New Research Finds Strategic Investments in Virginia's Child Care System Would Generate More Than a One-for-One Return on Investment

Prenatal-to-3 Policy Impact Center at Vanderbilt University Finds That a $1.7 Billion Annual Investment in Child Care in the Commonwealth Would Deliver $1.8 Billion in Immediate, Yearly Returns

RICHMOND, Va. (July 15, 2026) – New research commissioned by the Virginia Early Childhood Foundation (VECF) finds that **strategic investments in Virginia's child care system would generate more annual economic value than they cost** – delivering more than a one for one return on investment. These investments would increase public funding to fully cover the true costs of providing high-quality child care services, expand access to child care for more children, particularly infants and toddlers, to help alleviate strain on working parents, and competitively compensate early educators to recruit talent and keep classrooms open.

The analysis estimates that **a $1.68 billion annual investment** – estimated to fully fund Virginia's child care system – **would immediately and annually return $1.79 billion** to Virginia's working parents, early educators, businesses, and child care centers.

Dr. Cynthia Osborne, executive director of the Prenatal-to-3 Policy Impact Center at Vanderbilt University and the study's author, presented findings from the study during a meeting of Virginia's Commission on Early Childhood Care and Education on July 7.

"This study confirms what Virginia families, employers, and child care providers have known for years: child care is essential infrastructure for a thriving economy," said Susanne Bell, president of the Virginia Early Childhood Foundation. "When families can find and afford reliable, high-quality child care, parents are able to work, businesses have a stronger and more dependable workforce, and children gain the strong foundation they need to succeed in school and life. This study makes clear that investing in child care – fully and annually – would deliver significant returns for Virginia, both in the immediate and over the long term."

"This analysis makes clear that investing in child care isn't just the right thing to do for Virginia's children and families – it's also a sound fiscal investment for the Commonwealth," **said Virginia Senator Mamie Locke (D-Hampton), Chair of Virginia's Commission on Early Childhood Care and Education.** "By fully funding our child care system, Virginia would generate more than $85 million in new annual state revenue while helping thousands more parents enter the workforce and supporting businesses across the Commonwealth. That's the kind of return on investment that can benefit every Virginian and strengthen our economy for years to come."

Key Takeaways

A $1.68 billion annual investment in child care in Virginia – as outlined in this study – would:

- **Provide child care** to more than **43,000 currently working parents**,
- Allow more than **13,000 parents** to **join Virginia's workforce**,
- **Decrease child care costs** for more than **21,000 working families**,
- **Raise wages** for nearly **17,000 early childhood educators** and other staff,
- **Retain nearly 3,000 early childhood educators**, and
- **Improve productivity and save money** for up to **56,000 Virginia businesses**.

In total, the investment would generate approximately **$1.79 billion in annual economic benefits** through higher earnings for parents and early childhood educators, lower child care costs for families, and productivity gains and savings for Virginia employers.

"High-quality, affordable child care is one of the strongest investments a state can make in its future," said Dr. Cynthia Osborne, executive director of the Prenatal-to-3 Policy Impact Center at Vanderbilt University. "Our research shows that when Virginia strengthens its child care system, the benefits extend well beyond individual families. Parents are better able to participate in the workforce, children gain access to early learning experiences that support healthy development, businesses benefit from a more stable and productive workforce, and Virginia's economy grows stronger. These findings demonstrate that investing in child care is not simply smart social policy – it's a smart economic strategy that delivers meaningful returns for Virginia."

"For employers across Virginia, access to reliable, affordable child care is a workforce issue and a business issue," **said Edmond Hughes, Executive Vice President and Chief Human Resources Officer, HII and Vice Chair of Virginia's Commission on Early Childhood Care and Education.** "When employees have dependable child care, they're better able to stay in the workforce, be productive on the job, and pursue career opportunities. This research demonstrates that investing in Virginia's child care system is an investment in our workforce, our competitiveness, and our economy."

The complete report is available HERE.

About the Virginia Early Childhood Foundation: VECF is the non-partisan steward of Virginia's promise for early childhood success, working in tandem with diverse stakeholders to ensure opportunities for all families with young children to thrive.

About the Prenatal-to-3 Policy Impact Center: The Prenatal-to-3 Policy Impact Center is a nonpartisan research center at Vanderbilt University's Peabody College of Education and Human Development that provides state leaders with clear, evidence-based policy solutions to improve the lives of young children and their families. For more information, visit pn3policy.org.

Methodology: Using the most current data available at the time, the analysis estimated the cost to fully fund Virginia's child care system to be $1.68B per year based on three cost factors: **1)** Aligning child care access with family demand and preferences, estimated at 70% uptake across eligible families*; **2)** Increasing the percent the state reimburses for publicly funded child care rates (CCSP) to child care providers to fully cover the true business costs of high-quality child care services; and **3)** Increasing educator wages to parity with elementary school teachers. The study was limited in scope and only measured immediate, yearly returns to Virginia's economy.

*This is estimated to amount to 47,334 new Child Care Subsidy Program (CCSP) slots for families who earn less than 85% of the state's median income (SMI) and have a child under age 6. The investment would largely increase access to infant and toddler slots, which are in shorter supply and higher demand in the Commonwealth.

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