

Update on Early Childhood in Virginia

Senate Finance and Appropriations Committee

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VIRGINIA DEPARTMENT OF
EDUCATION

Today's Presentation

1. Current Early Childhood Landscape – Update on FY25 Investments
2. Commission on ECCE – December Report Findings
3. Governor's Proposed Budget
4. Cost of Quality and Other Federal Requirements
5. Questions

Appendices

Early Childhood Landscape

Early Childhood Investment and Enrollment

Virginia’s FY25 Budget provided a significant state general fund investment in early childhood. Virginia has maximized every available dollar to serve eligible children and families via the early childhood option of their choice.

	Child Care Subsidy Program (CCSP)	Mixed Delivery (MD)	Virginia Preschool Initiative (VPI)*
Total Enrollment	44,141	2,639	23,525.5 (Late=456.5)
- Infant/Toddler	12,506 (28%)	615 (23%)	Not applicable
- Preschool	17,598 (40%)	2,024 (77%)	23,525.5
- School-Age (6-13 year olds)	14,037 (32%)	Not applicable	Not applicable
Utilization	103%	104%	95%**

* Upon completion of fall enrollment, VDOE, as required by new Virginia law (SB54/HB419), reallocated \$5.2M in FY25 VPI funding to serve ~830 children in CCSP off waitlists based on parental preference as of January 1, 2025. Preliminary estimates indicate there is an additional \$3M to be reallocated by January 31, 2025 following late enrollment. Following this, all state funds will be on track to be fully used within FY25.

** Utilization is based on final budgeted amount, not original formula allocation.

Infant-Toddler is Greatest Unmet Need

Virginia has experienced unprecedented demand for quality, full-day, full-year early childhood options, primarily in private settings, resulting in waitlists across the state.

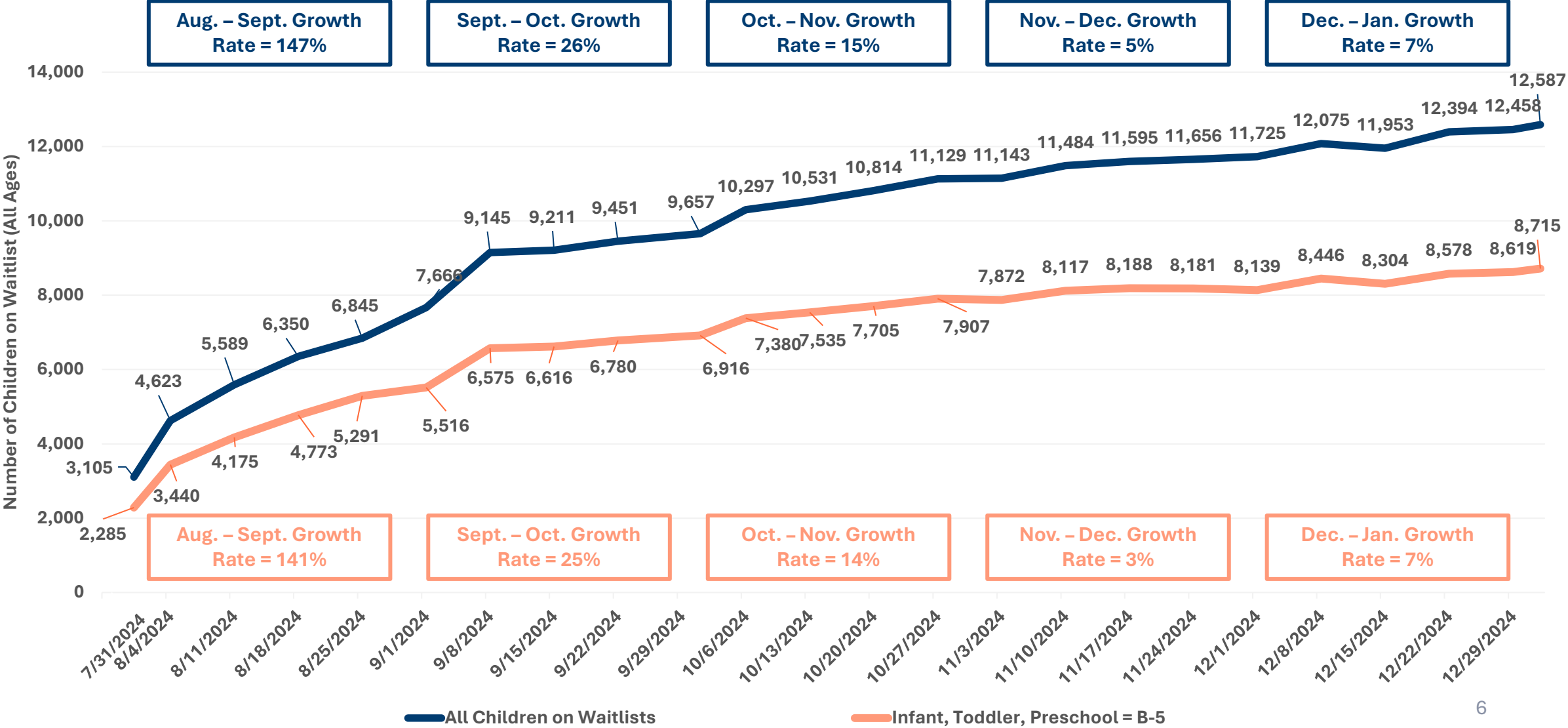
- Biennial Budget requires all three state-funded programs – Virginia Preschool Initiative, Child Care Subsidy Program (CCSP) and Mixed Delivery (MD) – to maintain waitlists *for eligible children who cannot be served with current funds*.
- Current waitlist numbers as of January 1, 2025:

Age	CCSP	MD	VPI
Infant/Toddler	5,025 (40%)	817 (64%)	NA
Preschool	3,690 (29%)	463 (36%)	0
<i>Birth-to-Five Total</i>	<i>8,715*</i>	<i>1,280</i>	<i>0</i>
School Age (6–13-year-olds)	3,872 (31%)	NA	NA
<i>Overall Total</i>	<i>12,587</i>	<i>1,280</i>	<i>0</i>

- Based on preliminary analysis, there is little overlap across CCSP and MD waitlists (<3%).

* CCSP Waitlist count subtotals include ALL five year olds in B-5 totals.

CCSP Waitlists Growing at Slower Rate



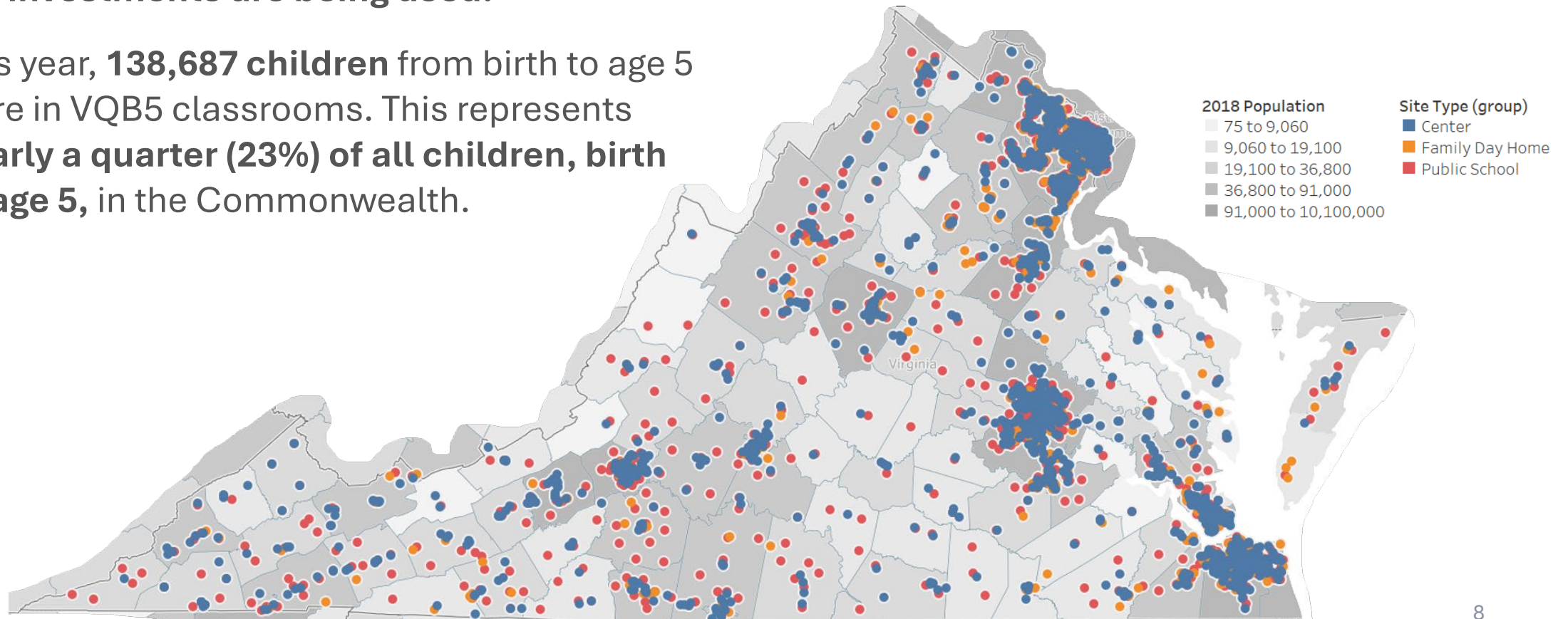
Where CCSP Families Work

Industry	% of Families	Top Employers*
Health	35%	Sentara Health, Care Advantage (in home care support), Bon Secours Health, Anthem Elevance Health, Riverside Health System, Maximus
Education including Child Care	17%	97 out of 131 School Divisions, KinderCare, The Goddard School, The Merit School, Mountain View Christian School, Hanover Academy, University of Richmond, University of Virginia
Other (e.g., Manufacturing, Construction, Agriculture, Utilities)	17%	Huntington Ingalls, Dominion Energy, Smithfield Foods, Wells Fargo, Capital One, Cornerstone Building Brands, Perdue Farms
Retail	14%	Amazon (largest single employer) , Walmart, Food Lion, CVS, Walgreens
Accommodation/Food Services	10%	McDonalds, Chick-Fil-A, Wawa, Wendy's
Government	7%	US Postal Service, US Dept. of Veteran Affairs, 98 Local Governments' Offices/Departments (Public Works, Emergency Communications, Circuit and District Court, Social Services, Health Department)

VQB5 Reaches Every City and County

The VQB5 Online Portal includes health, safety and learning information on early childhood programs in every city and county in Virginia. This map shows where all the early childhood public investments are being used.

- This year, **138,687 children** from birth to age 5 were in VQB5 classrooms. This represents **nearly a quarter (23%) of all children, birth to age 5**, in the Commonwealth.



Quality Information Online for Parents

VDOE released 3,121 VQB5 Quality Profiles online in Fall 2024 so parents can now access comparable information about quality and safety via an easy-to-use website that has already been viewed 52,000+ times.

- Results show that 98% of Virginia's public-private early childhood programs positively impact children by providing warm, caring, and organized classroom experiences that intentionally promote learning.
 - 130,000+ of Virginia's children under age 5 are in settings that meet state expectations.
 - Virginia has exemplars (79 sites) including public schools, child care, family day homes, and Head Start.
 - 60% of these sites were in private settings which is preferred by Virginia working parents.
 - 28,000 observations = 2.1+ million minutes of insight into what young Virginia learners experience.
 - 85% of sites are now using quality curriculum.
- The 51 sites that need additional support are already receiving intensive supports.

The screenshot shows the VQB5 website interface. At the top, there are navigation links: "About VQB5", "Search VQB5 Sites", "Download Data", and "FAQs". Below this is a search bar with the text "Find your location" and a search icon. A "Use my current location" button is also present. Underneath, there's a "Refine your Results" section with a "Type of Care" filter. The filter options are: Center, Family Day Home, and Public School. To the right of the search bar is a map of Virginia with various locations marked with blue pins. The map is titled "Map" and "Satellite".

The screenshot shows the "Site Performance 2023 - 2024" page. It features a map on the left with a red pin indicating a location. The map includes a search bar with the coordinates "37°32'50.6..." and a "View larger map" link. The map also shows various landmarks like "Oh Mochi Ricl", "Cathedr. Sacre", "Virgini Common U", "City Dogs", "N Hanrie St", "Street park", "Richmond International Airport", and "Map data ©2025 Google Terms". Below the map is a "View on Maps" link. On the right side, there's a "Site Performance 2023 - 2024" section with an "Overview" sub-section. The overview shows a "VQB5 Quality Rating: Meets Expectations" in a green box. Below this are three boxes: "Interactions Points: 515 points", "Curriculum Points: 100 points", and "Total Points: 615 points".

Commission for ECCE – December 2024 Report Findings

Consensus on Four Policy Levers

In response to budget language, the Commission on Early Childhood Care and Education, following extensive analysis and discussion, came to consensus on four key policy levers. With the goal of reducing birth-to-five waitlists as the top priority, the Commission put forth these recommendations in their [December 1 Report](#):

1. Increase family copayments but keep them reasonable (at or below 7%).
2. Prioritize working families, meaning Virginia should limit how long parents can look for work and still receive vouchers while also recognizing extraordinary circumstances.
3. Improve attendance – at a minimum returning to pre-pandemic levels.
4. Prioritize birth-to-five children as there are multiple options for afterschool and the accountability system is focused on school readiness.

Governor's Proposed Budget

Governor's Budget Overview

Virginia will leverage its highest-ever one-year state investment (\$462 million in FY26) to expand its nation-leading public-private parent choice system. Proposed budget will:

- Implement four policy levers recommended by the Early Childhood Commission to help address statewide waitlists of working families who are seeking quality, full-day, full-year early learning options in private settings and cannot afford to work unless they can access these vouchers.
 - *Virginia can bring 7,000 birth-to-five children off waitlists with existing state dollars, including more than 4,500 infants and toddlers.*
- Establish new \$15 million early learning capital fund to provide competitive grants to help local partners retrofit existing unused spaces and develop sustainable business models.
- Launch a new work group to review publicly-funded afterschool programming and pause addition of new school-age students (6- to 13-year-olds) unless they qualify as hard-to-serve.
 - *This will not affect current participants. All school-age children currently participating in the Child Care Subsidy Program will continue to receive vouchers.*

Where Additional FY26 Slots Come From

No-Cost Additional FY26 Slots via:	Number
FY26 Budget Starting Point*	2,440
Reasonable increase of family copayments (\$5 + 7% of Income)	2,900
Limit Job Search to 90 Days**	1,063
Remove Local Composite Index (LCI) Cap for VPI***	687
Total Slots Available for FY26 to Address Waitlists	7,090

* Original FY26 budget had 45,159 slots as compared to original 42,719 for FY25. Note FY25 “caboose” budget reflects 43,550 slots to include 831 slots that were funded midyear via VPI savings. New FY26 Budget funds 48,746 CCSP slots.

** Slots may be freed up in terms of removing families that are NOT working in FY26 but does not add slots for future years. Also note that practices may shift (e.g., parents may find work more quickly, meaning that there are NOT waitlist reductions).

*** \$7,833,578 GF savings is based on FY26 estimates.

For MD, FY26 budget reflects an additional 100 slots via higher parental contributions (2,530 in FY25 vs. 2,630 in FY26). In addition, strengthening attendance requirements across all three programs helps ensure all participating children fully benefit and maximizes available resources.

Budget Language for Each Lever

Policy Lever	Language from Governor’s Proposed Budget
Family Copayments	<p>Family copayment rates for <i>fiscal year 2025</i> shall not exceed those that were in effect at the beginning of fiscal year 2024. <i>Family copayment rates for fiscal year 2026 shall be \$5 per month for households whose income is below 100% of the federal poverty level and up to 7% of annual income for all other households with no household exceeding 7% of their income.</i></p>
Work and Job Search Requirements	<p>Parental work and job search requirements for <i>fiscal year 2025</i> shall not exceed those that were in effect at the beginning of fiscal year 2024. <i>Parental work and job search requirements for fiscal year 2026 shall include a time limit of 90 days for job search. Households are eligible for up to one extension for extraordinary circumstances, which shall be defined and tracked by the Department of Education.</i></p>
Attendance	<ul style="list-style-type: none"> - <i>The Department of Education shall revise attendance requirements for the Child Care Subsidy Program to ensure participating children fully benefit and maximization of available resources.</i> - <i>The Department of Education, in consultation with the Virginia Early Childhood Foundation, shall revise attendance requirements for the Mixed-Delivery initiative to ensure participating children fully benefit and maximization of available resources.</i> - <i>The Department of Education shall revise attendance requirements for the Virginia Preschool Initiative to ensure participating children fully benefit and maximization of available resources.</i>
School Age Children	<p><i>To promote school readiness and support working parents with birth-to-five children, no additional school-age children may be enrolled in the Child Care Subsidy Program as of July 1, 2025, unless they qualify as hard-to-serve. The Department of Education shall define "hard-to-serve" no later than July 1, 2025.</i></p>

Early Childhood Attendance has Worsened

Using a threshold of 10% or more of days, children participating in CCSP now are more chronically absent than they were pre-pandemic.

CCSP	2018-2019 (FY19)	2021-2022 (FY22)	2023-2024 (FY24)
# of Children Chronically Absent	2,910	9,297	8,805
% of Children Chronically Absent	13.6%	31.5%	20.5%
Median Number of Paid Absences (Among chronically absent children)	33	39	37
Median Number of Paid Absences (For all children with absences)	9	15	11

Similarly, chronic absenteeism has increased for school-based preschool including VPI:

Chronic Absenteeism by Grade - Schools	2018-2019	2021-2022	2023-2024
VPI Only	19.48	35.87	30.89
<i>All School-Based Preschool including Special Education</i>	20.57	35.08	30.63
Kindergarten	12.4	23.77	19.11
1	9.1	18.9	15.1
2	7.6	16.46	13.04
3	6.8	15.34	11.71

Note: Chronic absences for CCSP is defined as missing 26+ days in a year, based on 10% of potential child care days missed (52 weeks x 5 days = 260 potential days of child care in a year). Absences are independent of number of authorized days. Chronic absenteeism for public schools is defined as missing 10% or more of the academic year for any reason, including excused absences, unexcused absences, and suspensions. Based on a 180-day school year, that means ~18 days per year or 2 to 3 days per month.

More Detail on School Age

While there are multiple options for afterschool and summer programming, there are very few options for working families with infants and toddlers, creating significant unmet demand.

- CCSP is the only state-funded early childhood program that also serves school-age children.
- There is no measurement or accountability system for CCSP for school-age care.

Recognizing this, the Commission recommended that Virginia prioritize early childhood resources for birth-to-five children.

- In response, budget proposes a new work group to review publicly-funded out-of-school programs.
- School divisions, 21st Century grantees, Virginia Partnership for Out-of-School Time, local Parks and Recreation entities, the YMCAs, Communities in Schools, Boys and Girls Clubs, and other non-profit organizations that provide out-of-school time programming will be included.
- Work group will evaluate cost, quality, out-of-school-time deserts, and innovative approaches to better support working parents in a sustainable way and share their findings with the Commission.
- While work is underway, Virginia would pause the addition of new school-age students unless they qualify as hard-to-serve.
 - *This will not affect current participants. All 6- to 13-year-olds currently participating will continue to receive care.*

School-Age Costs Are Unusually High

Data shows need to right-size funding for school-age care.

- In recent years, Virginia has expended \$237M on school-age care, peaking in FY24 at nearly \$100M. This is an average of \$8M/month, even though these children are enrolled in public school for 9 of 12 months.

CCSP School Age	Unduplicated # Children	Annual Expenditure
SFY22	13,965	\$ 62,449,517
SFY23	17,337	\$ 79,047,860
SFY24	19,778	\$ 95,555,263
TOTAL	51,080	\$ 237,052,640

- School-age should be significantly less expensive than birth-to-five care because 1) much larger ratios are permitted and 2) fewer hours are needed because students are in school for 5.5 hours/day.
- However, Virginia has historically had higher unit costs for school-age children and these rates were grandfathered in when Virginia shifted to a cost-of-quality measure two years ago.
- As a result, Virginia spends on average \$5.91-\$6.21 per hour for school age. This is higher than birth-to-five (\$5.67) based on programmatic hours, even though school-age ratios are at least double or more birth-to-five ratios.

Cost of Quality and Other Federal Requirements

Cost-of-Quality

States must set payment rates that are comparable to child care services provided to private-pay families.

- States can use one of two approaches to establish payment rates:
 - A market rate survey, which examines prices charged to parents.
 - An alternative methodology, such as a cost-model, that quantifies the cost of delivering services at a certain level of quality.

Under federal law, alternative methodologies like cost-of-quality must:

- Be approved by the Administration for Children and Families (ACF) in advance of implementation.
- Account for variations in cost by geographic area of the state, type of provider, and age of child.
- Allow states to estimate the cost of care necessary to support implementation of 1) CCDF-required health, safety, quality, and staffing requirements and 2) higher-quality care, as defined by the state.
- Be developed in consultation with key stakeholders, including child care providers.
- Be summarized in a detailed report that is posted online and publicly available.
- Be updated at least every 3 years and no more than 2 years prior to State Plan submission.

Four New Federal Requirements

New federal regulation from 2024 sets four major requirements that may affect how Virginia operates its Child Care Subsidy Program (CCSP):

New Requirement	Status
Family copayments may not exceed 7% of household income.	Complete
Child care providers must be paid based on authorized enrollment, not attendance.	<ul style="list-style-type: none">• Virginia has a waiver until August 2026. <i>VDOE is currently procuring new attendance tracking system.</i>
Child care providers must be paid prospectively, or in advance of delivery of services.	<ul style="list-style-type: none">• Virginia has a waiver until August 2026. <i>VDOE is currently studying other states to determine impact and lessons learned.</i>
Some slots must be offered through grants and/or contracts for infants and toddlers, children with disabilities, and children in underserved geographic areas.	<ul style="list-style-type: none">• Virginia has a waiver until August 2026. <i>VDOE is currently studying other states to determine impact and lessons learned.</i>

Questions?



APPENDICES

CCSP Waitlists by Locality as of 1/1

Locality	B-5	School-Age
Albemarle County	2	
Alexandria City	1	
Amherst County	12	4
Appomattox County	16	1
Arlington County	168	37
Augusta County	62	24
Bath County	4	
Bedford County	7	
Bland County	5	5
Botetourt County	16	13
Buena Vista City		1
Campbell County	17	6
Carroll County	17	8
Charlotte County	1	
Charlottesville City	17	5
Chesapeake City	156	139
Chesterfield County	423	164
Clarke County	2	
Colonial Heights City	20	11
Culpeper County	102	46
Cumberland County	2	
Danville City	91	43
Dinwiddie County	1	1
Emporia City	10	12
Essex County	13	9
Fauquier County	40	24
Fluvanna County	15	2
Franklin County	2	4
Frederick County	72	28
Fredericksburg City	36	22
Galax City	4	
Gloucester County	12	10

Locality	B-5	School-Age
Goochland County	2	1
Greensville County	5	2
Halifax County	4	
Hampton City	463	191
Hanover County	58	38
Harrisonburg City	17	3
Henrico County	905	477
Henry County	120	52
Highland County	1	
Hopewell City	84	31
Isle of Wight County	8	2
James City County	43	20
King George County	14	3
King William County	26	6
Lancaster County	14	3
Loudoun County	501	241
Louisa County	57	14
Lynchburg City	197	50
Madison County	3	5
Manassas City	42	19
Manassas Park City	29	8
Martinsville City	39	14
Mecklenburg County	19	2
Montgomery County	53	25
New Kent County	14	11
Newport News City	564	245
Norfolk City	604	333
Northampton County	4	1
Northumberland County	9	1
Norton City	2	1
Orange County	51	24
Patrick County	5	

Locality	B-5	School-Age
Petersburg City	46	19
Pittsylvania County	42	27
Portsmouth City	312	133
Prince Edward County	40	13
Prince George County	16	9
Prince William County	639	277
Pulaski County	13	3
Radford City	22	12
Richmond City	741	273
Roanoke City	114	62
Roanoke County	151	69
Rockbridge County	6	1
Rockingham County	45	32
Russell County	14	2
Scott County	1	1
Smyth County	6	
Southampton County	28	6
Spotsylvania County	262	103
Stafford County	331	143
Staunton City	39	19
Suffolk City	242	107
Surry County	6	1
Sussex County	1	2
Virginia Beach City	1	2
Warren County	61	24
Washington County	47	12
Waynesboro City	40	21
Westmoreland County	31	13
Williamsburg City	15	2
Winchester City	38	14
Wise County	33	7
York County	29	21

Detail on CCSP Copayments

FY26 Enrollment Projections*			Actual Average Copay Charged per Family (Monthly)		Additional \$ (Annually)**		Additional CCSP Birth-to-Five Slots (Annual)***
Income Threshold	# Slots	Monthly Household Income	Baseline	7% for All + \$5	Baseline	7% for All + \$5	7% for All + \$5
0-100% FPL (<\$71 income)	13,045	\$1	\$1	\$0	NA	\$0	838
0-100% FPL (>\$71 income)	6,547	\$1,395	\$3	\$5	NA	\$121,148	420
101-150% FPL	8,432	\$2,620	\$93	\$183	NA	\$7,020,865	541
151-200% FPL	7,607	\$3,408	\$90	\$239	NA	\$10,486,093	488
201-250% FPL	4,804	\$4,334	\$163	\$303	NA	\$6,222,652	308
251-300% FPL	2,903	\$5,460	\$167	\$382	NA	\$5,774,278	186
301-350% FPL	1,707	\$6,468	\$241	\$453	NA	\$3,348,221	110
350% FPL – 85% SMI	115	\$5,752	\$182	\$403	NA	\$234,660	7
Grand Total	45,159	\$2,567	\$77 \$123^	\$180	\$29,680,869	\$33,207,917	2,900

*Projections are slot counts prorated up to 45,159 based on household (HH) actuals for 42,719 slots in FY25.

**Reflects actuals based on historical trends which recognize that the state must lower copayments but cannot increase copayments if household income varies during the course of the year.

***Distribution of slots is based on cost savings associated with revised copays and current proportion of families in each income threshold.

^Reflects average when all no-copayment households are excluded.

Background: Current Copayment Scale

Income Threshold	Monthly Fee per Child
0-100% FPG	\$0
101-200% FPG	\$60
201-300% FPG	\$120
301% FPG-85% SMI	\$180

Monthly family copayments reflect the total of fees for each child participating in the CCSP up to three children, not to exceed 7% of family income.

Copayment scale has been in effect since January 1, 2023.

Detail on Job Search Limits

Virginia cannot add slots but can serve up to 1,063 birth-to-five children from CCSP waitlists by establishing reasonable time limits on job search, whether a parent has become unemployed or is returning to the workforce.

- The Commission recommended prioritizing working families but also providing flexibility for parents who may lose their job or want to re-enter workforce who face extraordinary circumstances.
- JLARC (2023) recommended limiting how long parents can search for employment.
- Chart below estimates how many children may be moved off the CCSP waitlists in FY26 with stricter job search requirements. Note that these slots may not become available if the policy shift results in families finding jobs more quickly.

Step-by-Step Detail	Number
Potential Cases for Removal due to Stricter Work Requirements	1,725
- Count are Working in 90 days*	683
- Count that do not have Qualifying Activity after 90 days	1,042
- Conversion of the 1,042 Cases into Per-Child Slots**	1,771
- Per-Child Slots are Adjusted to Account for Lag Time***	1,063
* Data from previous years show that 60% of those that are job searching at the start of one year are employed by the start of the following. It is assumed that only 2/3 of those individuals get a qualifying activity within 90 days.	
** Assumes 1.7 children per case. *** Children reduced by 40% to account for lag time.	

Growth in Supply to Address Demand

Even with significant growth, supply of child care slots has kept up with CCSP and MD demand.

	Start of FY22 July 2021	Start of FY23 July 2022	Start of FY24 July 2023	Start of FY25 July 2024	FY22-25 Increase
Child Care Subsidy Program*	21,923	32,732 (49%)	40,666 (24%)	45,417 (12%)	23,494 (107%)
Mixed Delivery*	1,270	2,142	2,482	2,471	1,201 (94%)

**CCSP data reflects enrollment as of July 1 of each year. Mixed Delivery data reflects enrollment as of October 1 of each year.*

Growth in subsidy participation and licensed capacity has helped address increasing demand.

Type	FY19	FY24	# Increase/Decrease	% Increase/Decrease
Licensed/Regulated Sites	5,597	5,562	-35	< -1%
Licensed/Regulated Capacity	377,060	382,360	5,300	1.4%
Approved CCSP Subsidy Vendors	2,242	2,926	684	31%
Capacity of CCSP Subsidy Vendors	170,746	210,929	40,183	24%

Impact of Removal of LCI Cap

- Current budget language requires school divisions or lead agencies provide a local match towards each VPI student. Match is based on Local Composite Index.
- For VPI, LCI has been capped at .50. This impacts 27 localities.

Locality	FY 25/26 LCI	FY25 Fall Enrollment
Albemarle County	0.6904	211
Arlington County	0.8	359
Bath County	0.8	8
Charles City County	0.6669	24
Clarke County	0.6032	24
Fairfax County*	0.6579	2498
Fauquier County	0.6006	83
Goochland County	0.8	46
James City County	0.5403	113
Lancaster County	0.8	59
Loudoun County	0.5518	320
Louisa County	0.5041	99
Mathews County	0.5904	14
Middlesex County	0.6389	46

Locality	FY25/26 LCI	FY25 Fall Enrollment
Nelson County	0.6645	33
Northampton County	0.5253	50
Northumberland County	0.7672	41
Rappahannock County	0.8	6
Surry County	0.8	19
Westmoreland County	0.5065	64
Alexandria City	0.8	419
Charlottesville City	0.7702	212
Falls Church City	0.8	9
Fredericksburg City	0.6163	49
Richmond City	0.574	604
Williamsburg	0.7426	22
Fairfax City	0.8	22

*Fairfax County also provides significant local funds to support child care subsidies for working families, enabling the County to have no child care waitlists at this time.