ECCE Access and Cost of Quality

ECCE Commission Joint Workgroup

September 30, 2026

Joint Access-CQ Workgroup Overview

The Commission on Early Childhood Care and Education will have three workgroups in 2026: 1) Cost of Quality and Compensation, 2) Access and Affordability, and 3) Employee Child Care Assistance Program.

- The Cost of Quality Workgroup had two individual meetings:
  - **July 30 –** *ECCE cost drivers and cost of quality estimation*
  - **August 28 –** *ECCE educator compensation and policy solutions*
- The Access Workgroup met once:
  - **July 7 –** *challenges to ECCE access and policy solutions*
- ECCE Commission Meeting
  - **September 1 –** *Report out from the Cost of Quality and Access and Affordability Workgroups*
- Joint Workgroup Meeting
  - **September 30 (TODAY) –** *Joint considerations for costs and access*

Today's Objectives and Agenda

Objectives:

- Review Virginia's current state on ECCE access, affordability, and costs, and understand how these issues are interrelated.
- Learn about New Mexico's experiences with expanding child care access.
- Consider the applicability of lessons learned from New Mexico for the Virginia context.

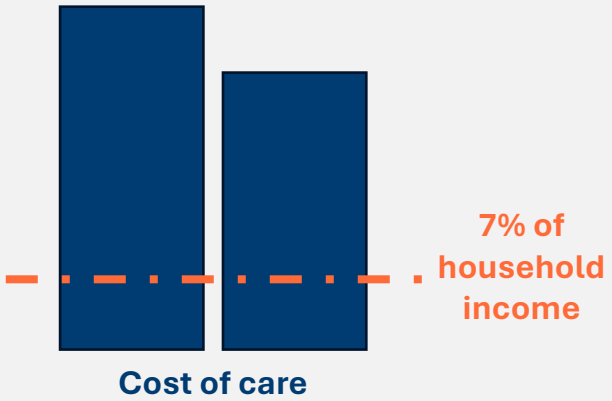
Agenda:

1. Virginia's Current State – the interrelated challenges of affordability, access, and increasing operating costs
2. Conversation with Kendal Chavez and Hailey Heinz – leaders from New Mexico's Early Childhood Education and Care Department
3. Q&A and Discussion

Families Struggle to Afford and Access Child Care

Unaffordable Prices

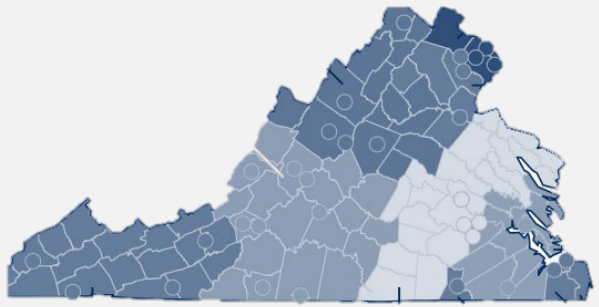
Child care is unaffordable in every region.



Tuition for an infant and preschooler is **more than 3x the federal definition of affordability** in every Ready Region.

Inadequate Supply

Child care supply is limited in every region.



JLARC estimates **140,000 more licensed and regulated slots** are needed to meet the needs of working families.

Limited Reach of Public Funds

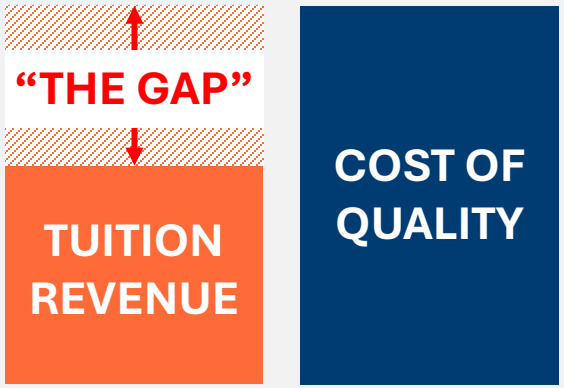
Most working families do not have assistance paying for child care, even among those who are eligible.

At least 390,000 young children in Virginia have all parents in the workforce and likely need child care. **Less than 20% get help** paying for it.

Challenges with Virginia's Current Child Care Rates

ECCE Market Failure

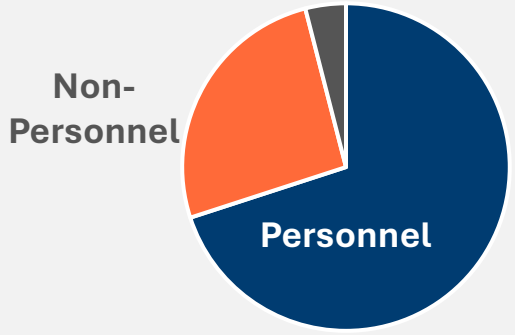
Gap between affordable prices and the revenue needed to provide high-quality care.



In every region, tuition for an infant and a preschooler **exceeds 20% of household income** while providers are facing **revenue shortfalls and rising costs.**

Cost of Quality (CQ) Model

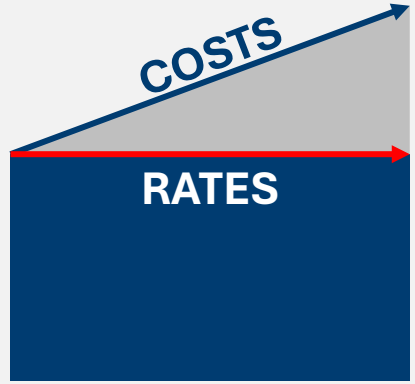
Virginia developed a CQ model to estimate and use operating costs as the basis for CCSP payment rates in 2022.



Personnel costs make up **at least 70% of total CQ** and have **increased by 40%** since 2022.

Rising Costs & Stagnant Rates

Growing gap between payment rates and cost of quality care.

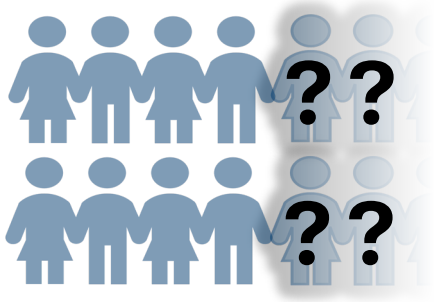


CCSP rates are out of date and **cover only 51% of current CQ.**

Challenges and Funding Solutions are Interdependent

Current State

- In FY27, CCSP is providing funding for ~34,000 birth to five children.
- Less than 1 out of every 3 potentially eligible children participates.
- Payment rates cover just 50% of the current cost of quality in child care centers, where lead teachers earn less than restaurant servers and annual turnover is more than 30%



Funding Additional Slots

- Funding additional slots could help more children participate.
- Participation depends on finding an opening with an eligible child care provider.
- Insufficient rates disincentivize providers from serving children in CCSP, especially when over a third of participating child care centers are already operating at a loss.
- Funding slots alone may not actually result in more children served.

Funding a Payment Rate Increase

- Funding to update payment rates is a foundational step to support workforce compensation, stabilize the system, and build supply.
- Increasing rates alone can help providers maximize their existing capacity but will not create additional publicly-funded slots.

Funding Rates and Slots Necessary to Achieve Affordability for All

- Affordability for all means that every family (1) can access necessary child care and (2) pays what they can afford.
- This requires:
  - **Funding regular updates to payment rates to motivate provider participation,** catalyze growth in supply, enable high-quality educational experiences for kids, and compensate teachers competitively for their work.
  - **Funding enough slots to reach all families** who need help paying for otherwise unaffordable child care.
- Making progress toward affordability for all requires *more slots at a higher payment rate*.

Universal Child Care in New Mexico

Kendal Chavez, Deputy Secretary for Policy and Programs

Dr. Hailey Heinz, Policy, Research, and Quality Initiatives (PRQ) Director

Discussion

What's Next

October 14 – *Extended Commission Meeting and Child Care Funding Summit: Creating Affordable Child Care for All Virginians*

- Peake Childhood Center, Newport News
- October 14, 2026; 10am-2pm*
- An interactive look at how child care providers operate, and how funding shapes access, educator compensation, quality, and sustainability.
- Joint workgroup shareout on access and cost of quality
- Presentation of Virginia's 2026 child care funding calculation: funding required to address family demand and make progress toward affordability for all.

**Networking and optional tours from 9am-10am; lunch will be provided*