/Senate Bill 1404.
- Comprised of Virginia legislators and representatives of business, economic development, local government, school divisions, parents and early care and education programs.
- Charged with providing recommendations for and tracking progress on the financing of Virginia's comprehensive birth-to-five early childhood care and education system.
- 2026 workgroups focused on:
  - **Access and Affordability**: examined challenges with child care access in Virginia, including supply, affordability, and availability of public funding, and potential policy levers
  - **Cost of Quality**: examined ECCE cost drivers, estimating the cost of quality, how educator compensation drives the cost of quality, and policy solutions
  - **Employer Child Care Assistance Pilot Program**: will hear stakeholder feedback and about progress toward spring pilot program launch based on VECF's work with Ready Regions and employers

HOW IS ECCE PAID FOR?

- Providers *braid and blend* private-pay tuition and public funding
  - Private ECCE Market
  - Publicly Funded ECCE

PROGRAMS OF VIRGINIA'S PUBLICLY FUNDED EARLY CARE AND EDUCATION SYSTEM

Virginia Preschool Initiative (VPI)

- State grant to schools and community-based organizations to provide preK for 3-and-4-year-olds unserved by Head Start
- Funded at a per-pupil rate that is updated each biennium to reflect costs associated with quality expectations including competitive compensation

Child Care Subsidy Program (CCSP)

- Serves children from birth-to-five (along with school-age)
- Subsidy program covering part of the cost of child care at licensed and license-exempt providers for working families
- Rates last updated in 2022

Mixed Delivery Program

- Primarily serves preschoolers (ages 3 and 4)
- Administered through the Virginia Early Childhood Foundations
- Pilot for innovative approaches, and leverages program evaluation and quality enhancements to support options for low-income working families seeking care in private child care and family day home settings

Early Head Start/Head Start

- Not part of Virginia's state budget
- Federally funded programs that support early childhood development, health, and family well-being for income-eligible families at no-cost
- EHS: Pregnant individuals and children up to age 3
- HS: Children ages 3-5 (not yet eligible for kindergarten)

VIRGINIA'S ECCE SYSTEM: FOUR KEY FEATURES

KEY FEATURES THAT MAKE VIRGINIA'S ECCE SYSTEM NATION-LEADING

OUR SHARED VISION

We envision a Virginia where *all* children have the opportunity to enter school ready.

Families have a variety of affordable, high-quality, public-private early learning options.

Programs are measured, supported to improve, and rewarded for continuous improvement.

Parents can work or go to school and meet their family's needs.

Virginia is Leading the Nation in ECCE

Virginia's approach to quality and access is being noticed. More states are beginning to ask… *how can we do that?* Here are 4 key features:

1. Measurement of children's experiences at scale, with a focus on improvement.
Virginia measures what impacts child learning in every classroom with individualized supports to improve educator practice.

2. Expansions in access are driven by what families want and need.
Enrollment in publicly-funded ECCE has increased by 80% since Summer 2020 with family preferences driving growth, investment and supply.

3. State and regional partnerships enable strategic innovation.
Built around the needs of families, Virginia's regional infrastructure enables public-private partners to test new strategies for expanding access, building supply, and promoting quality improvement.

4. Decisions driven by data and prioritizing continuous improvement.
Virginia has developed strategic data capacity at every level of the system, promoting informed decision-making and ensuring a strong return on investments.

1. MEASURING AND IMPROVING AT SCALE

31,500+
Classroom Observations

11,300+
Classrooms Observed

2.4M
Minutes of *CLASS* Observations

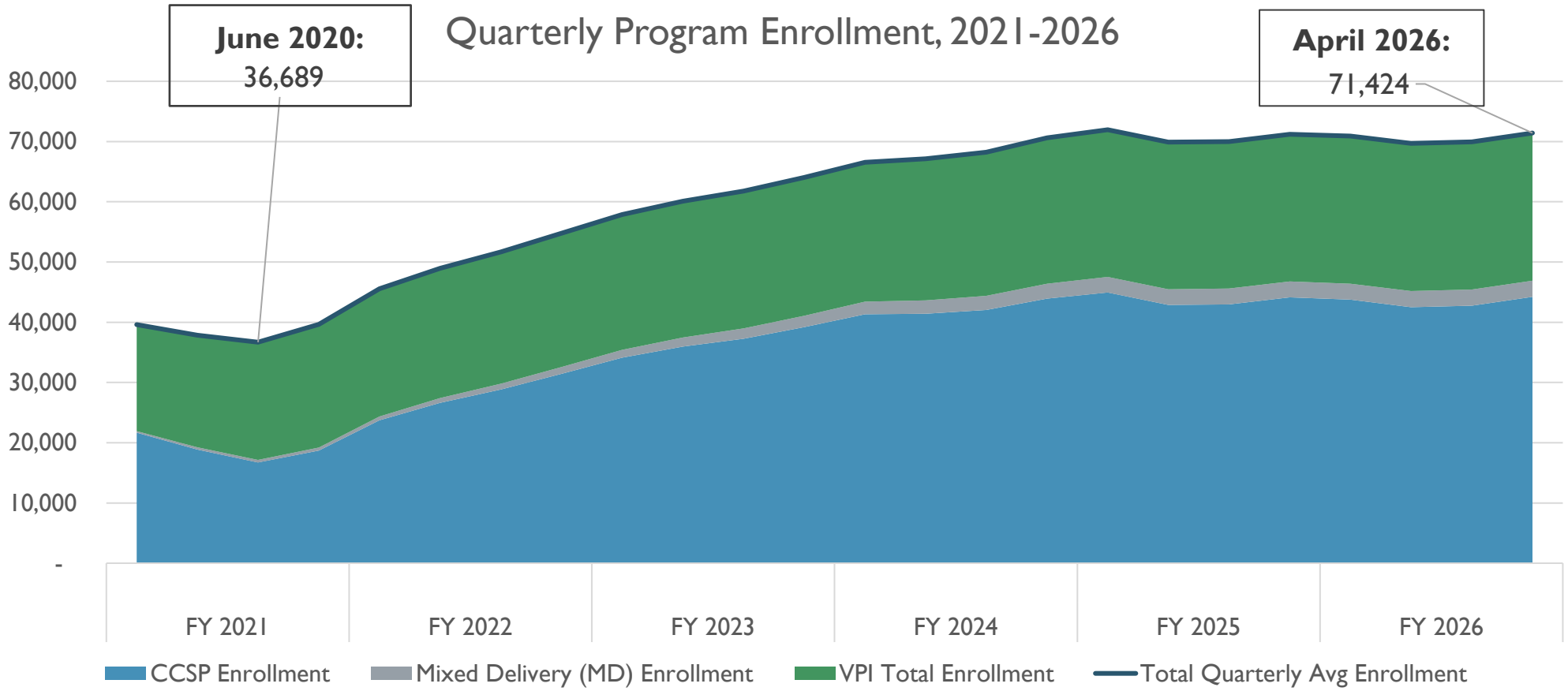
3,268
Sites Meet or Exceed Expectations (99%)

+28%
Year to Year Increase in Sites that Exceed Expectations

-51%
Year to Year Decrease in Sites that Need Support

2. EXPANDING ACCESS USING FAMILY PREFERENCE

Enrollment in publicly-funded ECCE has increased by 80% since Summer 2020, with family preferences driving growth, investment and supply.



3. INNOVATING THROUGH PARTNERSHIPS

Built around the needs of families, Virginia's regional infrastructure enables innovation-ready partners to test new strategies for expanding access, building supply, and promoting quality improvement.

Coordinated Enrollment Single Point of Entry Pilots
Demonstrating effectiveness and statewide scalability

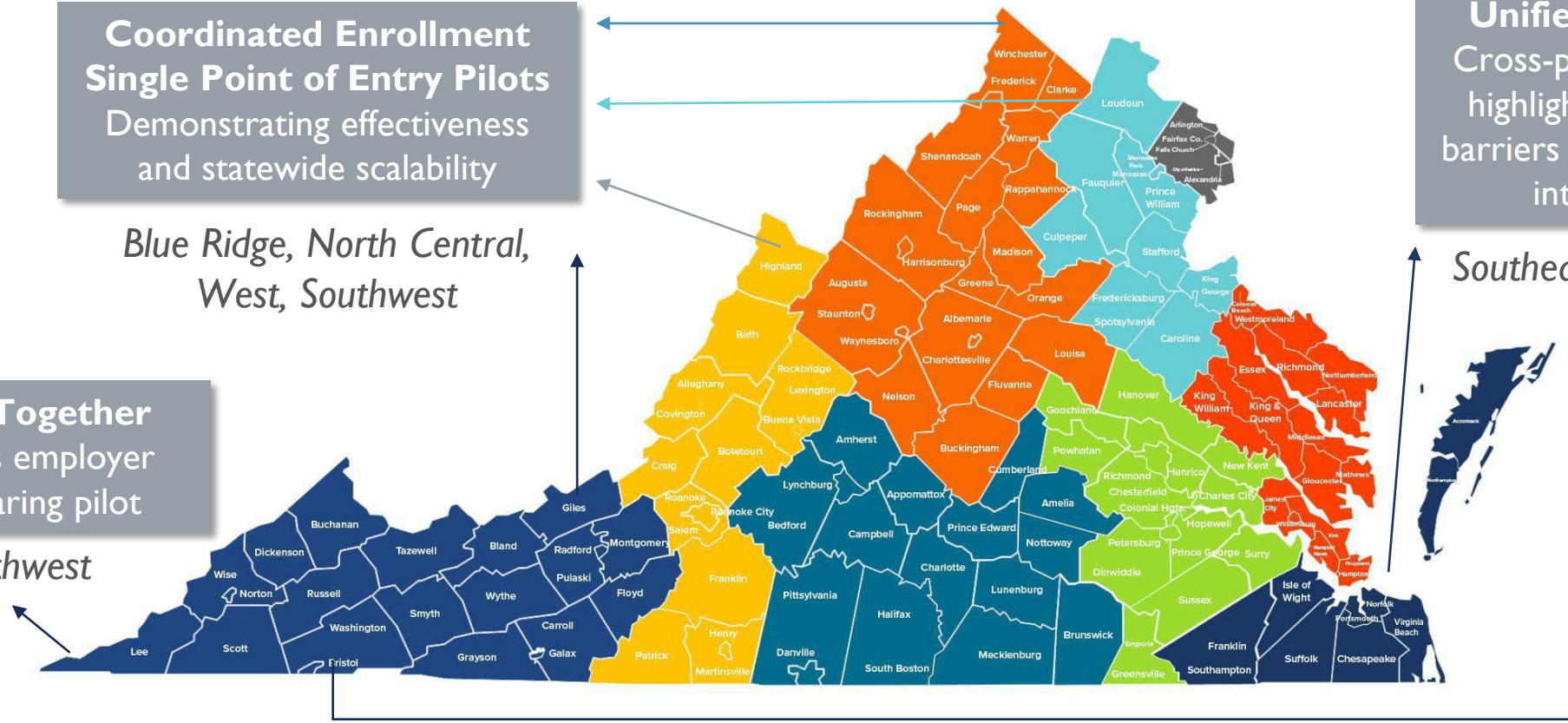
Blue Ridge, North Central, West, Southwest

Unified Waitlists
Cross-program pilots highlight path – and barriers – to statewide integration

Southeast, Southwest

Ready Together
Virginia's employer cost-sharing pilot

Southwest



4. DATA DRIVES DECISION-MAKING

Virginia has developed strategic data capacity at every level of the system, promoting informed decision-making and ensuring a strong return on investments.

VACONNECTS FOR KIDS

VQB5 VIRGINIA QUALITY BIRTH TO FIVE
VIRGINIA DEPARTMENT OF EDUCATION

Yale · University of Virginia · VCU · Vanderbilt University

Virginia Connects for Kids (VAConnects): Birth-3rd Grade data system with ~800K students that links early childhood, literacy and math results

Ready Region Data Deep Dives: ~500 early childhood stakeholders across 9 regions meet annually to review VQB5 data, identify trends, and set goals

Growing Data and Analytics Capacity: 6,000+ downloads and 224K+ views of quality data, with dozens of up-to-date datasets available across ECCE topics

Research Partnerships: 60+ publications featuring Virginia's ECCE data, including legislative reports, data snapshots, journal articles, and book chapters

INVESTMENTS AND INNOVATIONS IN QUALITY, ACCESS, AND DATA CAPACITY ARE IMPROVING OUTCOMES FOR CHILDREN, FAMILIES, AND VIRGINIA'S ECONOMY

DEMONSTRATED IMPACT

RETURN ON INVESTMENT IS HIGH

Virginia's data demonstrates significant return on investment for ECCE:

- More Virginia families have high-quality early learning and care options.
- More Virginia children are ready for kindergarten.
- Greater workforce participation and lower unemployment in the Virginia economy.

MORE OPTIONS FOR FAMILIES

Virginia's early childhood system continues to grow, giving families more choices across diverse settings.

~2,000 home-based child care providers*

~3,500 child care centers

876 public schools

865 religiously-exempt child care centers

46 Head Start and Early Head Start grant recipients *(360+ sites)*

Notes:

- *Site totals are not mutually exclusive and should not be summed. Additional site types include certified preschools, local government approved centers, and short-term child day centers (generally summer camps).*
- *Home-based child care and child care center counts include all licensed and regulated sites.*
- *Home-based child care formerly referred to as "family day homes"; terminology change based on HB258 passed by GA during 2026 session.*

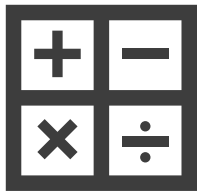
Sources: *VDOE - Licensing Data, VQB5 registration, and Head Start Collaboration Office*

MORE CHILDREN ARE READY FOR KINDERGARTEN

The percentage of kindergarten students meeting the benchmark in Virginia increased 6 percentage points – from 51% in Fall 2024 to 57% in Fall 2025.

+6 percentage points
Overall School Readiness

+8 percentage points
Literacy



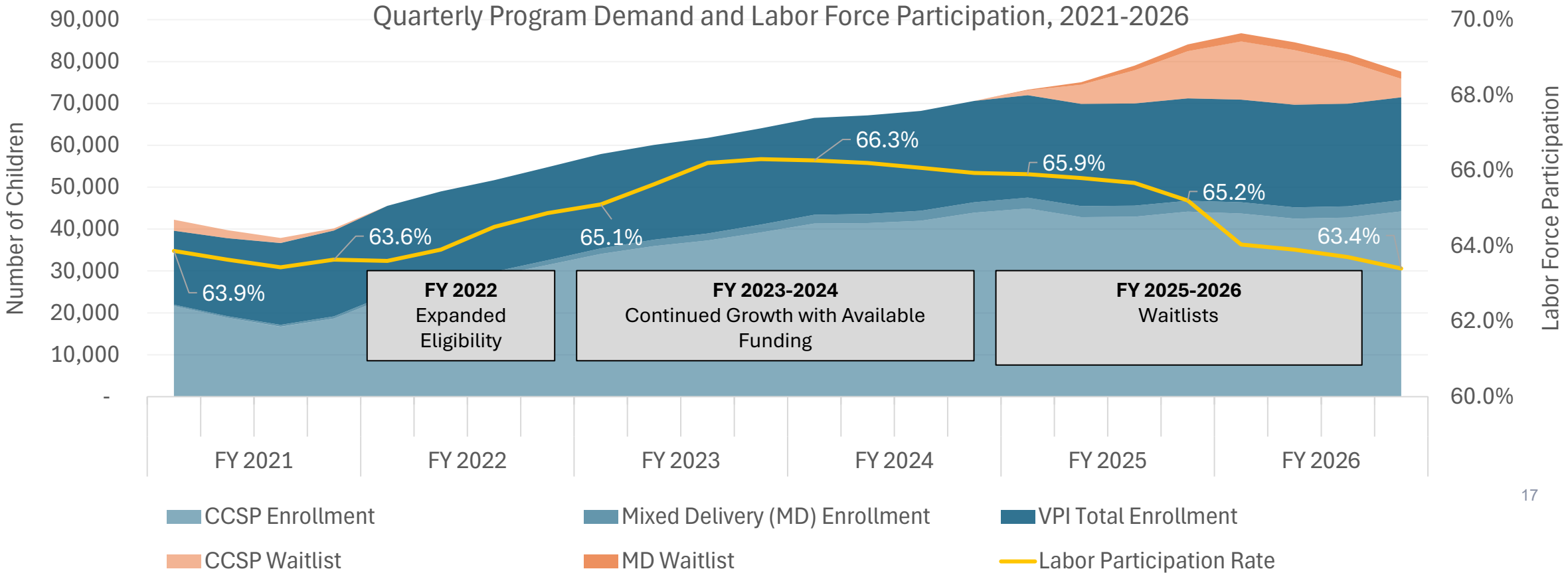
+2 percentage points
Mathematics

Historically underserved groups made some of the **largest improvements**:

- **+7 percentage points** for Hispanic/Latino students
- **+6 percentage points** for Black students
- **+6 percentage points** for students in low-income households
- **+5 percentage points** for English language/multilingual learners
- **+4 percentage points** for students with disabilities

ECCE SUPPORTS WORKFORCE PARTICIPATION

In Virginia, when more parents can access affordable ECCE, workforce participation increases and unemployment decreases. When waitlists limit ECCE access, workforce participation decreases.

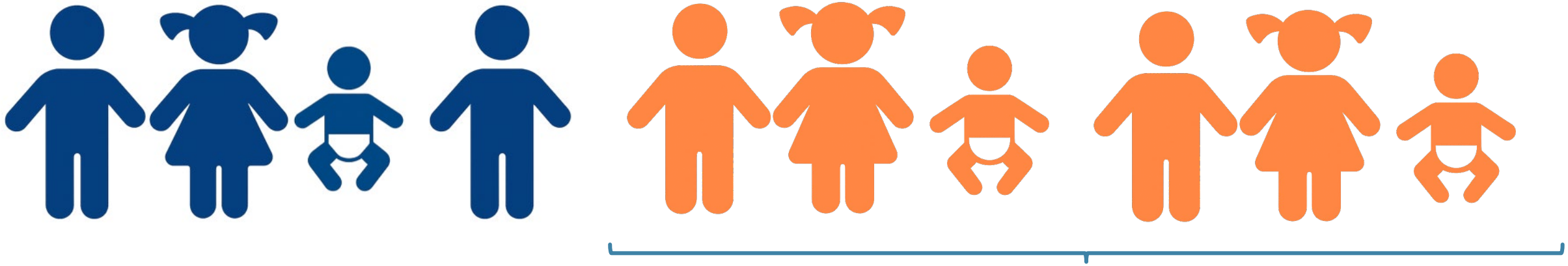


LACK OF AFFORDABILITY AND INADEQUATE TEACHER COMPENSATION ARE RISKS TO ACCESS, QUALITY AND IMPACT

CHALLENGES AHEAD

60% OF CHILDREN IN WORKING FAMILIES IN NEED

Despite recent gains, ECCE still remains unaffordable for many low- and moderate-income working families in Virginia. Nearly 60% of birth-to-five children who may be eligible* do not have access.

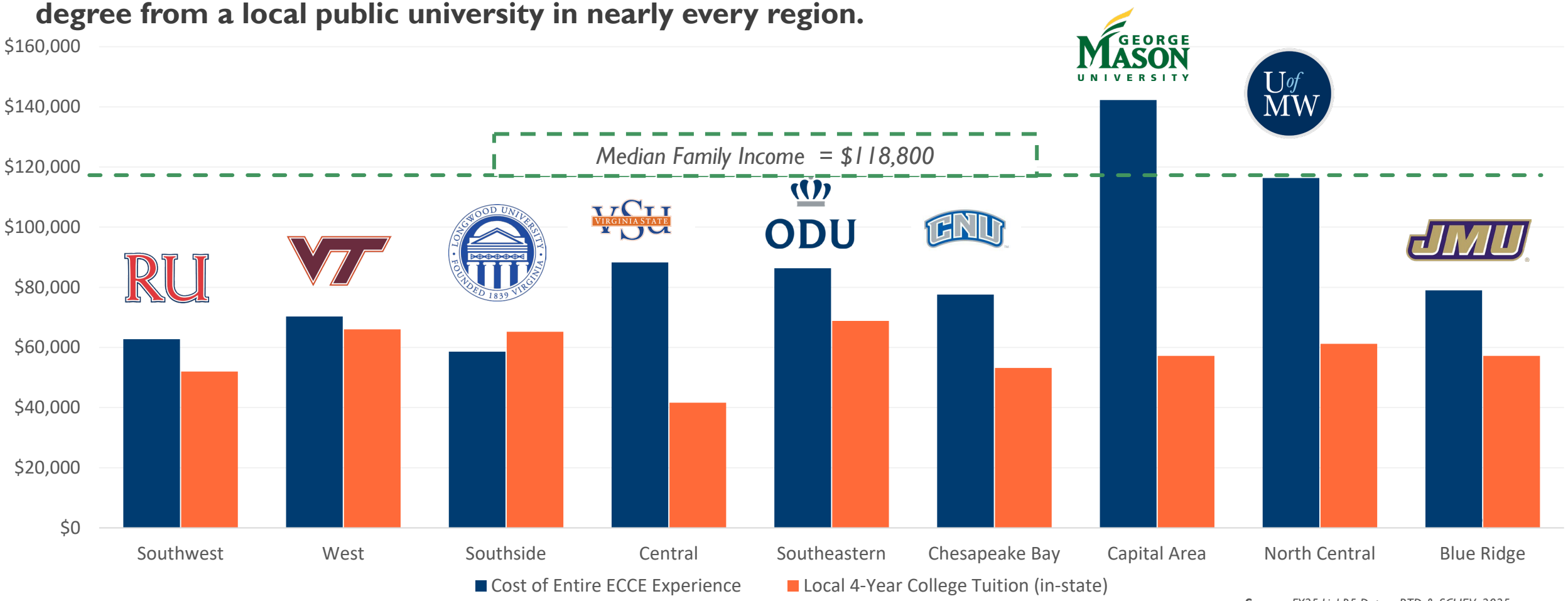


60% of potentially eligible birth-to-five children without access to care

** Potentially eligible children are those whose household income is less than 85% state median income and for whom all available parents are in the workforce. This is likely an underestimate of the number of children eligible for services.*

ECCE COSTS MORE THAN COLLEGE

For Virginia parents, it costs more to send one child to child care for birth-K entry than to earn a bachelor's degree from a local public university in nearly every region.

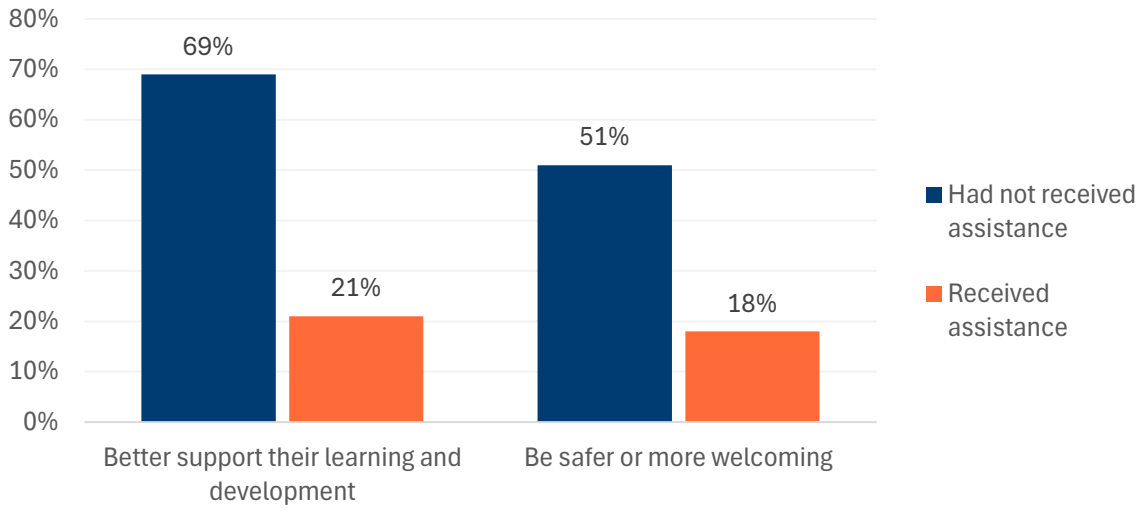


Source: *FY25 LinkB5 Data – RTD & SCHEV, 2025*

WAITLISTS HARM CHILDREN, FAMILIES AND ECONOMY

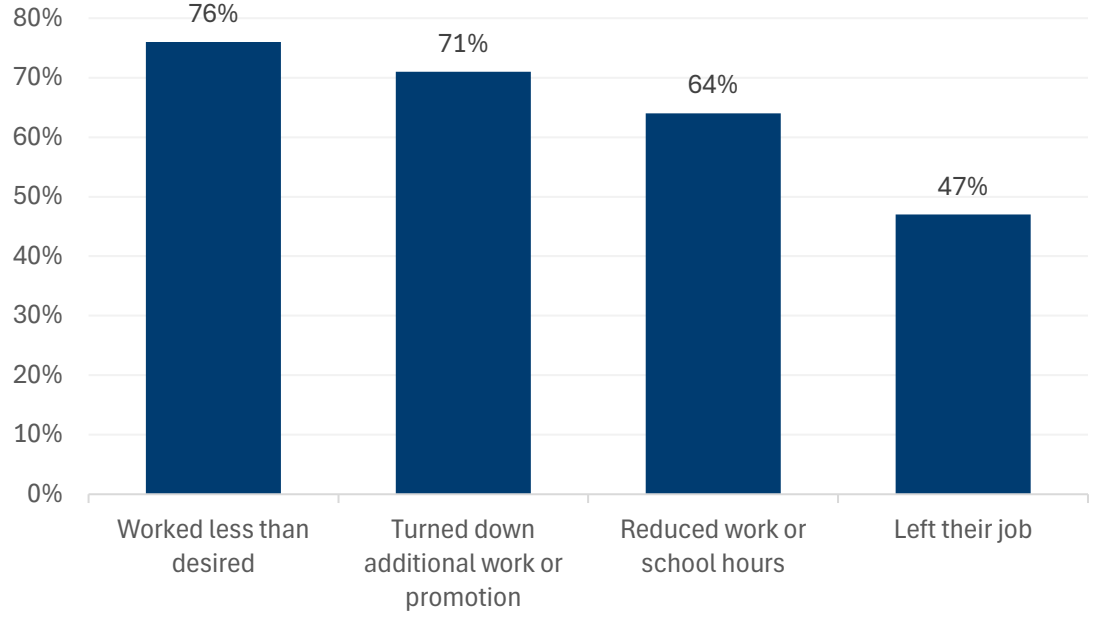
When waitlists limit access, families are forced to make trade-offs between their employment and financial wellbeing with their children's safety and development.

Percentage of parents somewhat or very worried that their child is missing out on care that could:



"My child is currently being cared for by someone I don't fully trust, and quite honestly, I'm not sure it's very safe. But it's all that I can currently afford and continue to keep my job…"

Percentage of parents reporting that, without child care assistance, they:

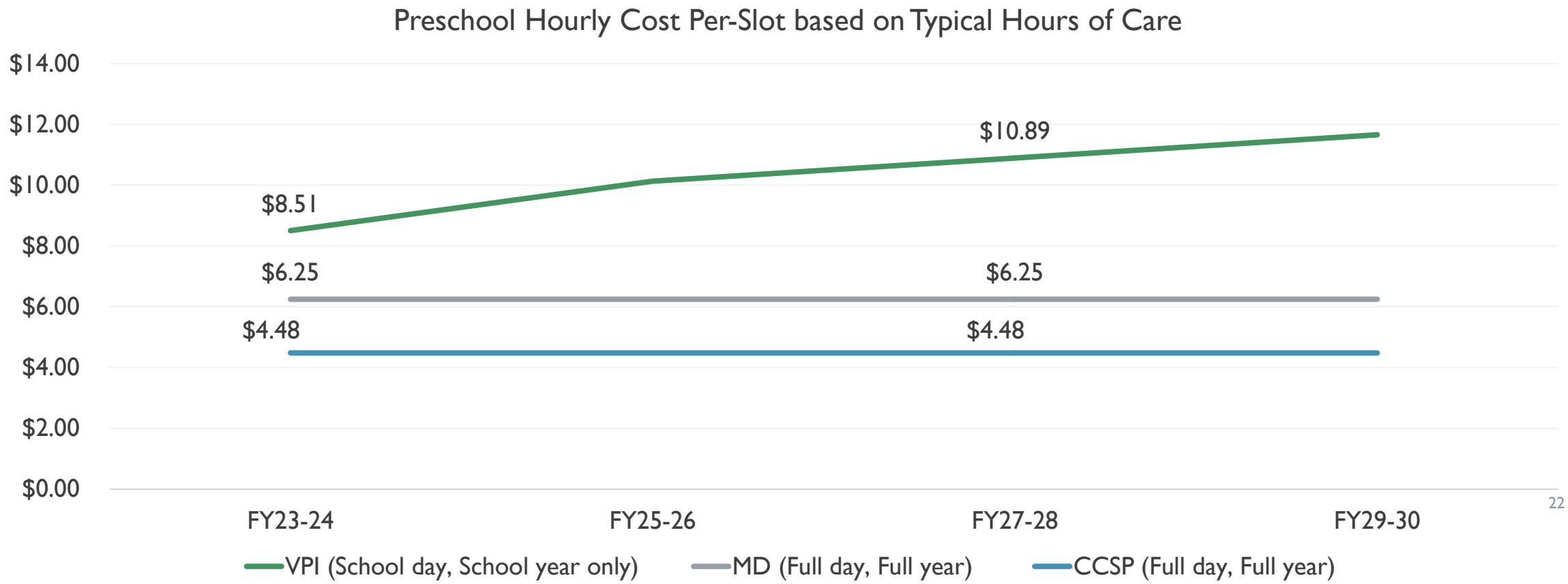


"We cannot afford childcare. Therefore, I cannot work. We can't afford to live on one income and it's killing us."

Source: Survey of Waitlisted Families – Summer 2025 – by Study of Early Education Through Partnerships, University of Virginia

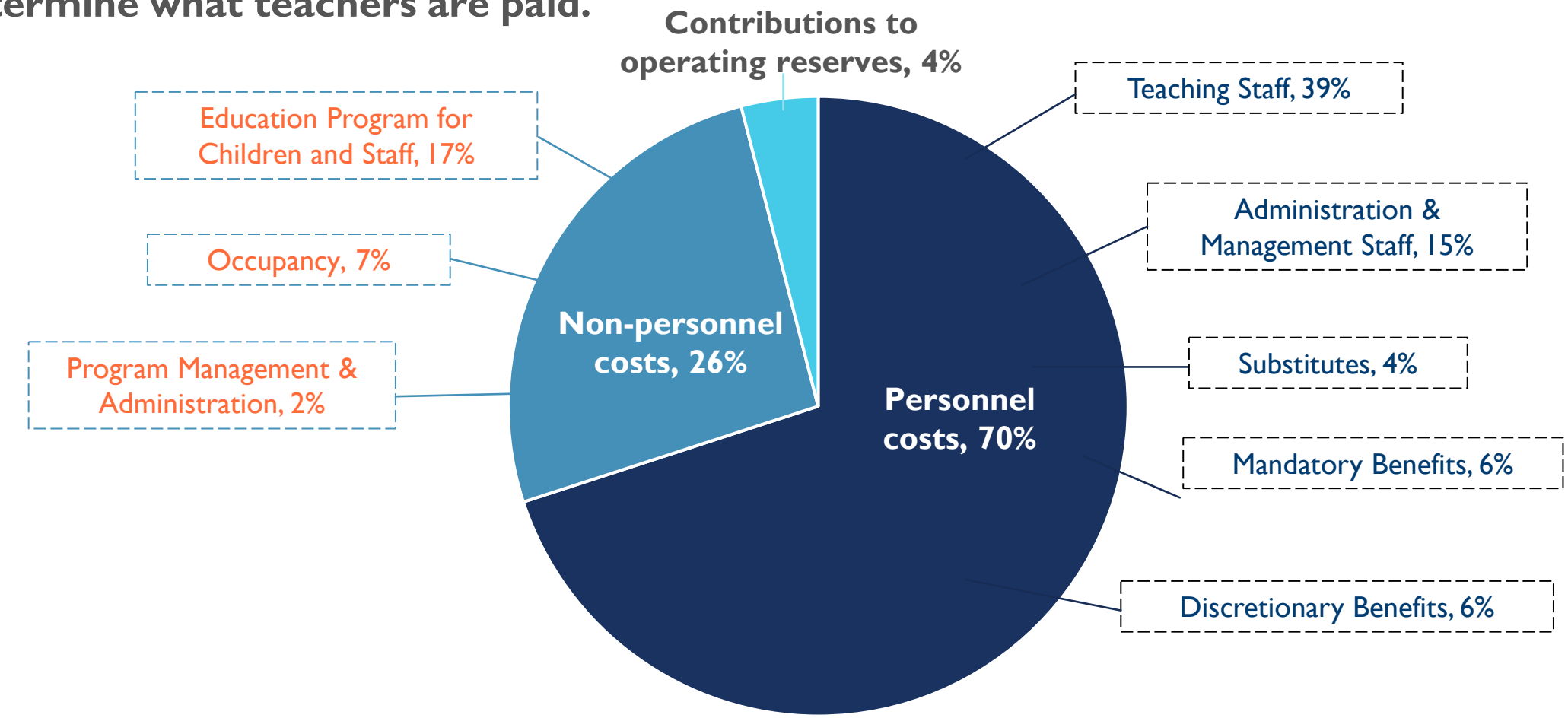
STAGNANT PAYMENT RATES FOR CHILD CARE

Payment rates for child care have remained stagnant since 2022, while per-pupil rates in VPI have increased by 28% due to rebenchmarking.



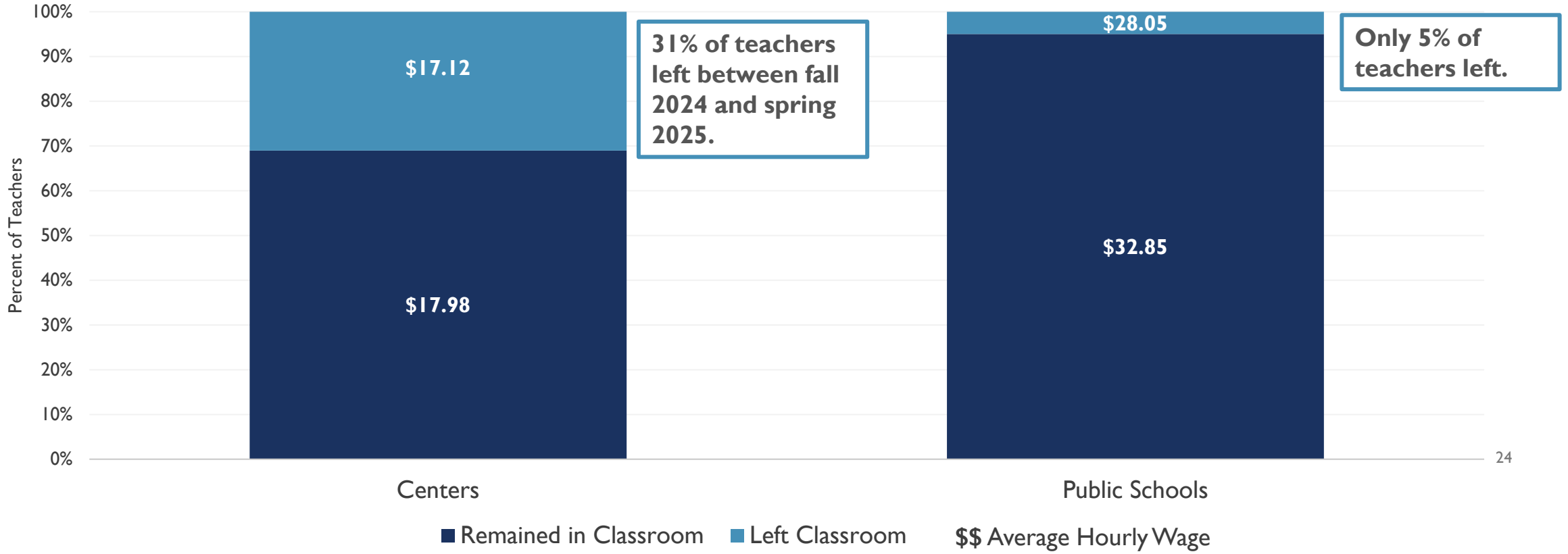
PER-CHILD RATES DRIVE TEACHER PAY

70% of child care center operating costs are related to personnel. Per-child payment rates determine what teachers are paid.



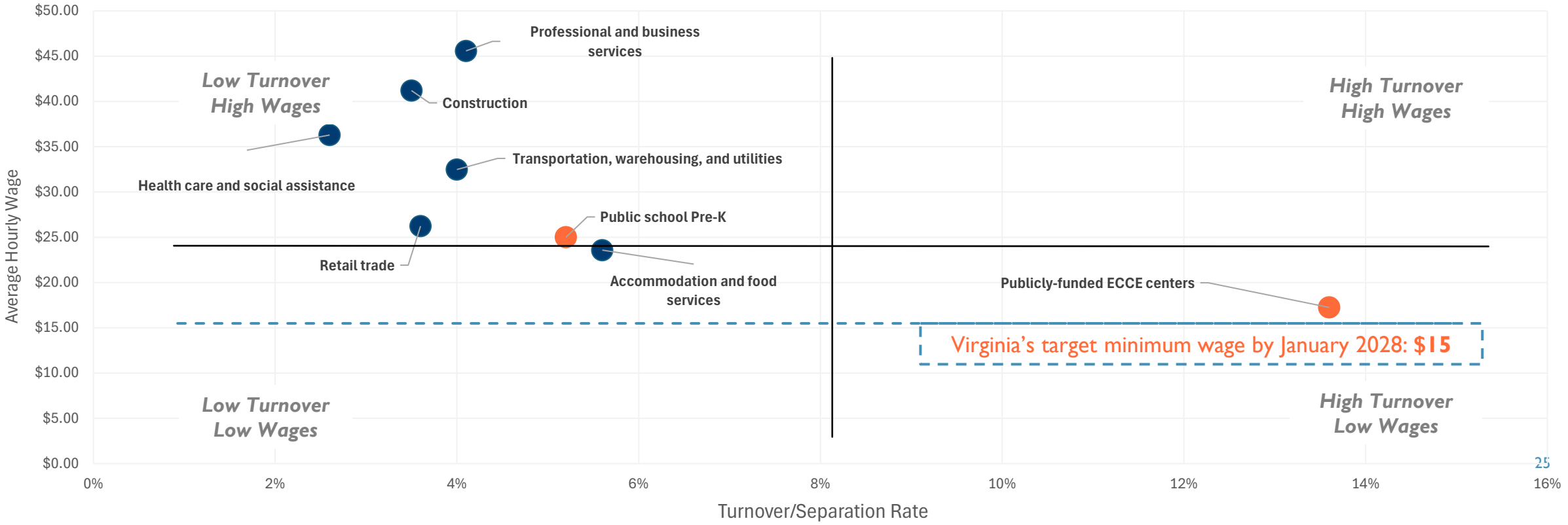
IMPACT ON CHILDREN – WITHIN YEAR TURNOVER

Nearly a third of child care teachers left between Fall 2024 and Spring 2025. In contrast, only 5% of school-based teachers left. Most importantly, teachers who stayed performed better on VQB5, meaning children benefit most from teachers who stay.



TURNOVER RATES BY WAGES IN LABOR INDUSTRIES

Child care teachers earn lower wages and face much higher turnover compared to other industries, underscoring how compensation challenges directly impact workforce stability and the quality of early childhood programs.



WORK AHEAD FOR COMMISSION

Continuing Virginia's nation-leading approach for improving quality and child outcomes

Expanding access to support more working families and children in need who cannot otherwise afford

Ensuring teacher pay across schools and child care is fair, competitive and has positive impact on children

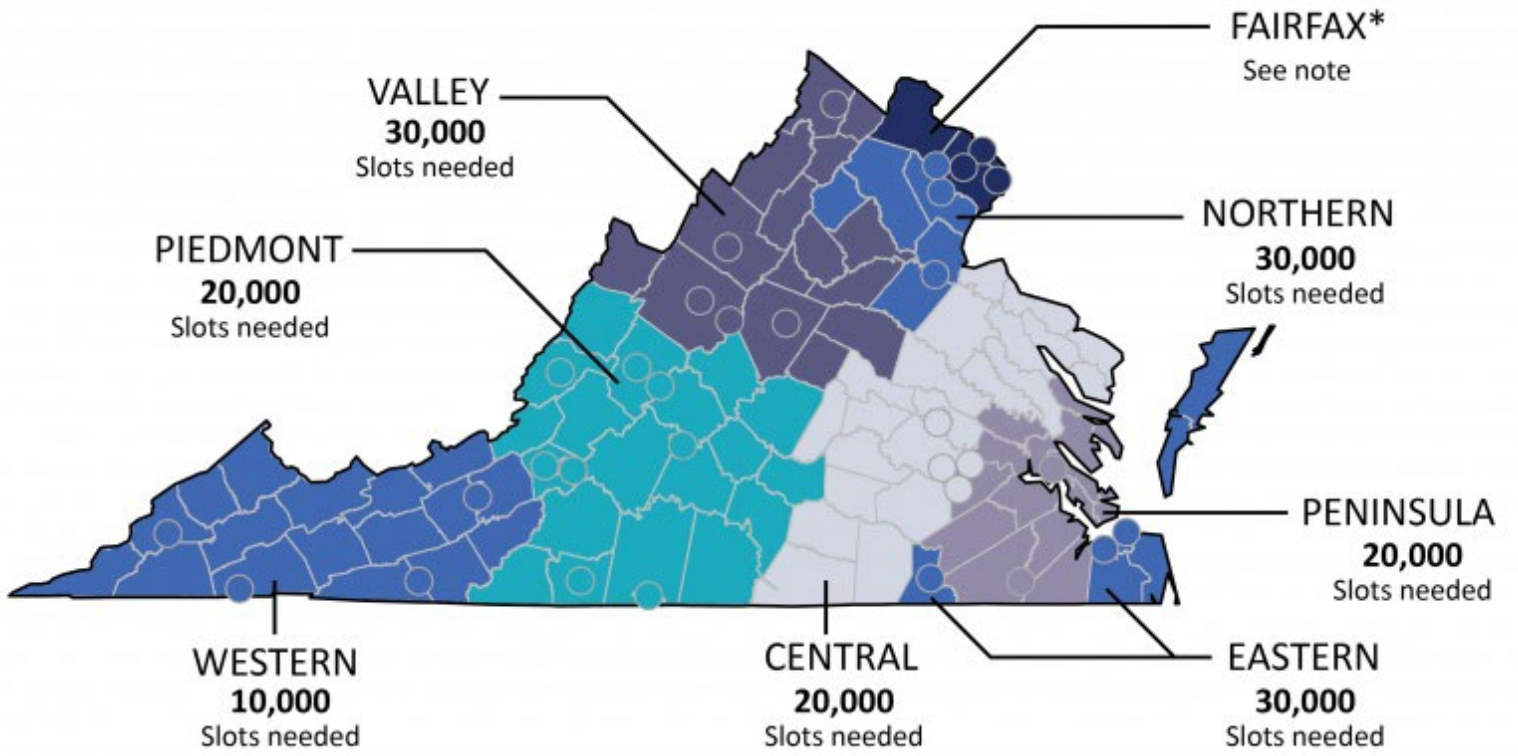
Innovating and evaluating new approaches (e.g., tri-share)

DEEPER DIVE: ACCESS AND AFFORDABILITY

CHALLENGES FOR FAMILIES SEEKING CHILD CARE

- ❑ **Are there child care providers with openings near me?**
- ❑ **Can I afford the tuition payments?**
- ❑ **Do I qualify for child care assistance?**
- ❑ **Can I get a slot in time for me to go back to work?**

SUPPLY IS LIMITED IN EVERY REGION



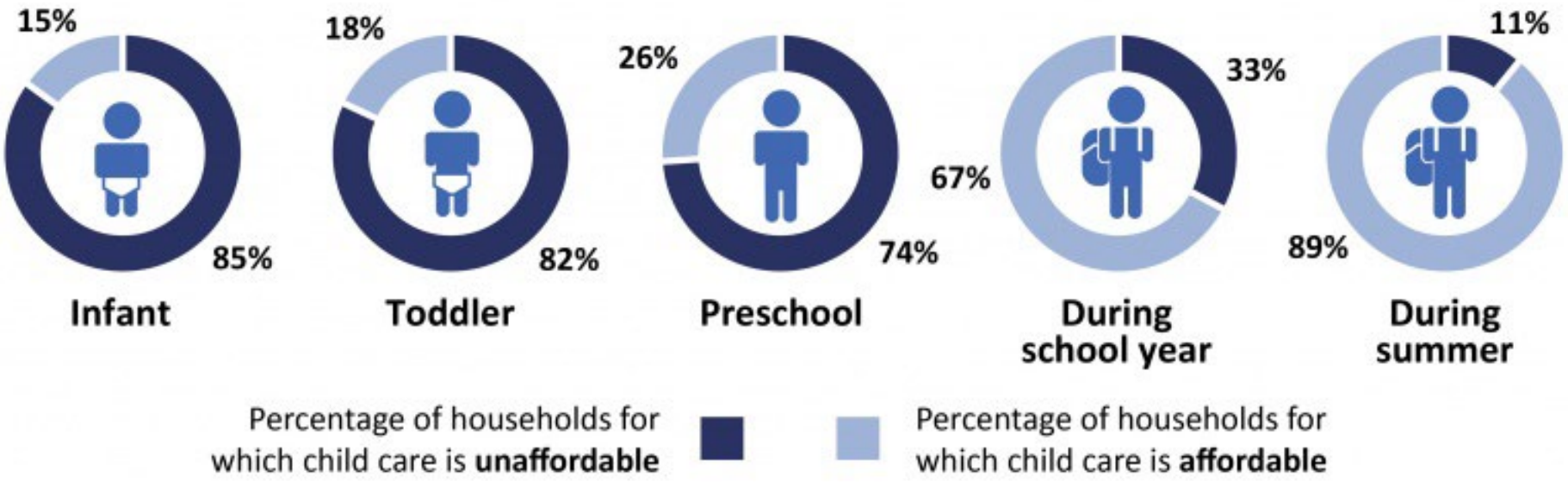
SOURCE: JLARC analysis of VDOE child care licensing data (2023); JLARC child care provider survey data (2023); American Community Survey, 5-year data, (2017–2021); and Household Pulse Survey data (2023).
NOTE: Does not account for families that use child care in a different region from where they live or fami-lies from border states that use child care in Virginia. Estimates indicate there is not unmet demand in the Fairfax region, but these estimates do not account for the cost of available slots or use of child care in Fairfax by families outside of Virginia.

JLARC
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

JLARC estimates **140,000 more child care slots** are needed to meet the needs of working families.

CHILD CARE IS UNAFFORDABLE AT EVERY AGE

For the vast majority of Virginia families (74-85%) with B-5 children, child care is unaffordable.

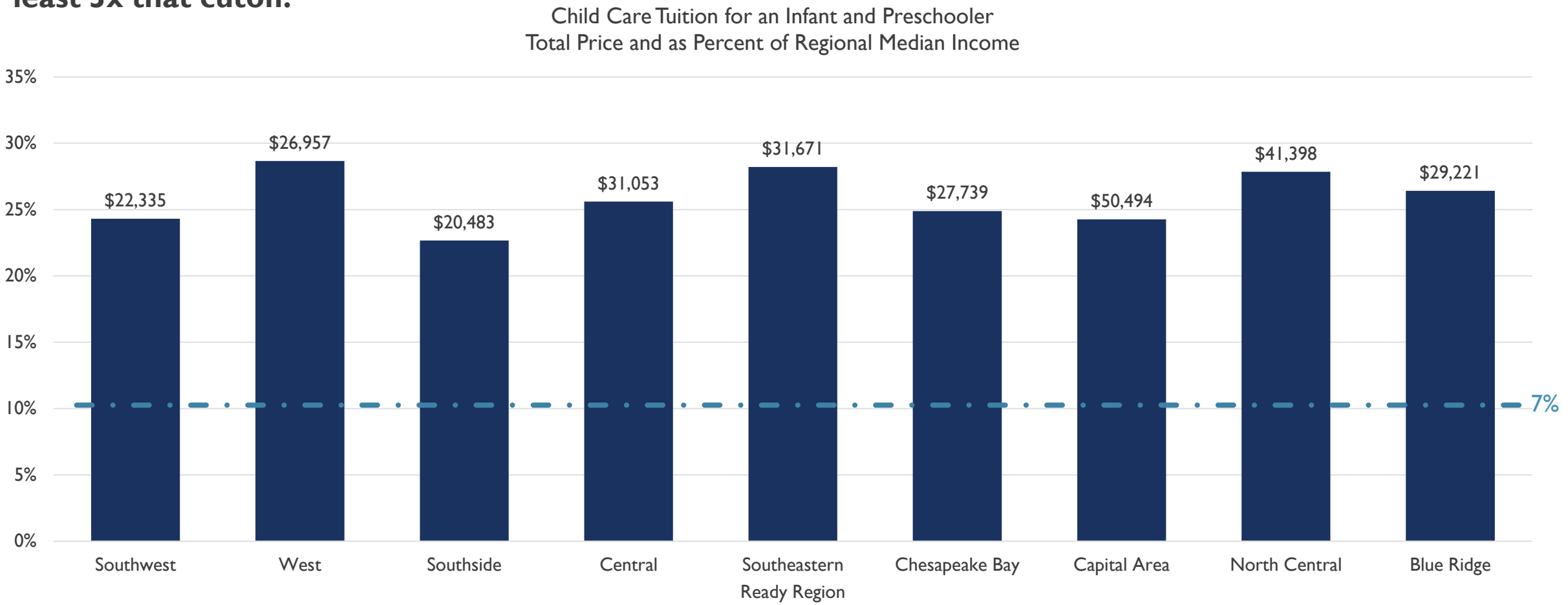


JLARC
JOINT LEGISLATIVE AUDIT AND REVIEW COMMISSION

SOURCE: JLARC analysis of data collected via 2023 child care provider survey and American Community Survey, 5-year data, 2017–2021.
NOTE: "During school year" represents before or after school care. Child care is considered unaffordable if it exceeds 7 percent of a household's income.

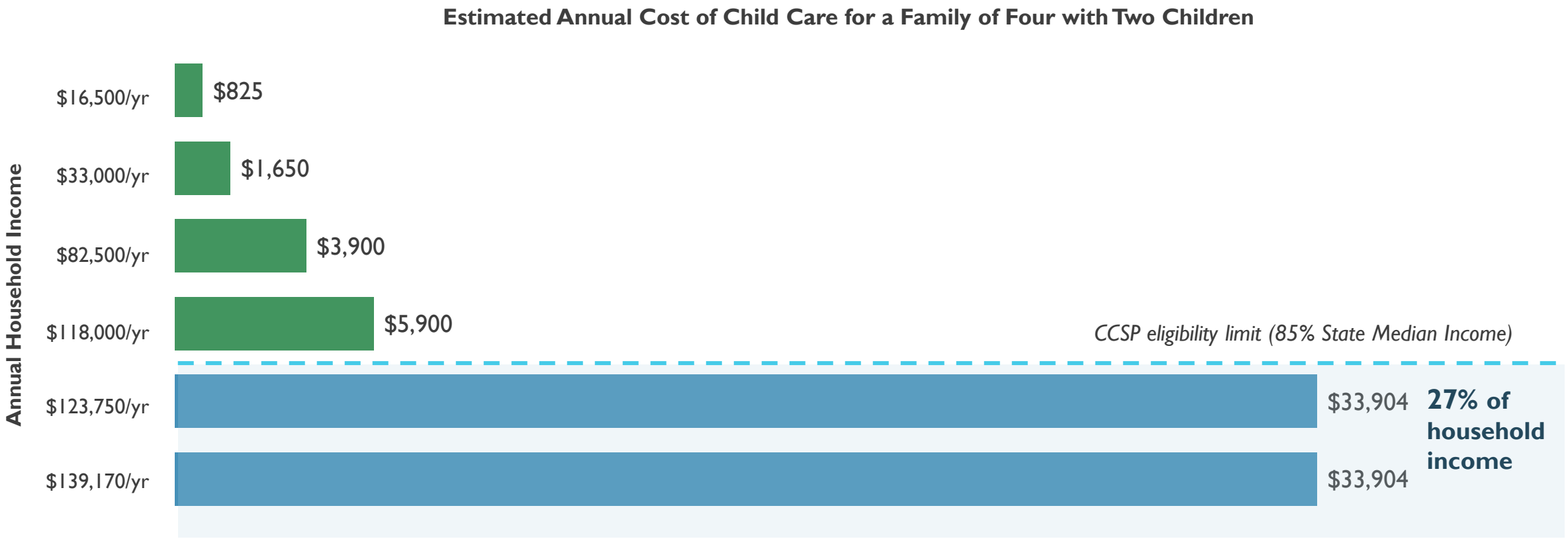
CHILD CARE IS UNAFFORDABLE IN EVERY REGION

The federal government defines affordable child care as being 7% of household income. Every region is at least 3x that cutoff.



PUBLIC FUNDING HELPS FAMILIES AFFORD CARE

While the annual family copay in CCSP never exceeds 5% of household income, a family of four with an infant and a preschooler earning just above the eligibility limit must pay over a quarter of their income on child care.



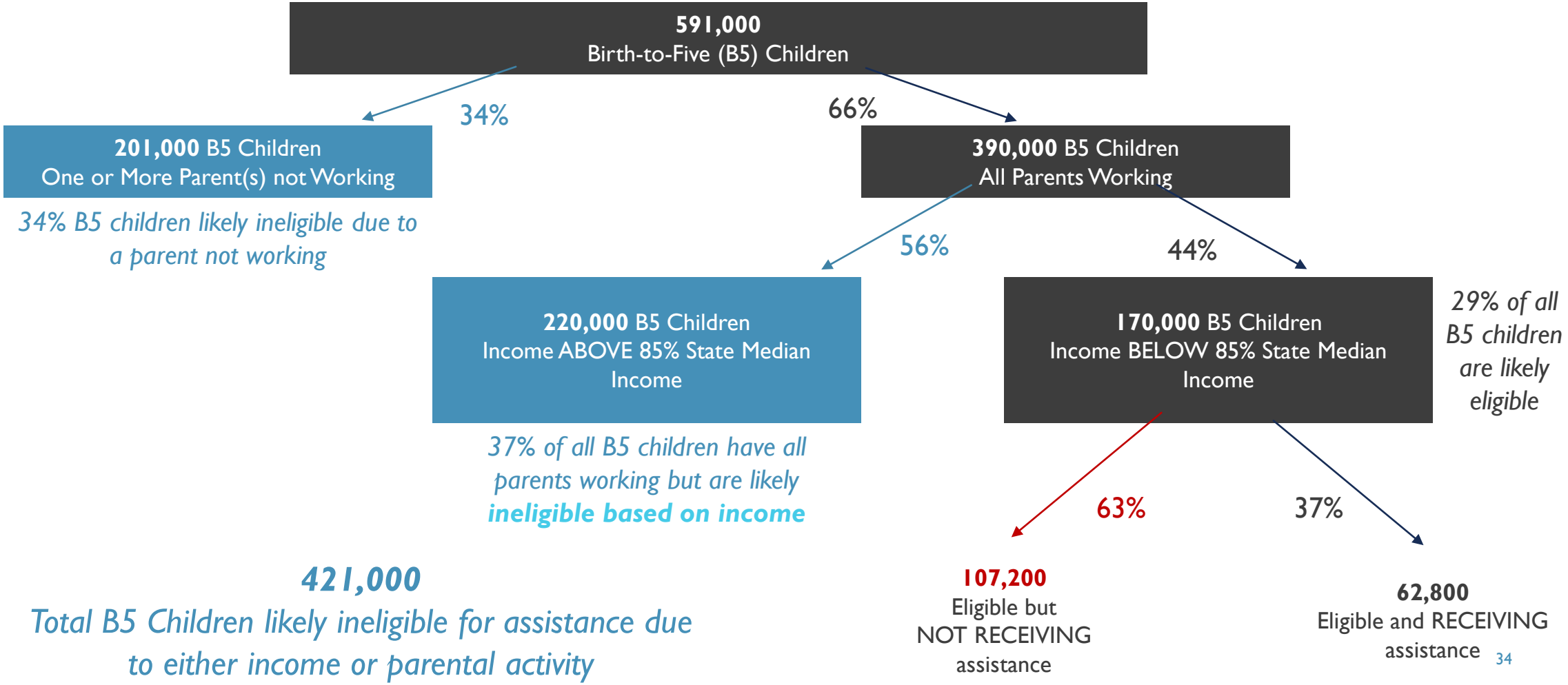
MANY CHILDREN NEED CARE, FEW RECEIVE PUBLICLY-FUNDED SERVICES

At least **390,000 young children** in Virginia have all parents in the workforce and likely need child care. Less than 2 out of every 10 get help paying for it.

>327,000 children who are unable to access or are currently ineligible for child care assistance.

62,800 children served through existing programs.

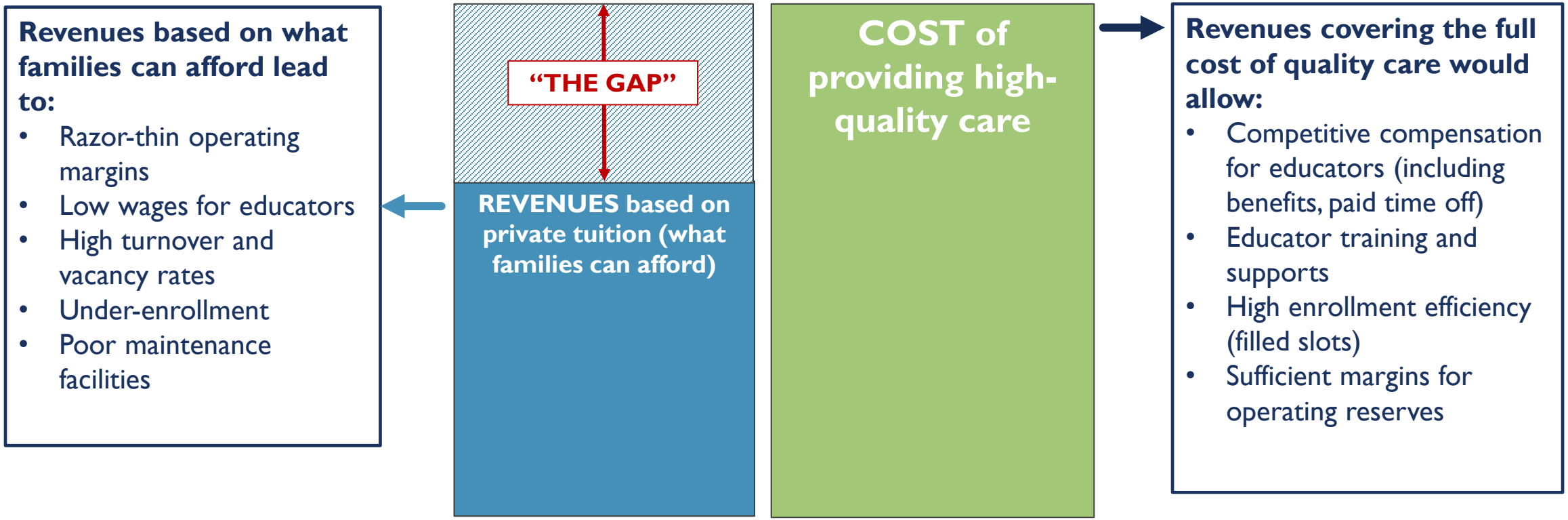
MOST FAMILIES WHO NEED CHILD CARE DO NOT GET HELP



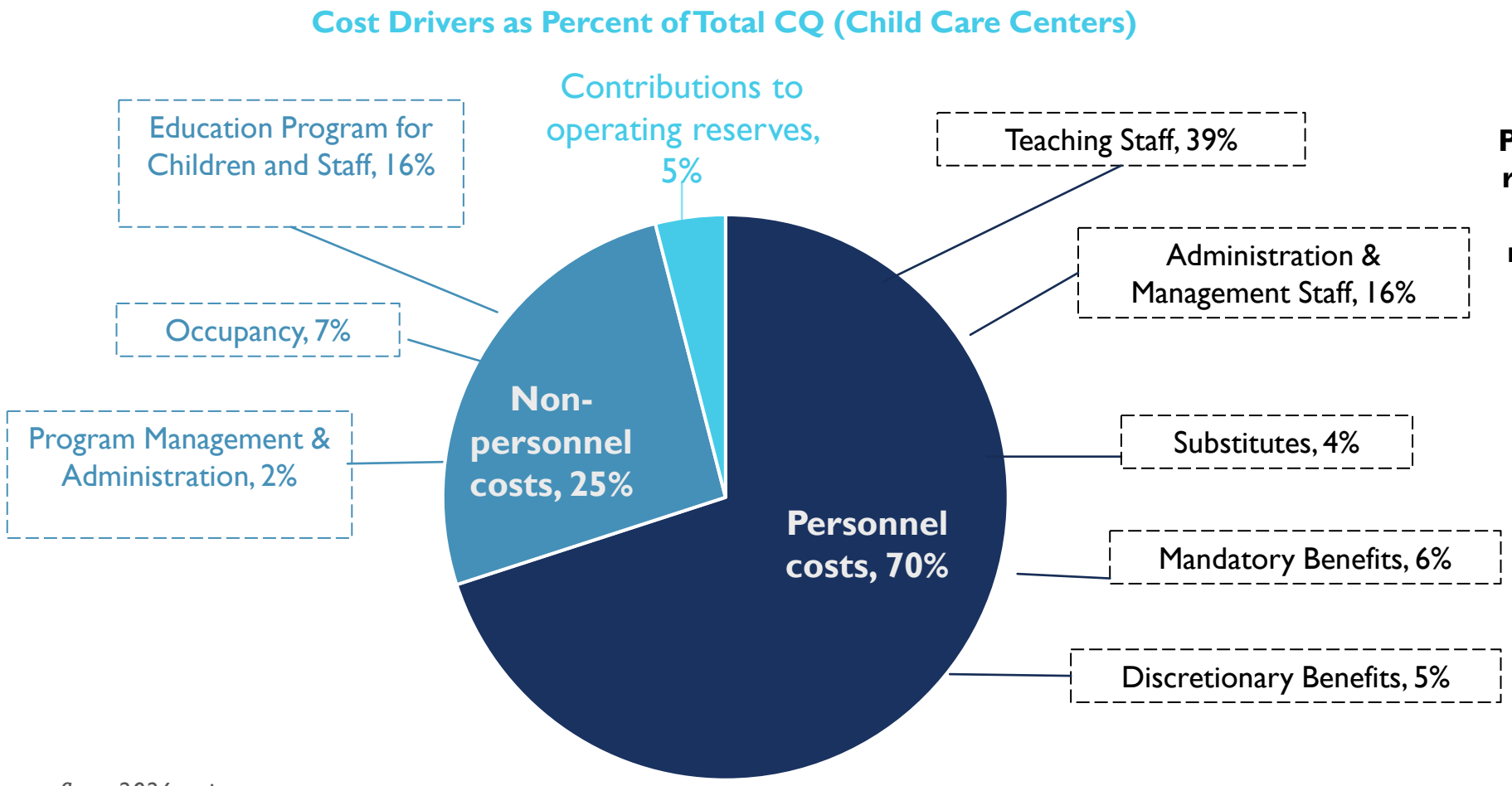
DEEPER DIVE: COST OF QUALITY

THE GAP BETWEEN ACTUAL REVENUES AND "TRUE COSTS"

ECCE market failure creates a significant gap between how much providers generate in revenue and how much is actually needed to provide high-quality care.



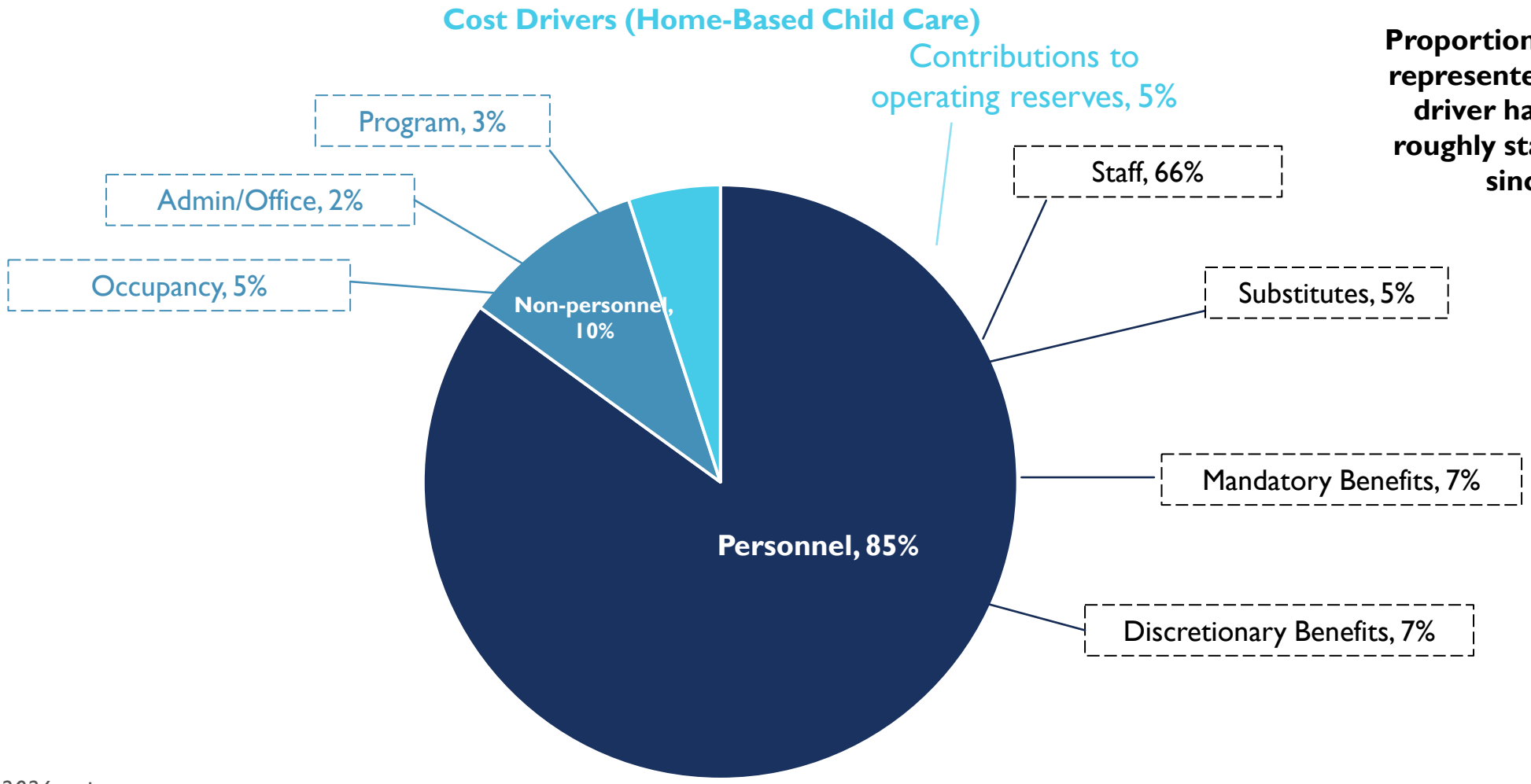
COST DRIVERS IN VIRGINIA'S CENTER-BASED CQ MODEL



Proportions of total costs represented by each cost driver have remained roughly stable over time since 2022.

Note: Chart reflects 2026 estimates.

COST DRIVERS IN VIRGINIA'S HOME-BASED CHILD CARE CQ MODEL



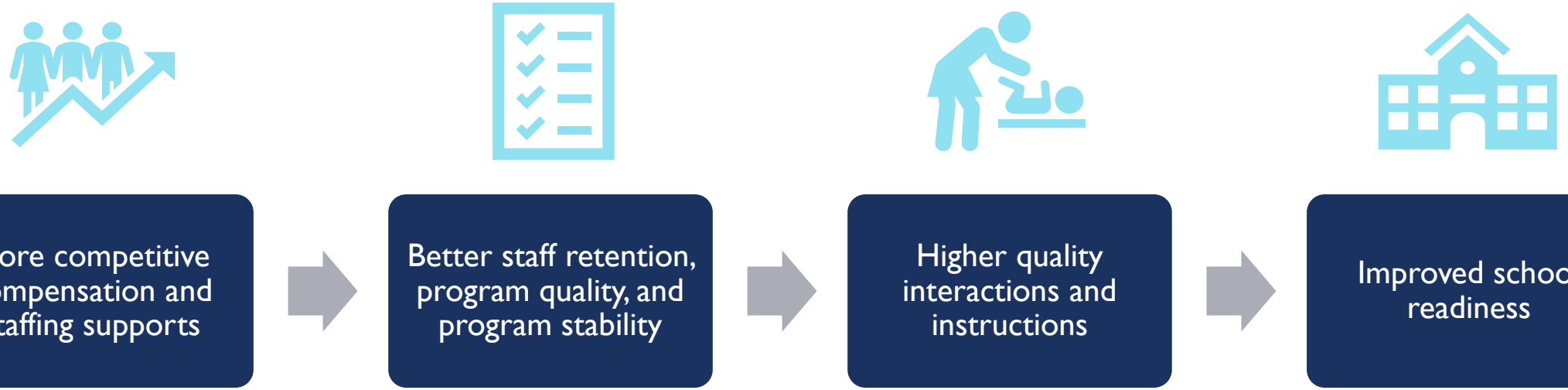
Proportions of total costs represented by each cost driver have remained roughly stable over time since 2022.

Note: Chart reflects 2026 estimates.

COMPETITIVE COMPENSATION IS A KEY ASSUMPTION IN VDOE'S ECCE COST OF QUALITY (CQ) MODEL

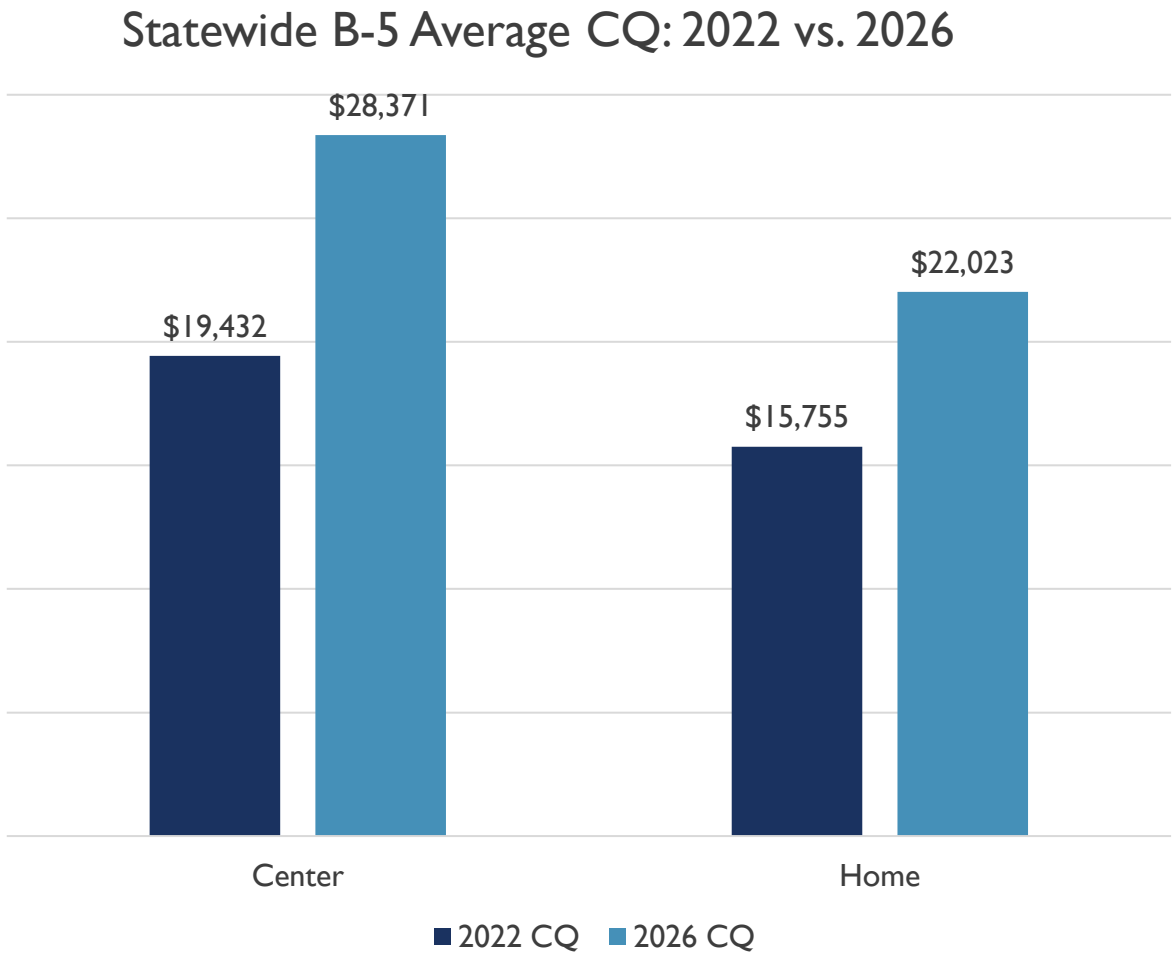
A core assumption in VDOE's CQ model is that staff are not only the primary drivers of cost for ECCE programs, but also the primary drivers of quality and quality improvement.

- The model accounts for competitive pay, benefits, planning time, and professional development.
- Competitive pay = salaries pegged to K-12 educators, prorated to account for differences in preparation requirements.



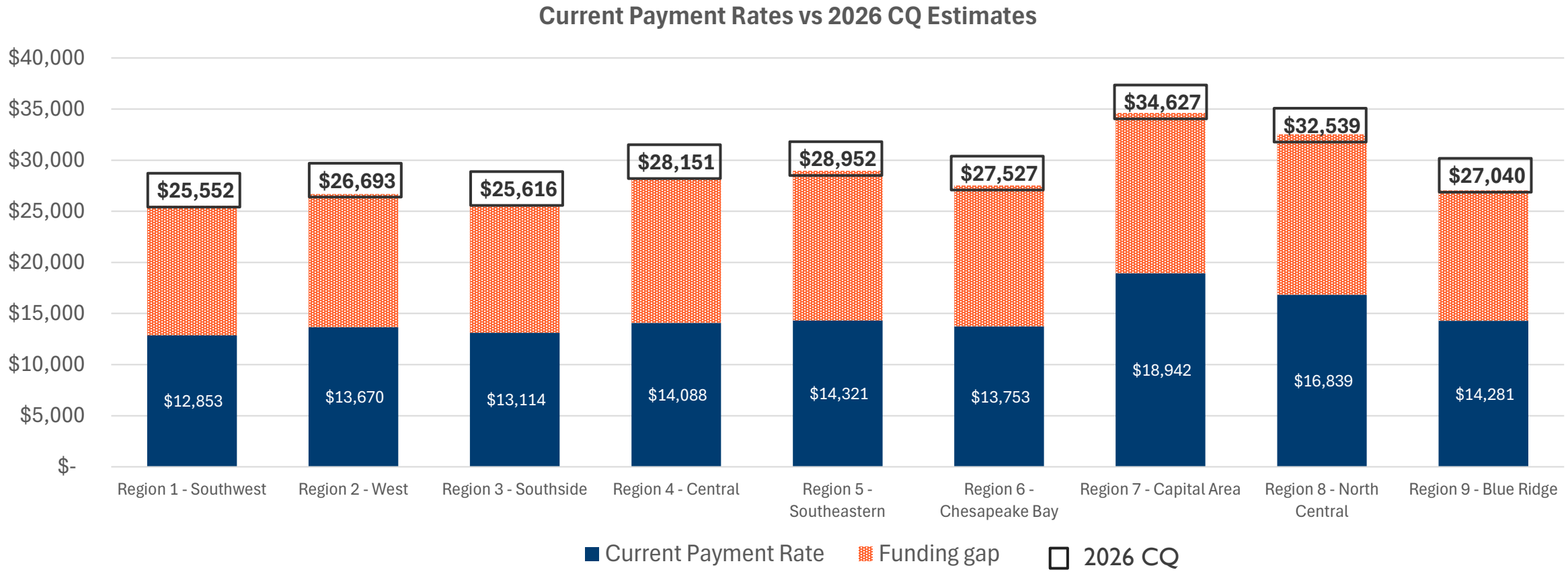
MODEL UPDATES SINCE 2022

- Since Virginia's CQ model was initially approved in 2022, estimates have been recalculated annually using the most recent and accurate available data.
- The 2026 CQ estimates are based on:
  - Actual salaries from the 2024-2025 school year from the School Salary Survey as the basis for compensation levels.
  - Varied data sources and adjustments for inflation for non-personnel costs
- Payment rates to providers are still based on 2022 CQ estimates.



GAP BETWEEN PAYMENT RATES AND CURRENT COST OF QUALITY (CQ)

Current CCSP payment rates cover ~50% of 2026 CQ estimates.



Birth-to-five averages for centers; current payment rates are set at 75% 2022 CQ.

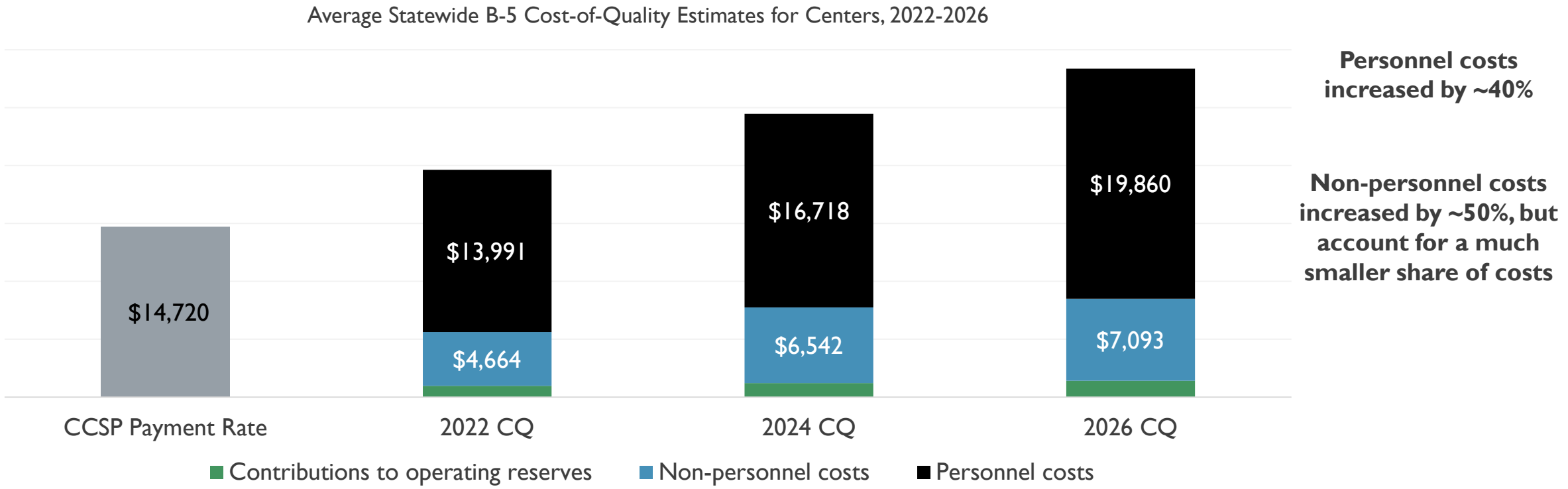
PAYMENT RATE POLICIES ACROSS VIRGINIA'S PUBLIC PROGRAMS

Cost estimation methodologies and payment rates were developed to support quality across all of Virginia's state-funded ECCE programs, but there is no requirement to regularly update and fund child care rates.

	Virginia Preschool Initiative	Child Care Subsidy Program
Methodology for estimating cost to meet health, safety, and quality expectations?	✓	✓
Payment rates based on estimated cost of quality?	✓	✓
Payment rates routinely updated to reflect changing costs?	✓	✗

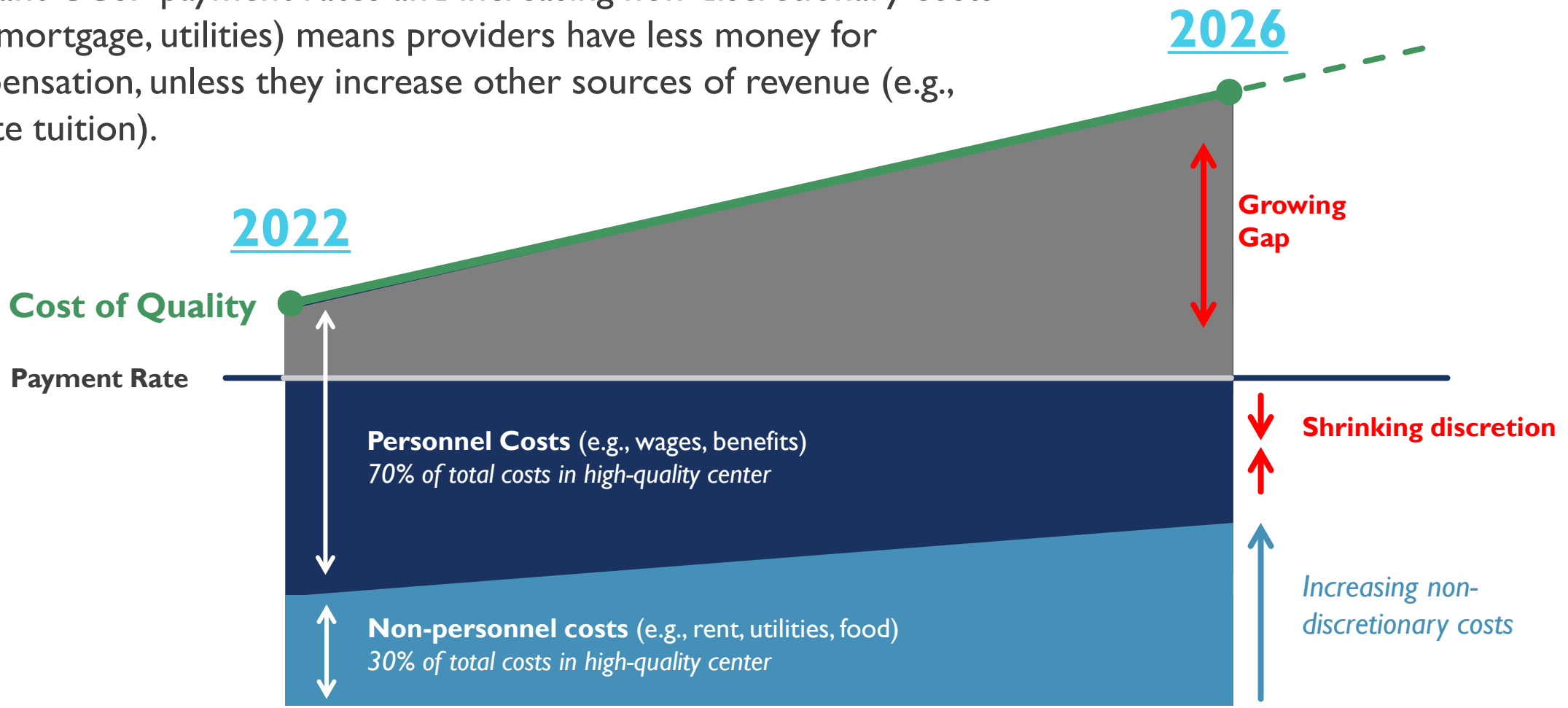
MAJORITY OF CQ INCREASE IS DUE TO SALARIES

- Since 2022, elementary teacher salaries have increased by 24% on average (approved by the General Assembly)
- This increase accounts for most of the increase in the estimated cost of quality.



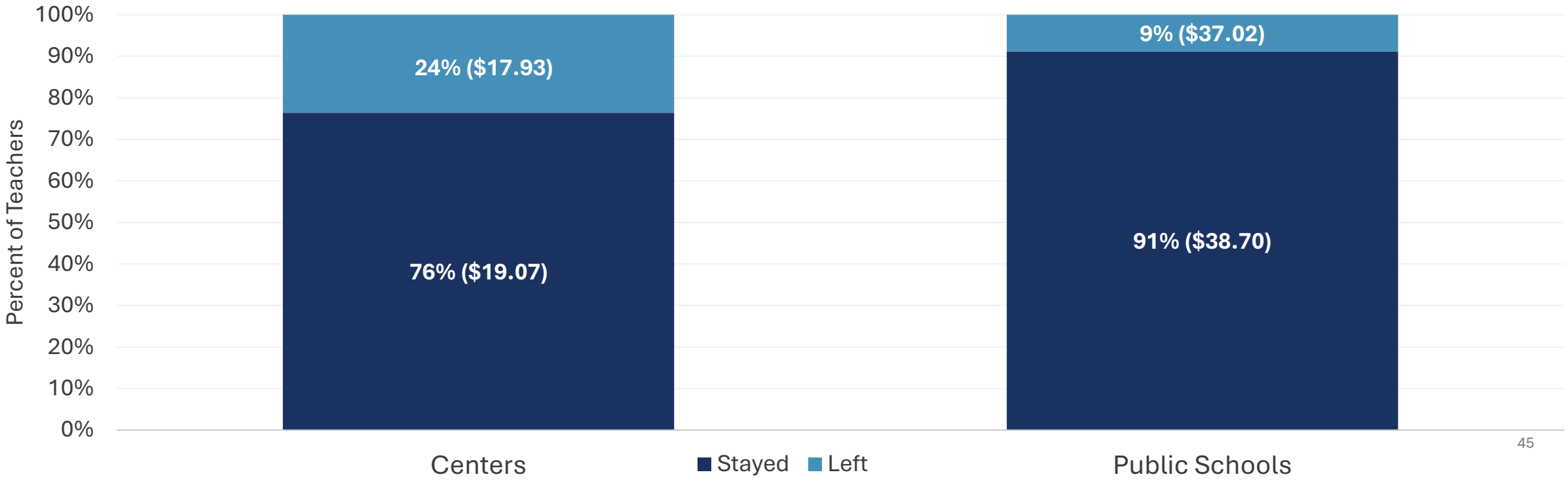
FUNDING GAP MEANS LOWER WAGES FOR TEACHERS

Stagnant CCSP payment rates and increasing non-discretionary costs (e.g., mortgage, utilities) means providers have less money for compensation, unless they increase other sources of revenue (e.g., private tuition).



RETENTION PATTERNS AMONG VIRGINIA ECCE EDUCATORS DEMONSTRATE THE IMPORTANCE OF COMPETITIVE PAY

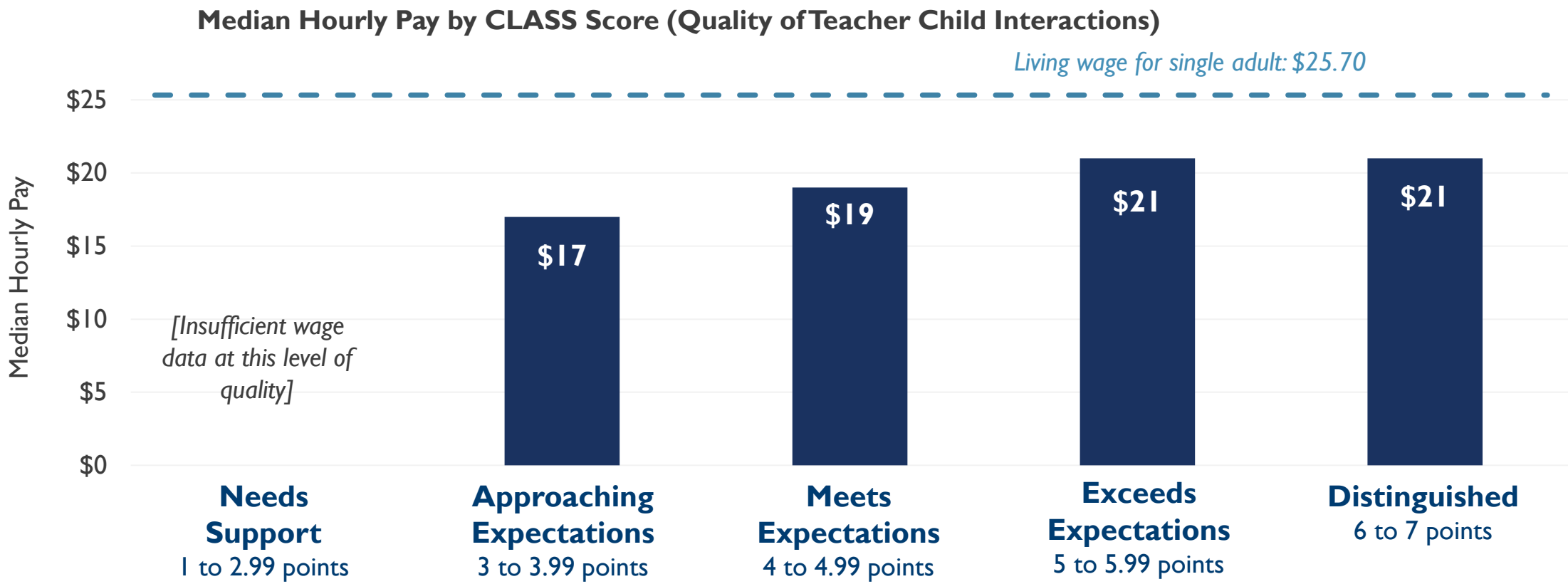
Retention from Fall 2025 to Spring 2026 was better in public schools, where pay is higher. Higher wages was related to higher retention in both settings.



Preliminary analyses of 2025-2026 LinkB5 data conducted by SEE Partnerships team at University of Virginia

HIGHER PAID ECCE EDUCATORS PROVIDE HIGHER QUALITY LEARNING EXPERIENCES ON AVERAGE

Educator pay is an average of $2-$4/hour higher in higher-quality classrooms, although most educators across the quality spectrum make below the living wage for a single adult.



Source: *LinkB5 registration (wage) data and VQB5 classroom quality ratings*