

VIRGINIA BUSINESS ROUNDTABLE

FOR EARLY EDUCATION

Access to quality, affordable child care is essential to our current and future workforce. Virginia’s prosperity and quality of life are dependent upon a strong early childhood care and education system. Child care access and affordability is increasingly a major factor in economic development and site selection decisions.

Expanding access to child care through temporary federal funds has supported Virginia’s economic recovery since the COVID-19 pandemic. Governor Youngkin’s proposed budget includes significant new state funding to continue investments in early childhood care and education programs. **Without further action to support and expand on the Governor’s proposed investments, these funds will expire by the end of FY24, and parents may have to leave the workforce, placing additional strain on businesses already struggling to recruit and retain talent.**

STRATEGIC INVESTMENTS

Virginia used temporary federal COVID relief funds to expand access to quality child care services through the Child Care Subsidy Program and the Mixed Delivery Program in FY23 and FY24.

PROVEN BENEFITS OF CHILD CARE INVESTMENTS

[A study by the Prenatal-to-3 Impact Center at Vanderbilt University](#) found that the investment of \$309M, mostly federal pandemic funds, for early childhood services in FY23 has produced:

Record Workforce Participation + Improved School Readiness + Thriving Economy

GOVERNOR’S PROPOSED BUDGET

Program	FY25		FY26	
	Proposed	Remaining Gap	Proposed	Remaining Gap
Child Care Subsidy Program	\$212 million	< \$20 million >	\$237 million	< \$40 million >
Mixed Delivery Program	\$36 million	< \$6 million >	\$36 million	< \$11 million >
Total	\$248 million	< \$26 million >	\$273 million	< \$51 million >



COST OF INACTION

Without further action to support and expand on the Governor’s proposed investments, once temporary funds expire by the end of FY24:

- **Nearly \$300 million** in childcare funding will be eliminated.
- More than **35,600** children could lose access to child care and early education services.
- More than **37,300** parents could experience a child care related job disruption, impacting employer productivity and the operations of businesses and critical industries that Virginians rely on, including healthcare and public education.

2024 PRIORITIES

SUPPORT FOR SUSTAINED INVESTMENTS AND STABLE FUNDING

Increased state investments and legislation that provide sustainable, stable funding responsive to parent choice will ensure that Virginia's labor force can access affordable quality child care. Together, we can continue the progress we have made so that Virginia remains the best state to live, learn, work, and raise a family.

BUDGET

Securing **\$275 million** in FY25 and **\$325 million** in FY26 to maintain and support current parent demand.

- An additional investment of **\$26 million in FY25** above the funding provided for in the Governor's budget proposal
- An additional investment of **\$51 million in FY26** above the funding provided for in the Governor's budget proposal

LEGISLATION

Enacting legislation to ensure sustainable, stable funding that:

- Establishes a funding formula to ensure predictable funding for publicly funded early childhood care and education programs based on cost of quality, parent demand, and projected growth in program participation.
- Creates a non-reverting fund to safeguard and maximize early childhood funds for distribution based on parent demand.
- Formalizes a child care teacher incentive program.

For more information, please visit the [Virginia Business Roundtable for Early Education](#).

