COMMONWEALTH of VIRGINIA
SECRETARY OF EDUCATION
P.O. BOX 1475
RICHMOND, VA 23218-2120

October 16, 2025

The Honorable Glenn Youngkin
Governor of Virginia
Patrick Henry Building, Third Floor
1111 East Broad Street
Richmond, Virginia 23219

The Honorable L. Louise Lucas
Chair, Senate Finance and Appropriations Committee
General Assembly Building, Room 1404
P. O. Box 396
Richmond, VA 23218

The Honorable Luke E. Torian
Chair, House Appropriations Committee
General Assembly Building, Room 1223
201 North 9th Street
Richmond, VA 23219

The Honorable Ghazala F. Hashmi
Chair, Senate Education and Health Committee
General Assembly Building, Room 616
PO Box 396
Richmond, VA 23218

The Honorable Sam Rasoul
Chair, House Education Committee
General Assembly Building, Room 910
201 North 9th Street
Richmond, VA 23219

The Honorable R. Creigh Deeds
Chair, Senate Commerce and Labor Committee
General Assembly Building, Room 612
201 North 9th Street
Richmond, Virginia 23219

The Honorable Jeion A. Ward
Chair, House Labor and Commerce Committee
General Assembly Building, Room 1009
201 North 9th Street
Richmond, Virginia 23219

Dear Governor Youngkin, Delegates Torian, Rasoul, and Ward, and Senators Lucas, Hashmi, and Deeds,

I am pleased to submit the enclosed annual report on the Commission on Early Childhood Care and Education, as required by Chapter 8 § 2.2-208.1. of the *Code of Virginia*:

> *D. The Commission shall review the goals set forth in this subsection and other priorities within the early childhood care and education system and submit no later than October 1 of each year recommendations to the Governor and the Chairmen of the House Committee on Appropriations, the Senate Committee on Finance and Appropriations, the*

House Committee on Labor and Commerce, the Senate Committee on Commerce and Labor, the House Committee on Education, and the Senate Committee on Education and Health. The Commission shall also post such recommendations on its website in a manner and format that ensure ease of access by interested parents and other members of the public.

Please direct questions to Jenna Conway, Chief of Early Learning and Specialized Populations at Jenna.Conway@doe.virginia.gov.

Sincerely,

Emily Anne Gullickson, M.Ed. J.D.
Superintendent of Public Instruction

EAG/JLC/RSU

Commission on Early Childhood Care and Education Annual Report October 2025

Section I. Overview

Thanks to historic state investment and the commitment of stakeholders across the Commonwealth, Virginia's dynamic, public-private early care and education (ECCE) system has become a leading model nationwide. In this report, the Commission on Early Childhood Care and Education provides recommendations as directed by the Code of Virginia and the 2026 Virginia State Budget to continue to position Virginia as a national leader and to respond to the evolving needs of families, ECCE providers, businesses, and other stakeholders.

These recommendations are rooted in the Commission's identified values, as detailed below, and reflect extensive data analysis, collaboration, and discussion.

Section II. Guiding Values to Inform ECCE Financing

In 2025, Commission members identified core underlying values that should inform financing strategies for Virginia's comprehensive birth-to-five early childhood care and education system:

- ACCESS AND CHOICE
  - Parents have a wide range of high-quality, affordable public and private options that meet their needs and account for family preferences.
  - Transparent and quality data is used to facilitate family decisions and communicate the benefits of ECCE to parents and communities.
  - Funding follows children, not systems, and working families with birth-to-five children are prioritized for publicly-funded full-day, full-year options.
  - Providers and business partners are granted the flexibility required and meaningfully incentivized to build and expand supply.

- FUNDING STABILITY AND SUSTAINABILITY
  - The ECCE system is supported through sustainable funding streams that allow for flexibility and alignment with parent demand.
  - Funding is sufficiently stable, encouraging providers to engage in long-term planning and supply-building.
  - The ECCE system is supported through multiple different funding sources, including local, state, federal, and private sources.

- QUALITY AND EDUCATOR COMPENSATION
  - Early childhood educators are recognized as valuable professionals, with compensation and professional development opportunities that reflect the significance of their work.
  - ECCE programs are reimbursed at the true cost of care, supporting competitive compensation for early childhood educators and, in turn, improving workforce

recruitment, retention, and quality of early learning experiences.
  - Effective educators are motivated to remain at their programs and in the field, ultimately enabling sites to maintain or expand capacity and promoting a broad range of accessible public-private options for families.

- CHILD CARE AS ECONOMIC DEVELOPMENT
  - Child care is recognized as essential to Virginia's economy; shortages are an economic development and growth problem, as they create barriers to workforce participation.
  - All entities with a vested interest in expanding access to ECCE—including businesses, philanthropies, and cities and counties—are incentivized to financially support the provision of child care in their communities.
  - Employers of all sizes—from small businesses to large corporations—have the tools to contribute to employees' child care costs.
  - Ongoing growth in public investments in ECCE driven by family demand fuels economic growth by increasing the supply of ECCE, mitigating child care access as a barrier to workforce participation for parents, and making Virginia communities attractive for new employers.
  - Local and state government, businesses, and communities collaborate to develop and implement innovative solutions that fit individual community needs.

Section III. Moving Forward: Early Childhood Care and Education Priorities for the Future

To continue to strengthen Virginia's ECCE system, the Commission has reviewed and refined the following strategies and recommendations that Virginia should consider for the future.

1. **Use Family Demand and Choice to Drive Funding and Slots:** Continue to maximize all available public and private funding sources and explore new sustainable and innovative funding mechanisms outside of the General Fund to systematically address family demand and preferences. Ensure that dollars continue to follow families, enabling them to make the best choices for their children, and that funding is prioritized for children birth-to-five.

   Specifically, Virginia should consider:
   - Prioritizing early childhood funding for families with children birth-to-five, exploring other funding and care opportunities to support school-age children.
   - Exploring strategies to reduce waitlists and respond to family demand, including through the reallocation of funding between ECCE programs based on the models that families demand.
   - Pursuing strategies to support middle class working families, who make too much to qualify for publicly funded programs, but who still struggle to pay for child care. As an example, sliding scales based on family income could ensure parents do not need to make a choice upskilling for more competitive jobs to increase their income between increasing their income, and keeping child care benefits.
   - Developing a funding formula that is 1) flexible, 2) protects family affordability,

and 3) accounts for eligibility criteria, parent demand indicators, per-child funding at the true cost of quality, and economic development considerations. See *Appendix C* for more details on the Commission's funding formula discussions
  - Regularly re-benchmarking the cost of quality to keep pace with rising operating costs for centers and family day homes, supporting competitive compensation, workforce retention, and quality early learning experiences.
  - Maximizing supports for small, high-quality family day homes to support growth and ensure families have a variety of high-quality care options to choose from.
  - Marketing Virginia's VQB5 portal to Virginia parents as the go-to information portal for clear information on child care quality and child outcomes, and with easily navigable processes for accessing care.

2. **Pursue Public-Private Funding Mechanisms:** Continue to leverage public and private financing mechanisms and explore innovative approaches to financing ECCE, ensuring care is affordable and public dollars can accommodate increasing demand from working families.

   Specifically, Virginia should consider:
   - Using the Early Childhood Digital Wallet to facilitate contributions from new and different funding sources, including business and philanthropic organizations, to better help working families meet child care costs.
   - Using local trust funds to create a sustainable source of community-based funding for ECCE.
   - Exploring proven strategies to address supply gaps, including through mentor coaching grants to support providers and local/community partnerships focused on facilities.
   - Expanding effective cost-sharing initiatives and exploring other innovative strategies to maximize use of public funds and ensure families can afford quality child care.
   - Integrating return on investment (ROI) considerations into cost sharing models and prioritizing strategies that have long-term returns.
   - Exploring creative supply-building strategies to accelerate the creation of or flipped use of physical ECCE space, including classrooms and sites.
   - Using social impact bonds as one-time funding to help launch and scale programs, supporting facilities and operating costs.
   - Considering proven and innovative revenue mechanisms that could support additional state funding in Virginia and accountability mechanisms to ensure oversight of any dedicated funds.
   - Enhancing the refundability of the Virginia Earned Income Tax Credit (EITC), thereby providing families with greater flexibility, particularly those in rural areas.

3. **Address Workforce Challenges:** Maintain and expand effective initiatives that directly address birth-to-five teacher shortages and other persistent workforce challenges. For instance, promote hiring, retention, and quality care through competitive compensation that addresses pay gaps and reflects the value of the ECCE workforce. To address the burden associated with high personnel costs, reimburse providers at the true cost of care.

Specifically, Virginia should consider:

- Re-benchmarking the cost of quality to ensure reimbursement rates support competitive compensation and, in turn, the hiring, retention, and elevation of ECCE educators.
- Exploring other innovative strategies to support competitive compensation for the ECCE workforce, reducing gaps between early childhood and K-12 teacher pay.
- Expanding child care talent accelerator programs and apprenticeship models to address workforce shortages.
- Exploring professional development and coaching initiatives to support retention and high-quality ECCE.
- Exploring strategies to promote hiring and retention beyond competitive compensation, including providing paid time off and health and retirement benefits to the workforce.
- Recognizing the ECCE workforce as a professional pathway, establishing professional development ladders and other strategies that support educator growth within the profession.
- Supporting family day home providers, who may not have the same resources for professional and business development as centers.
- Using data on classroom quality to inform regional planning and support for providers, including incentive and performance pay.

4. **Streamline Regulations:** Continue to simplify regulatory oversight and decrease unnecessary bureaucracy, ensuring a functional, diverse system that works for families and providers. Improve the business climate, promoting supply building and private investment.

   Specifically, Virginia should consider:

   - Reducing red tape for providers to support hiring, retention, and the supply of quality care.
   - Using a digital wallet to reduce inefficiencies in funding disbursement and ease the process for employer and other private contributions, including tri-share match opportunities.
   - Reducing regulatory burden, zoning barriers, and identifying land-use issues to increase speed to market for new childcare providers.
   - Reducing other barriers to entry, including capital, facility start-up, and ongoing operational costs through startup supports, tax incentives, and technical assistance.
   - Identifying areas where greater regulatory clarity is needed for providers who want to take public funds, ensuring full family choice.

5. **Promote Early Childhood as Essential Economic Development:** Ensure business and community understanding of ECCE as an economic development investment with substantial return on investment of funds. Explore strategies to engage communities and businesses in the provision of child care. Develop clear strategies to communicate to the public, and parents in particular, the benefits of high-quality ECCE as a driver of future economic success.

Specifically, Virginia should consider:

- Developing a playbook, and leveraging national playbook models like the U.S. Chamber Foundation, that helps businesses, philanthropies, and local governments navigate options to support child care access for employees and families.
- Identifying incentives to promote business investment in ECCE, particularly in rural areas.
- Exploring strategies to engage non-profits and other community organizations in ECCE, strengthening local participation.
- Identifying incentives for businesses to provide child care as a benefit for employees and to partner with local providers.
- Expanding cost sharing models that include family, employer, and state investment, and making it easier for small businesses, non-profits, and other entities to contribute through the new digital wallet.
- Incentivizing capital investments in ECCE through matching funds and flexible and adaptable public spaces, such as community colleges or other taxpayer-funded government facilities.
- Using data to increase business awareness of the benefits of investment in ECCE on labor force participation, hiring, and workforce retention.
- Using data to increase public awareness (especially among funders) of the return on investment that high-quality early childhood services deliver.
- Using data to emphasize the importance of kindergarten readiness as a first benchmark of success and ultimate driver of success.

Achieving these goals will require the ongoing collaboration of key stakeholders, including businesses, philanthropy, community leaders, families, and government agencies. The Commission recommends that these key principles and strategies continue to inform the development of policy and practical solutions in the coming years. Doing so will strengthen Virginia's best-in-class early childhood system and support the Commonwealth's position as the best state to live, work and raise a family.

Section IV. Overview of the Commission on Early Childhood Care and Education

The Commission on Early Childhood Care and Education (§ 2.2-208.1 of the *Code of Virginia*) was established in 2023 for the purpose of providing recommendations and for tracking progress on the financing of a comprehensive birth-to-five early childhood care and education (ECCE) system. The Commission is comprised of Virginia legislators a broad range of stakeholders, including representatives of business, economic development, local government, school divisions, parents and early care and education programs, as outlined in the *Code of Virginia*.

The Commission is charged with providing recommendations and with the following duties:

1. Expand access to and the quality of child care statewide;
2. Analyze existing and potential new financing opportunities, with a focus on data-driven outcomes;
3. Retain, grow, and strengthen the quality of the ECCE workforce;
4. Gather and study information and data to accomplish its purposes;
5. Gather and analyze data on current and projected availability, quality, cost, and affordability of ECCE services; determine needs and priorities; and develop funding recommendations focused on family choice, access, affordability, and quality;
6. Annually report on specific expenditures, outcomes, and impact, including children served, demographics, child-level assessments, classroom-level assessment data, educator turnover and retention, and parental employment;
7. Support the development of an integrated early childhood longitudinal data process to capture and link access, quality, and educator data with child outcomes, and facilitate the integration of this data with other longitudinal data systems; and
8. Monitor and support ongoing research and evaluation conducted by Virginia Department of Education (VDOE), University of Virginia (UVA), and Virginia Early Childhood Foundation (VECF), and any other higher education or research institutes deemed relevant, to continuously improve ECCE quality.

The legislation charges the Virginia Early Childhood Foundation (VECF) with facilitation of the Commission's work under the direction of the Secretary of Education or designee. This planning is completed with the guidance of a steering committee that includes the Secretary of Education, Secretary of Labor, one legislative member, one executive-level representative of the private business sector, one representative of the Virginia Early Childhood Foundation, and one parent or guardian of a child who is age-eligible or was recently age-eligible to participate in ECCE in the Commonwealth. The Commission must meet at least four times a year at the call of the chairman or whenever the majority of members so request.

Section V. Impact of the Commission Recommendations on the 2025 General Assembly

Insights, strategies and recommendations from the Commission's 2024 meetings and Annual Report informed several key budget priorities during the 2025 General Assembly. More details on the Commission's key priorities and the subsequent accomplishments, including legislation considered during the 2025 General Assembly session, can be found in *Appendix D*.

- The FY2025-2026 budget, as amended during the 2025 General Assembly and chaptered in May 2025, continues historic state investment in early childhood care and education, and includes changes to CCSP implementation which will increase available resources to serve more children, including:
    - Appropriating $461 million of SFG in FY26 to support the Child Care Subsidy Program (CCSP), Mixed Delivery, and the Virginia Preschool Initiative.
    - Increasing CCSP family copayments to serve more children. Families now pay a maximum of 5% of family income, with families at or below the federal poverty line with any countable income paying a flat per-child fee of $5 per month. See *Appendix E* for details on the new copayment scale.
    - Prioritizing slots for working families by time-limiting eligibility for the CCSP under job search to 90 days, with households eligible for up to one 90-day extension for extraordinary circumstances.

- Last year, the FY2025-2026 biennial budget directed VDOE and VDSS to systematically review child target allocations, utilization, and funding, adjusting targets in accordance with state law and subject to available funding. New state law also provides VDOE the authority to reallocate unused funding from one early childhood program to another following fall enrollment, ensuring that funding for early childhood care and education services aligns with family demand. In response to this directive, VDOE:
    - Leveraged every dollar appropriated by the General Assembly for slots in VPI, CCSP, and Mixed Delivery for direct services in these programs, helping working families access the models that best meet their needs and ensuring that no funds for direct services were returned to the General Fund.
    - Reallocated $5.2 million in FY25 VPI funding to the CCSP in December 2024, providing approximately 830 targets to 61 localities to help reduce waitlists and meet family needs.
    - Reallocated an additional $2.3 million of VPI funding to the CCSP, supporting approximately 480 additional targets to 19 localities in February 2025.

- The FY2025-2026 biennial budget also included an additional 2,440 slots for FY26, adjusted in our estimates to 1,785 slots to account for VPI reallocation.

Section VI. Conclusion

Substantial public and private sector investment, as well as strategic policy changes, have helped to advance Virginia's best-in-class, public-private early learning system. The revised priorities and strategies detailed in this report are essential next steps to help ensure the sustainability of the system, launching and investing in innovative funding and supply-building strategies while remaining responsive to family demand.

At its core, Virginia must continue to prioritize the needs of children and families to drive systems change. With the support of stakeholders, including business and community leaders, the Commission recommends that these strategies be leveraged for the development of policy and practical solutions in the coming year. Doing so will help secure the Commonwealth's position as the best state in which to live, work, and raise a family.

Appendix A: Budget Directives for the Commission on ECCE

The amended biennial budget (HB1600) included two directives for the Commission on ECCE, summarized in Table 1 below.

Budget Item and Directive	Summary of Approach	Workgroup Outcome or Deliverable	Workgroup Members
HB1600 (Budget Bill), Item 125.10 Directs the Commission to review and recommend adjustments to CCSP reimbursement rates for school age children and the appropriateness of continuing to provide services through CCSP to school age children.	The VDOE facilitated a workgroup focused on out-of-school time (OST) care for school age children, with three meetings from June through September 2025.	The workgroup's recommendations are summarized in a report, to be published in December 2025.	Representatives of school divisions, 21st Century Learning grantees, private childcare providers, Virginia Partnership for Out-of-School Time, local Parks and Recreation entities, the YMCA, Communities in Schools, Boys and Girls Clubs, and other non-profit organizations that provide out-of-school time programming
HB1600 (Budget Bill), Item 125.10 Requires the Commission to review revised attendance requirements for the Child Care Subsidy Program, Mixed Delivery, and the Virginia Preschool Initiative	The VDOE will hold a workgroup focused on attendance requirements in October 2025. Workgroup reflections will be brought to the full Commission in October 2025.	The workgroup's findings are summarized in a report, to be published in December 2025.	Simon Fiscus, John Salay, Kevin Wattles

Appendix B: Legislative Directives for the Commission on ECCE

On March 7, 2025, the Senate Committee on Finance and Appropriations referred via letter the subject matter contained in House Bills 1959, 1972, and 2538 to the Commission for study. The Commission's approach for studying these matters is summarized in the table below.

Legislation and Bill Summary	Summary of Approach	Workgroup Members (if applicable)
HB1959 (Bennett-Parker) Requires the VDOE to: (1) report on the length of time it takes to move priority group children from the CCSP waitlist into slots, targeting a maximum of thirty days (2) add a seventh priority group to the CCSP waitlist that included families with a parent working in publicly-funded birth-to-five care in Virginia.	The VDOE facilitated a workgroup focused on waitlist management with one meeting on August 21, 2025.	Delegate Ellen Campbell, Belinda Astrop, Benita Petrella, Kathy Glazer, Todd Norris, and Shakeva Frazier.
HB2538 (Bulova) Establishes a funding formula to predict the number of slots and funding needed annually based on projected family demand and regional economic development initiatives.	VECF facilitated a workgroup focused on the feasibility of HB2538, with four meetings between July and September of 2025.	Senator Mamie Locke, Delegate David Bulova, Delegate Carrie Coyner, Gary Thompson, Nicholas Palacio, Elizabeth Winkle, Kathy Glazer
HB1972 (Gardner) Amends the Code of Virginia to indicate the goal of the ECCE system is to provide access to high-quality, affordable choices across a public-private system and to increase and maintain capacity across the system.	The Commission considered this charge in its meeting on July 17, 2025.	N/A

Appendix C: Workgroup Reports to the Commission on ECCE

On September 24, 2025, workgroups had an opportunity to share an update on workgroup activity to the full Commission.

Del. Bulova provided the following report on the HB2538 work group:

- Members identified three major components of a sustainable funding formula: parent demand and choice, per-child funding, and economic development.
  - **Parent demand and choice:** the formula should predict slots based on eligibility, parent choice, and historic demand for ECCE programs. Even after historic investments during the 2024 legislative sessions, demand for ECCE services continues to grow and exceed the supply of publicly-funded slots. Ultimately, without affordable options for child care, parents opt out of the workforce.
  - **Per-child funding:** the formula should quantify the per-child cost across programs, age groups, and regions, accounting for the true cost of quality care. Underfunding threatens the sustainability of services, limiting access to services and burdening ECCE sites and early educators. Re-benchmarking would allow providers to adequately compensate staff, ensuring retention and eliminating workforce shortages, benefitting private providers as well by supporting wage increases.
  - **Economic development:** the formula should provide flexibility and account for new economic development projects that may not be reflected in historical growth data. Virginia needs to be responsive to regional economic development needs, readily able to allocate available slots to underserved regions based on a new employer or development project, supporting employer recruitment to Virginia.
- Members advised that any codified formula should reflect the Commission's core values, and any legislation should be sufficiently flexible, responsive, and not bound to funding.

Del. Campbell provided the following report on the HB1959 work group:

- Members noted that families would already have to meet the qualifications for the CCSP, thus the bill would not extend the benefit to families that would not otherwise quality.
- Members discussed the need to support ECCE educators due to low wages and lack of benefits.
- While some members believed the bill could help recruit more educators to the field, others expressed concerns that it would perpetuate low wages for early educators. The growth of CCSP waitlists also contributed to concerns about the efficacy of the proposal.
- The work groups agreed that the Commission should:
  - Continue exploring the fiscal and operational implications of prioritizing early educators for subsidy.
  - Consider structural solutions like the cost-of-quality methodology to set reimbursement rates that allow for competitive compensation and support long-term workforce sustainability.
  - Maintain open dialogue with Delegate Bennett-Parker and stakeholders on future policy development.

- In response to Del. Campbell's share out, Commission members:
  - Discussed the potential value of the proposal to the provider as an "economic jumpstart," with some noting the potential to help families, stabilize child care, and the potential for a matching component from centers that could be beneficial.
  - Anecdotally, some members mentioned that providers already tend to provide similar benefits, and early educators without children are more likely to leave the profession.

Appendix D: 2024 Goals and Priorities for the Commission on ECCE: Recent Progress in VA

Key Strategy	2024 Commission Recommendation	Recent Achievement

Use Family Demand and Choice to Drive Funding	Continue to maximize all available public and private funding sources – including parental contributions up the federal benchmark of 7% – and explore multiple new funding mechanisms outside of the General Fund to systematically address family demand and preferences.
	
	Explore how adjusting parent copayments up to the federal 7% cap can help support more families while ensuring that any changes do not result in burdens for families or private businesses.
		• FY26 Budget adjusts family copayment rates for the CCSP, setting rates at $5 per month for households with any countable income at or below 100% FPL, and up to 5% of annual income for all other households.
		• Congress expanded several federal child care tax credits for employers to support working parents that will benefit Virginia families, including:
		  o Increasing the employer-provided child care maximum credit amount and credit rate, covering 40% of up to $500,000 (up from 25% of $150,000). For eligible small businesses, this increase allows up to 50% of $600,000.
		  o Amending and permanently extending the paid family and medical leave credit, which now allows employers to claim a tax credit for up to 25% of either wages or premiums paid while an employee is on family or medical leave.
		  o Increasing the amount of pre-tax income families can exclude from wages in the Dependent Care Assistance Plan (DCAP), an employer-offered flexible spending account that parents can use on child care expenses. Families may now exclude up to $7,500 a year, up from $5,000.
		• Congress appropriated $100M in federal funding for child care assistance for members of the Army, Air Force, Navy, Marine Corps, and Space Force through H.R.1 (2025). Given the large population of military families in the Commonwealth, Virginia stands to significantly benefit from this investment.

	Use waitlists to quantify parent demand and preferences while also acknowledging that availability of child care supply (e.g., child care deserts) will artificially hinder or limit parent demand. Increase awareness of waitlist	• VDOE and VDSS have strengthened CCSP waitlist management to more accurately reflect family demand and inform funding decisions. In FY25, improved tracking, clearer local guidance, and reallocation of over $7.5M in unused VPI funds allowed more than 1,300 children to be served from the waitlist. • The continued growth of waitlists presents challenges to their management, given limitations in automation and capacity at the local level. Updated procedures launching in FY26 will support more accurate data through quarterly removals of inactive cases and improved outreach, which should support efficient filling of slots as they become available, with priority for children birth-to-five, but lag time in filling slots reflects the

Key Strategy	2024 Commission Recommendation	Recent Achievement
	data and projections across sectors including the business and local government sector so that this data can be used to address child care deserts and better support economic development efforts.	burden that growing waitlists place on existing infrastructure and processes. • The VDOE began distributing information on CCSP waitlist reports to VECF and Ready Regions in August 2024, with standard, monthly reports beginning in October 2024. These reports include statewide, regional, and local waitlist data. New data reporting delineates waitlists by age group provide clarity on regional waitlist numbers. • Ongoing data analysis and reporting help state and local leaders better understand demand patterns and inform strategies to address child care deserts. • Implementation and review of a survey by the University of Virginia, focused on understanding the experience of families on CCSP waitlists to inform future planning.
	Prioritize working families for slots and consider limiting how much time families can look for work while also providing flexibility for extraordinary circumstances.	• FY26 Budget time limits parental job search requirements for the CCSP eligibility to 90 days; households are eligible for up to one 90-day extension for extraordinary circumstances as defined and tracked by the VDOE.
	Implement a modern attendance tracking system to better capture child-level attendance across publicly-funded providers and understand how attendance impacts children's growth and outcomes as well as the extent to which chronic absenteeism is limiting access for other families and children.	• VDOE is implementing a new, modernized attendance tracking system for the Child Care Subsidy Program, with a statewide launch planned for December 2025. The mobile-friendly system, developed with KinderSystems, will make it easier for families and providers to log attendance and track absences, while improving data accuracy and reducing administrative burden. System design is informed by extensive provider and family feedback, with stakeholder engagement ongoing to support a smooth transition.
	Continue to explore mechanisms to leverage	• VDOE solicited competitive bids and has contracted with a vendor to pilot a digital wallet solution in FY2026 to allow multiple parties to easily contribute to child care

Key Strategy	2024 Commission Recommendation	Recent Achievement
	private business and local contributions to support family demand through approaches like the Digital Wallet and Ready Together pilot.	costs. Providing a digital wallet that seamlessly leverages Virginia's existing assets while providing an easy-to-use, transparent and scalable front-end will help open up new sources of funding, increase family choice and put more children on track for kindergarten, enabling them to fulfill their potential.
	Explore innovations to support working families to upskill and earn more income while reducing the impact of a benefits cliff that could disincentivize work.	• ***HB2451 (2025)*** (left in House Appropriations) proposed that the VDOE to develop and implement a phased reduction model for the CCSP that provides an assistance phase-out period during which the assistance a family receives is incrementally reduced in proportion to the increase in the family's income.
	Continually refine the methodologies that are used to accurately predict the number of eligible working families will need care and direct funding to match demand, including accounting for the growth needed to address child care deserts and support the broader Virginia economy. Conduct analysis to measure the impact that ECCE attendance has on kindergarten readiness, chronic absenteeism, and early elementary outcomes in Virginia.	• SB54/HB419 directs VDOE to annually report on the projected amount of state general funds needed to sustain current levels of enrollment, meet family demand by eliminating wait lists, and expand access based on a growth rate for the upcoming two fiscal years. Funding projections are to assume appropriate cost-of-quality methodologies and will be used to inform state general funds for direct services to address family demand and preferences. The bill also gives VDOE the authority to reallocate funding across programs after initial Fall enrollment based on family preferences. • VDOE held an internal review of attendance expectations for early childhood programs. Current attendance policies and practices were compared across VPI, Mixed Delivery, and CCSP. The group discussed similarities and differences in how attendance data is collected across programs, including reporting methodologies, frequency of reports, and definitions of chronic absenteeism.

Key Strategy	2024 Commission Recommendation	Recent Achievement
Address Workforce Challenges	Maintain and expand effective initiatives that directly address birth-to-five teacher shortages and other persistent workforce challenges. This includes measuring the impact of investments in RecognizeB5, FastTrack, and other innovative public- private efforts for progress in industry modernization including to reduce turnover, eliminate shortages, expand existing professional development opportunities, and build the educator pipeline. Refine key strategies that would most benefit the early childhood workforce, including a focus on strategies to address staff retention/turnover, career pathways and training, and benefits for child care. Explore workforce attraction and retention strategies for the broader early education workforce that includes	• **FastTrack** recruits new talent into the early education workforce, building the child care supply by offering compensation and competitive wages, introductory and accelerated preservice training, and retention and ongoing professional development. • **The Get Skilled, Get a Job, Give Back Program (G3)** is allotted $34,500,000 for the first year and another $34,500,000 second year from the general fund by **Budget Item 201.D.1. G3** is a tuition assistance program for any Virginia resident who qualifies for in-state financial aid and whose family income falls below an identified threshold, specified for Virginia's most in-demand industries, including Early Childhood Education. • **Budget Item 124 S.2** provides $1,000,000 the 1st year and another $1,000,000 for the 2nd year to operate the scholarship program, **Project Pathfinders**, to increase the skills of Virginia's ECCE workforce. Funding is provided to ECCE professionals looking to receive credentials within the ECCE field and prioritizes individuals already employed in ECCE, particularly those working with at-risk students. • **The Virginia Child Care Provider Scholarship Program** is available for childcare educators working towards a certificate or associate degree, as well as any equivalents, in early childhood development, supporting increased education for early childhood educators by awarding college scholarships for undergraduate courses at Virginia Community Colleges that focus on the care and education of young children. • **Registered Apprenticeship** is a workforce training model that is a structured, intentional professional development pathway with mentorship, combining supervised on-the-job training with related instruction at no cost to employers. • **Fast Forward** is a short-term workforce training program run by Virginia's Community Colleges which helps Virginians earn industry credentials and certifications for the most in-demand jobs across the Commonwealth, with a potential pathway for Early Childhood Educators.

Key Strategy	2024 Commission Recommendation	Recent Achievement
	employees without young children. Pursue sustainable approaches to supporting educator retention that do not rely on short-term or temporary funding, including sustaining financial incentives for child care educators such as RecognizeB5. Employ efforts to elevate the early educator profession as well as make it easy to become an early childhood educator, employing lessons learned from the FastTrack Initiative.	
	Reduce red tape to enable providers to quickly hire, upskill and retain talent, including continuing to provide flexibility on ratios, especially at the beginning and end of the day.	• The VDOE currently has regulatory actions underway to repeal and replace Chapter 770, Background Checks for Child Day Programs and Family Day Systems; Chapter 820 General Procedures and Information for Licensure; and Chapter 830, Fee Requirements for Processing Applications. Pending approval, all three chapters will be replaced with Chapter 821, General Procedures for Licensure and Background Checks, which implements statutory requirements, clarifies existing regulatory requirements, updates practices and procedures, and streamlines and reduces requirements by merging three chapters while removing duplicative or unnecessary processes to reduce red tape. Chapter 821 is currently in its final stage and is under executive review. • The VDOE also has a current regulatory action underway to repeal Chapter 780, Standards for Licensed Child Day Centers, and establish a comprehensive new

Key Strategy	2024 Commission Recommendation	Recent Achievement
		chapter, Chapter 781. The purpose of the adoption of a new regulation is to support the agency's effort to streamline regulatory requirements; to improve understanding and interpretation leading to enhanced compliance and enforcement by adjusted structure, format, and simplified language; and to incorporate updates to address ever-changing national health and safety guidelines and practices, which allows for more flexibility in staff qualifications, requirements related to staffing at the beginning and end of the day, increased ratios for school-age children, and flexibility to allow variances related to ratios in certain instances. Chapter 781 is currently in the proposed stage and is under executive review.
	Continue to analyze barriers faced by potential child care educators including the need for child care for educators' and other ECCE staff's children; this would include analyzing models in other states as well as surveying Virginia educators to better understand the extent to which access to child care is a barrier.	• ***HB1959 (2025)*** (left in House Appropriations) requires the VDOE to: (1) report on the length of time it takes to move priority group children from the CCSP waitlist into slots, targeting a maximum of thirty days (2) add a seventh priority group to the CCSP waitlist that included families with a parent working in publicly-funded birth-to-five care in Virginia. Passed in House, passed by indefinitely with letter in Senate Finance and Appropriations. • The Senate Committee on Finance and Appropriations referred the subject matter of HB1959 to the ECCE Commission for study; in response, the VDOE established a workgroup that met on August 21, 2025, to develop recommendations related to CCSP waitlist management.
	Continue to analyze staffing levels and the impact of rates on educator compensation and the extent to which compensation, benefits and turnover impact classroom quality as measured by VQB5.	• From 2019 through 2025, RecognizeB5 provided a financial incentive to help attract and retain eligible early childhood educators in publicly-funded child care centers and family day homes. During this time period, RecognizeB5 supported thousands of child care and family day home educators during Virginia's recovery from the COVID-19 pandemic. • Several studies have been conducted on the impact of RecognizeB5 which continue to help Virginia better understand the early educator workforce and the impact of programs like RecognizeB5.
	Continue to use innovative	• The General Assembly directed the VDOE to develop a methodology to estimate the

Key Strategy	2024 Commission Recommendation	Recent Achievement
	cost of quality analysis to set reimbursement rates in order to maximize private sector participation and support competitive compensation. Recognize that adequate staffing levels are needed to address the typical variations in employee attendance, including covering for when employees are sick, on vacation, need to attend training or are otherwise on leave or not on site. Substitute pools may provide short-term relief, but all centers need to be supported to address typical variations without having to close classrooms or send children home.	actual cost of providing high-quality early childhood services in community settings, and to use this methodology to establish public payment rates for early childhood care and education (ECCE) providers in community-based settings in the 2022 Special Session I Budget. The VDOE continues to use payment rates based on the innovative cost estimation methodology developed in collaboration with Prenatal to Five Fiscal Strategies in response to this directive. Updates to the cost model methodology are due to the Office of Child Care this fiscal year, and per CCDF plan policy dictating that rates are set based on the approved cost model, updates to reimbursement rates are also due (current rates were set in 2022 for FY2023). • The cost model in use presumes a need to address the typical variations in employee attendance, including covering for when employees are sick, on vacation, need to attend training or are otherwise on leave or not on site.
Pursue Public-Private Funding Mechanisms	Promote more sustainable public-private models that maximize all possible funding sources, including parents providing copayments up the 7% federal benchmark, to help ensure families can afford quality child care and businesses can attract and retain top talent.	• The FY26 Budget adjusts family copayment rates for the CCSP, setting rates at $5 per month for households with any countable income at or below 100% FPL, and up to 5% of annual income for all other households. • The Early Childhood Digital Wallet (under development) will provide a means for third-parties (e.g., family members, philanthropic organizations, employers, nonprofits, local governments etc.) to contribute to families' child care costs.

Key Strategy	2024 Commission Recommendation	Recent Achievement
	Create pathways for Virginia businesses to understand their potential for impact through cost sharing and utilization of tools such as the digital wallet which makes it easy, seamless and trackable for businesses, philanthropy and other entities to contribute toward the costs of high quality ECCE. Explore ways to secure capital funds and maximize and retrofit underutilized spaces to address child care deserts and sustainably and creatively increase child care supply. Continue to pilot and share lessons learned from current Virginia public-private innovations such as cost-sharing, tri-share Ready Together Model. Identify local government initiatives to support ECCE (e.g., Fairfax vouchers) and determine how to incentivize other localities to increase	• In response to a written request from Delegate Sam Rasoul (House Education Chair) in May 2024, the Virginia Department of Education (VDOE), in collaboration with the Virginia Community College System (VCCS), engaged in stakeholder sessions to explore the feasibility and potential impact of establishing Head Start programming on community college campuses. Learnings will be shared in a report to the legislature. • The Early Childhood Digital Wallet (under development) will provide an easy-to-use technological means for third-parties, including local governments and employers, to contribute to families' child care costs.

Key Strategy	2024 Commission Recommendation	Recent Achievement
	support for ECCE, including through the new digital wallet.	
	More accurately fund and address parent demand, especially in communities that are child care deserts and have innovated to increase supply, through use of a growth based funding formula.	• ***HB2538 (2025)** (left in House Appropriations) establishes a funding formula to predict the number of slots and funding needed annually based on projected family demand and regional economic development initiatives. Passed in House, passed by indefinitely with letter in Senate Finance and Appropriations. • The Senate Committee on Finance and Appropriations referred the subject matter of HB2538 to the ECCE Commission for study; in response, the VECF and VDOE established a workgroup that met four times across July and August 2025, to develop recommendations related to the development of a funding formula.
Address Child Care Deserts through Innovative Capital Initiatives	Explore the potential for an infrastructure or capital fund to support the ECCE sector by both retrofitting and refurbishing excess or vacant/underutilized space, including at institutions of higher education, government buildings, or commercial real estate and also planning for new supply as part of community redevelopment and business/economic site development initiatives. Identify regions with child care deserts and support them to design and implement public-private innovations to	• In collaboration with the Virginia Community College System, during FY25, VDOE performed background analysis and held stakeholder engagement sessions to explore the feasibility of establishing and expanding Head Start services on community college campuses. The results of the project were reported to the Early Childhood Advisory Committee in April 2025. • By December 15, the Department of General Services will be providing an update to the Six-Year Capital Outlay Plan Advisory committee on the estimated size, cost, and timeline for the construction of a new state agency building, including options regarding the inclusion of a childcare facility for state employees.

Key Strategy	2024 Commission Recommendation	Recent Achievement
	re-utilize existing space to increase supply.	
	Work with economic and site development agencies and planning district commissions to identify opportunities to incorporate child care supply goals as housing communities and/or businesses/tech parks are developed or redeveloped.	• VDOE shared resources on Virginia's ECCE marketplace with employers at Virginia Works 2025 "Together for Talent" summit on establishing workforce pipelines. • VDOE is collaborating with the Department of Housing and Community Development and the Virginia Economic Development Partnership to generate models for estimating the impact of economic development initiatives on demand for child care and necessary expansions in supply.
	Analyze what levels of and types of funding would be needed to retrofit, renovate or build adequate facilities based on the age, needs and family preferences within regions.	• Exploration of this policy approach is underway.
	Elevate and identify best practices of public-private partnerships that are renovating and retrofitting spaces to increase child care supply, including in Southwest Virginia.	• The EO Regional Workforce and Child Development Hub opened in October 2024 reflects the work of a public-private-philanthropic partnership in Southwest Virginia. The space where a Kmart used to reside now serves as space for childcare and business coaching and back-office support for childcare providers, in addition to workforce/career simulation and STEM training.
Streamline Regulations	Assess regulatory changes that will support a strong ECCE system while encouraging the start-up of new businesses,	• HB2419 (2025) amends and reenacts § 22.1-289.030 of the Code of Virginia to add programs providing instructional experience in agriculture, animal care, or horse riding to the list of programs not considered child day programs. Signed by Governor

Key Strategy	2024 Commission Recommendation	Recent Achievement
	particularly in areas where child care deserts remain the primary challenge for families. Reduce regulatory burdens and duplication and ensure all ECCE regulations moving forward are clear, consistent, and streamlined and reflect private sector input as part of the regulatory process. Additional regulatory strategies that will encourage existing programs to expand offerings and serve more families. Identify additional regulatory revisions that could support the challenges related to child care staffing, including hiring and training of new candidates. Strengthen public-private reimbursement practices, including timeliness and predictability, to maximize the private business participation in the ECCE system.	and effective July 1, 2025. • SB1084 (2025) defines out-of-school time (OST) programs and exempts from licensure any OST program that (a) is affiliated with a national organization with established health and safety requirements and is in compliance with such health and safety requirements; (b) has adopted standards and requirements relating to staff training and qualifications that are consistent with those of the Board of Education; (c) requires all applicants for employment or volunteers to undergo background checks in accordance with applicable law; and (d) has policies and procedures relating to emergency preparedness and response, child abuse prevention and response, and internal incident reporting and investigation. Signed by Governor and effective July 1, 2025. • HB1685 (2025) excludes from the definition of "publicly funded provider" for the purpose of provisions of law relating to early childhood care and education any program for which the sole source of public funding is financial assistance for military child care pursuant to relevant federal law and that is accredited by a U.S. Department of Defense-approved national accrediting body. Signed by Governor and effective July 1, 2025.

Appendix E: CCSP Copayment Changes

Income Threshold	FY24 Copayment Scale	Copayment Scale effective July 1, 2025
Income = $0	$0	$0
>0-100% FPG	$0	$5
101-150% FPG	$60	$125
151-200% FPG		$175
201-250% FPG	$120	$225
251-300% FPG		$275
301-350% FPG	$180	$325
351% FPG - 85% SMI		$375
Maximum total copayment	7% of family income	5% of family income