

CHILD CARE = ECONOMIC DEVELOPMENT

STATE OF THE STATE

VEDA/VEDP *ImpactED*

February 3, 2025

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President, Virginia Early Childhood Foundation

AGENDA FOR THIS SESSION

- The “why” of child care
- History of link between child care and Virginia’s workforce and economy
- Gains made in Virginia
- Gaps that persist and what’s at stake
- Insights and goals – 2025 General Assembly session
- Promising innovations
- VBREE and Shovel Ready Virginia purpose and goals
- How you can engage

OUR “WHY:”

ACCESSIBLE QUALITY CHILD CARE DELIVERS A TRIPLE BOTTOM LINE FOR VIRGINIA

School-Ready Children. From birth to age five, a child’s brain develops more than at any other time in life. During this time, quality interactions with responsive caregivers bolster healthy cognitive, social-emotional, and physical development, and set children up for improved school readiness and lifelong success.

Work-Ready Parents. Child care services ensure parents can go to work to support their family’s financial security and self-sufficiency.

Thriving Communities & Economy. Parents’ access to child care through a strong early education system generates millions of dollars for communities in cost savings and economic benefits, including through enhanced workforce participation, improved business productivity, and increased state tax revenue.

BRIEF HISTORY OF VIRGINIA'S ASSERTION THAT: CHILD CARE = ECONOMIC DEVELOPMENT

2005: Early Learning Council – business executives

- drove launch of VECF, Smart Beginnings (precursor to Ready Regions) as public-private local infrastructure for ECCE, and a “movement” to bridge public and private sectors for long-term vision for early childhood as pivotal to Virginia’s workforce and economy

2012: State level partnership between VECF and VA Chamber

- annual Executive Briefings on Economics of Early Childhood
- inclusion of ECCE as first tenet in Education/Workforce pillar in Blueprint

2020: Launch of Back to Work, Virginia! Task Force (Stephen Moret)

2023: Launch of Virginia Business Roundtable for Early Education (Mike Chinn)

2024: Launch of Shovel Ready Task Force same day as VA was announced as CNBC Top State for Business (Jason El Koubi, Mike Chinn), VBREE Regional Discussions

VIRGINIA'S PROGRESS & WORTHY IMPROVEMENTS IN CHILD CARE SYSTEM

2020: School Readiness Act – VDOE charged to oversee a “public-private system” of ECCE in Virginia

2022: Ready Regions instituted in law

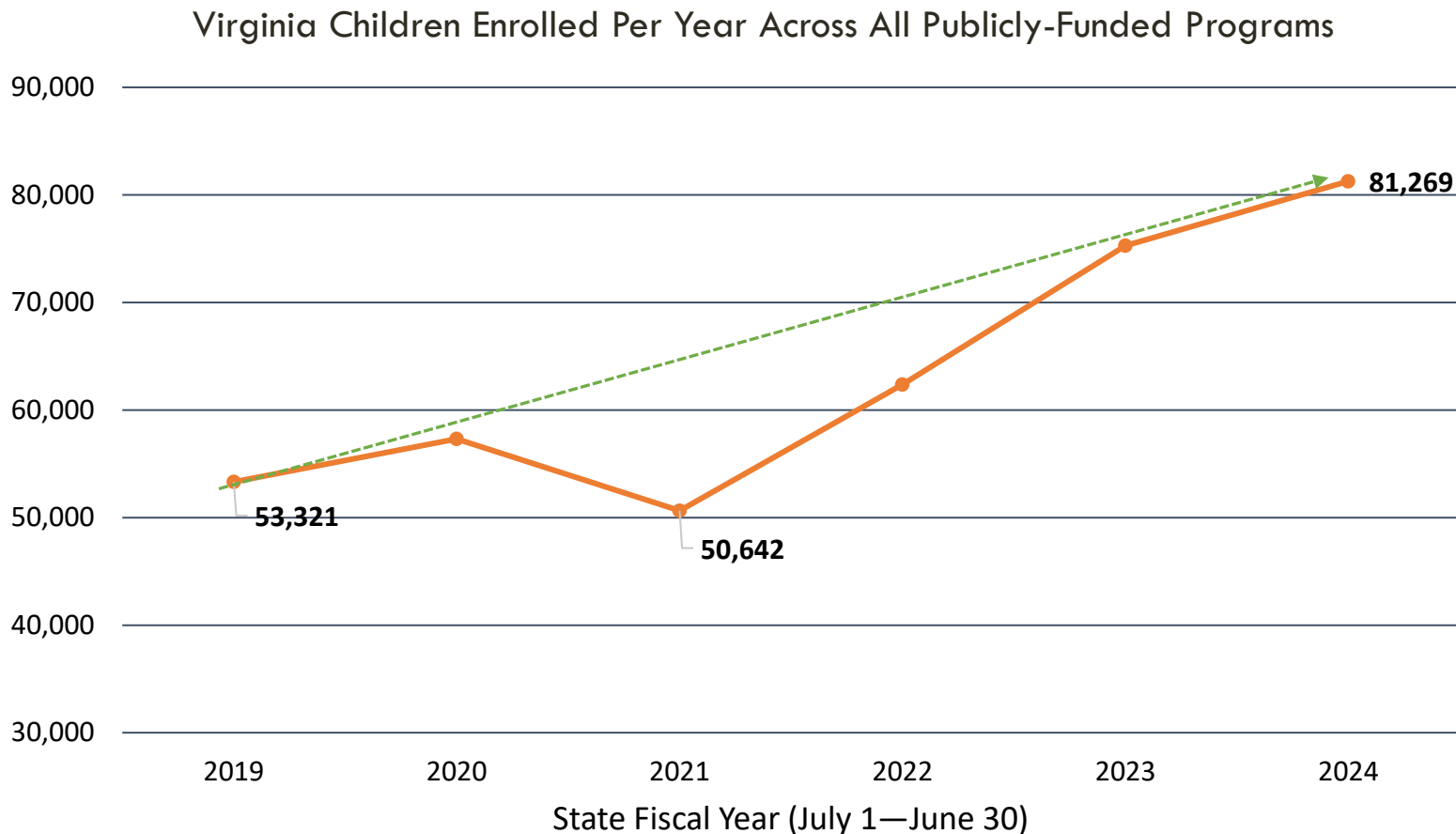
2023: Implementation of cost of quality methodology, ECCE Commission, ROI study

2024: Gotta Have Child Care Campaign > appropriation of \$1.1B over FY25-26 biennium for child care services for low- to moderate-income Virginia families

VIRGINIA'S EFFORTS ARE PAYING OFF!...

GROWTH IN PARENTAL DEMAND FOR AFFORDABLE CHILD CARE

More families are seeking to participate in Virginia's publicly-funded early childhood system.

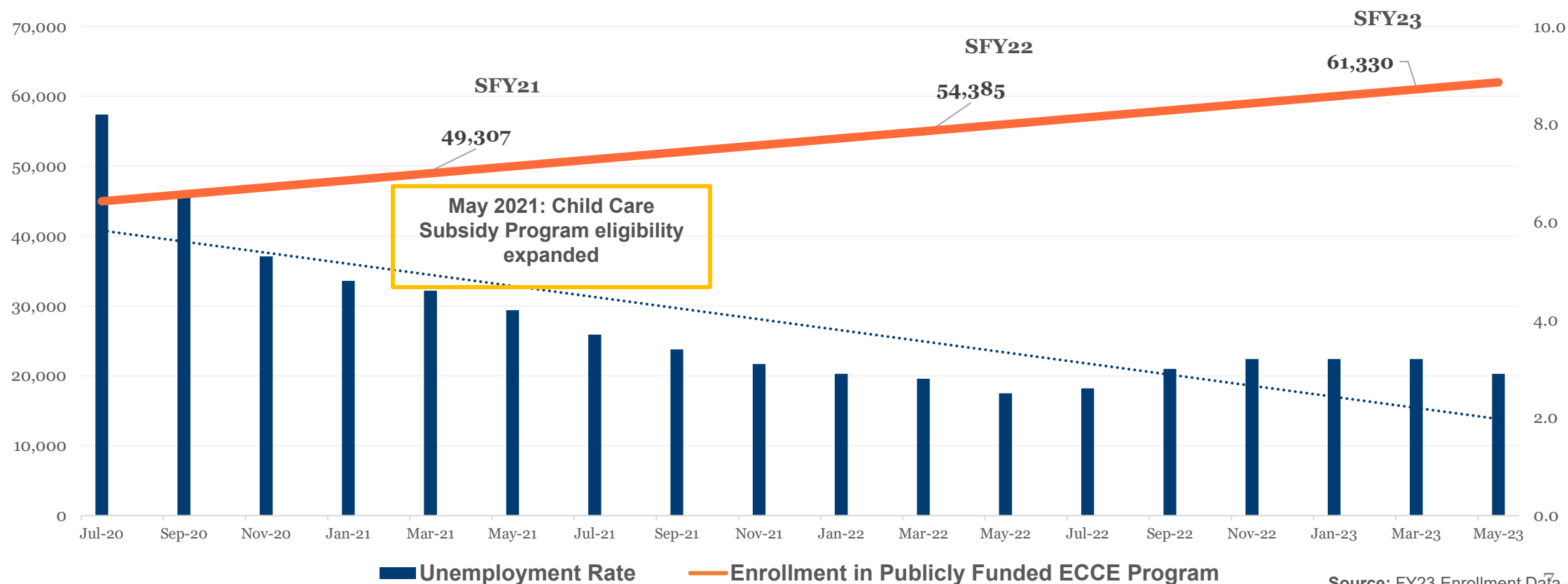


**52%
INCREASE**
in enrollment
as of fall
2023
compared to
pre-pandemic

...LEVERAGING IMPORTANT RESULTS...:

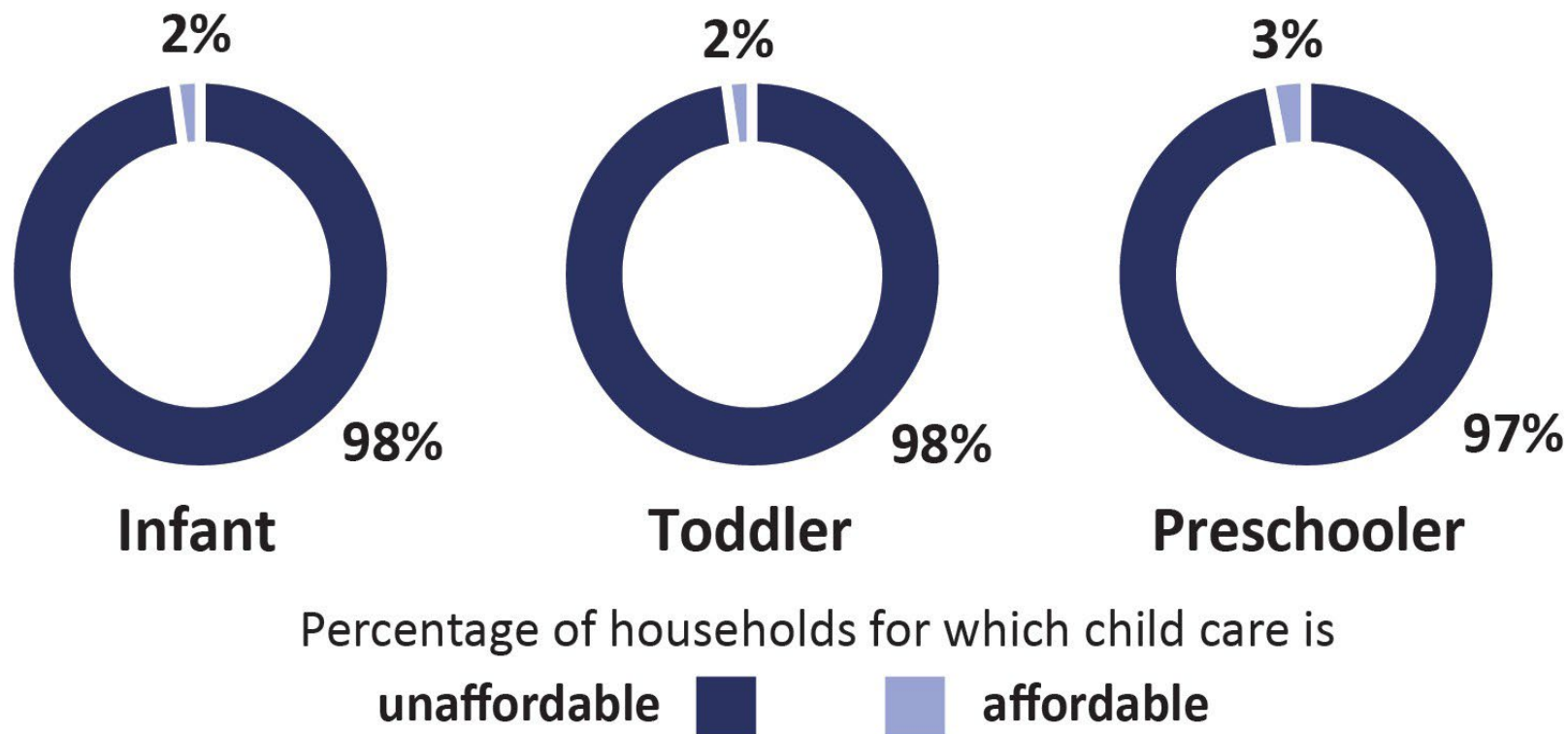
Expanding access to ECCE in response to family demand has supported Virginia's economic recovery since the COVID-19 pandemic.

Unemployment Rate and ECCE Enrollment in Virginia, SFY 2021-2023



...AND YET:

Child care is unaffordable for nearly all low-income families with young children



Source: JLARC Report: *Virginia's Self-Sufficiency Programs and the Availability and Affordability of Child Care*,
October 2023

...AND YET:

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

- Current waitlist numbers as of January 1, 2025:

Age of Child	Child Care Subsidy Program	Mixed Delivery Program	Virginia Preschool Initiative
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>

...THEREFORE

2025 LEGISLATIVE PRIORITIES:

To gain the triple-bottom-line ROI of school-ready children, work-ready parents, and a thriving economy, Virginia must ensure that working families can access quality, affordable child care:

- **Address Parent Demand**
- **Ensure Stable Financing**
- **Incentivize Private Sector Innovations**

...THEREFORE:

VBREE/READY REGION REGIONAL STATEMENTS OF COMMITMENT

- Discussion Sessions in 6 (of 9) Ready Regions were held Sept.-Dec. 2024 to forge collective will – with remaining 3 to be scheduled post-session
- Draft Regional Statements of Commitment with these proposed goals:
 - **We will:**
 - **mobilize collective commitment** to child care as essential infrastructure in our region, on par with housing, broadband, roads and transportation, and our K-12 and higher education systems.
 - **forge a collective strategic plan** to grow the supply of child care that can solve for specific challenges and yield returns in our region.
 - **strive toward** the inclusion of child care goals in local & regional strategic, economic and workforce plans and priorities and attainment of VBREE's Business Forward/Family Friendly Certification for our region.

...THEREFORE:

DRAFT “PLAYBOOK” 2025

Priority Achievements to be stewarded by the Virginia Business Roundtable for Early Education (VBREE):

- ✓ *Leverage statewide and regional structures as sturdy foundation for the collective vision*
- ✓ *Secure collective will for and commitment to assertive strategic plans that incorporate child care goals*
- ✓ *Incentivize innovation via exemplars, standards, public-private partnerships, and resources*

WHAT CAN YOU DO?

Consider engaging with VBREE to

- *stay informed and share with peers about how child care = economic development*
- *leverage VBREE's successes and government relations assets for your region*
- *help shape your region's commitments and strategic planning for accessible child care*
- *contribute to the design of Certified Region standards and metrics*
- *learn from and about exemplars and innovations in other regions*
- *motivate and support home-grown innovations that build child care supply and increase access*
- *grow your region's distinctions in demonstrating child care access as a differentiator when it comes to economic and site development goals*

QUESTIONS?

To connect:

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APPENDIX

Links to Referenced Initiatives and Resources:

Ready Regions: <https://vecf.org/ready-regions/>

Virginia Business Roundtable for Early Education:
<https://vecf.org/virginia-business-roundtable/>

Shovel Ready Task Force: <https://vecf.org/shovel-ready-virginia-task-force/>

Commission on Early Childhood Care and Education:
<https://vecf.org/eccecommission/>

VIRGINIA'S PROGRESS & WORTHY IMPROVEMENTS IN CHILD CARE SYSTEM

2020: School Readiness Act – VDOE charged to oversee a “public-private system” of ECCE in Virginia

- Mandatory quality measurement and improvement in all publicly-funded ECCE sites (VQB5)
- Expanded access: increased eligibility criteria for families with young children to 85% SMI; reduced copayments (no family pays >7% of income); allowed parents looking for work to qualify; eliminated waitlists

2022: Ready Regions instituted in law

- Regional public-private infrastructure for quality improvement at all publicly funded ECCE sites, coordinated enrollment for families

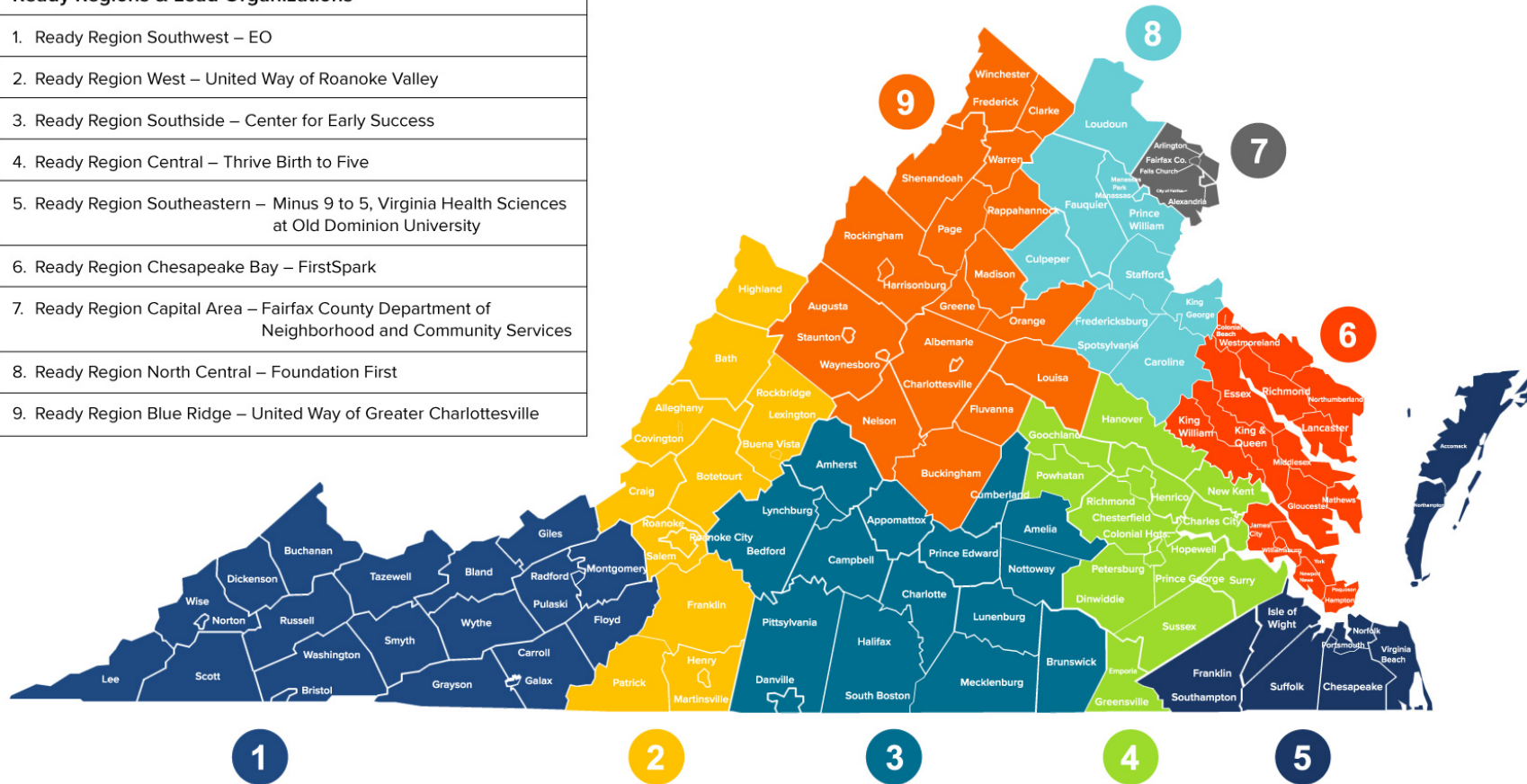
2023: Implementation of cost of quality methodology, ECCE Commission, ROI study

- VA joins NM and DC as only states basing child care reimbursement rates on cost-of-quality (what it actually costs to delivery quality child care including competitive wages for early educators) vs. the market rate (price that parents can afford to pay)
- ECCE Commission established and charged with providing recommendations for and tracking progress on the financing of Virginia's comprehensive birth-to-five early childhood care and education system.
- Release of Vanderbilt study on ROI from federal relief commitment to child care in FY23 (more than pays for itself within one year; more than doubles in out years)

2024: Gotta Have Child Care Campaign > appropriation of \$1.1B over FY25-26 biennium for child care services for low- to moderate-income Virginia families

MAP OF READY REGIONS

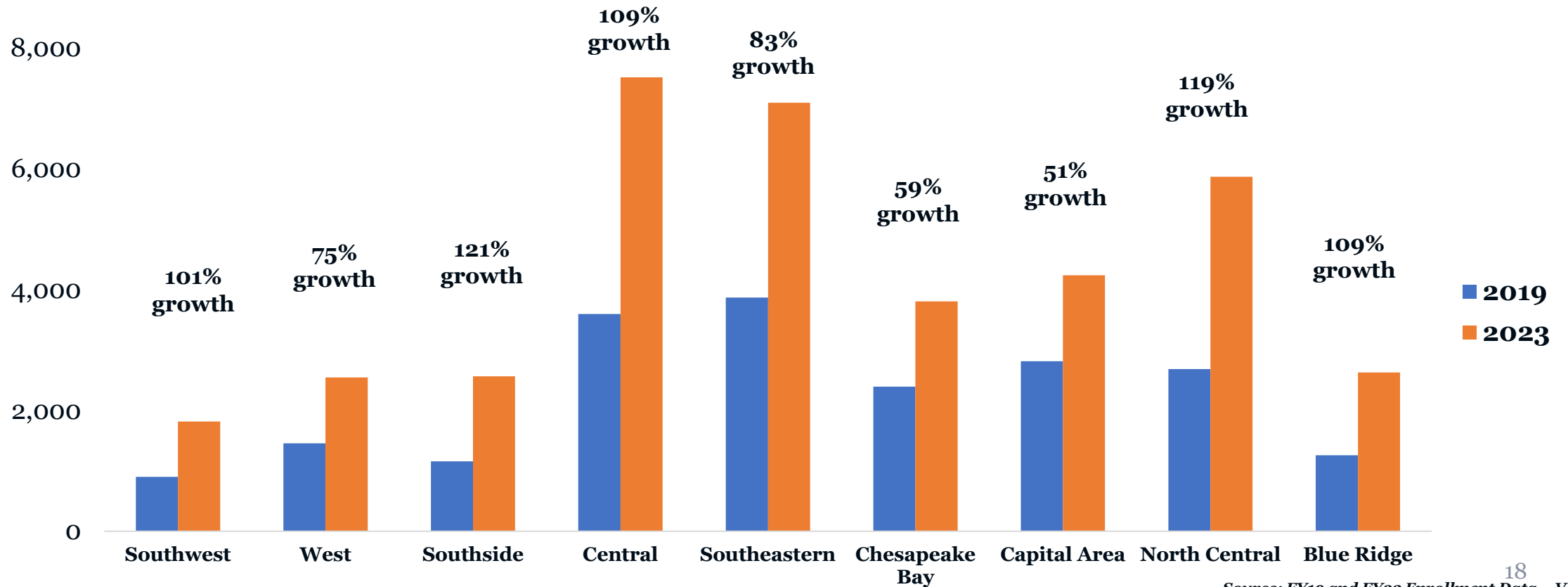
Ready Regions & Lead Organizations*
1. Ready Region Southwest – EO
2. Ready Region West – United Way of Roanoke Valley
3. Ready Region Southside – Center for Early Success
4. Ready Region Central – Thrive Birth to Five
5. Ready Region Southeastern – Minus 9 to 5, Virginia Health Sciences at Old Dominion University
6. Ready Region Chesapeake Bay – FirstSpark
7. Ready Region Capital Area – Fairfax County Department of Neighborhood and Community Services
8. Ready Region North Central – Foundation First
9. Ready Region Blue Ridge – United Way of Greater Charlottesville



* Although one organization is identified as the Ready Region lead, they must partner with school divisions, social and human services, quality improvement networks, early childhood care and education (ECCE) programs, and other organizations involved in Virginia's public-private network focused on the coordination and integration of critical services and resources for families with young children.

DEMAND FOR CHILD CARE IS GROWING IN EVERY REGION

Children served in Mixed Delivery and the Child Care Subsidy Program increased in every region between 2019 and 2023



WHERE CHILD CARE SUBSIDY 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)

AND YET:

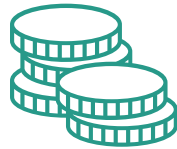
POTENTIAL IMPACT OF UNMET FAMILY DEMAND

Without funding to sufficiently respond to family demand for ECCE, there may be a negative impact on Virginia families, private businesses and the broader economy.



Fewer children enter school ready.

Virginia data shows at-risk children that attend preschool are more likely to enter school ready than their peers who don't attend any early childhood experience.



Small businesses close and families struggle.

Child care providers increasingly depend on public funds, especially in underserved areas with lower-income families. Reduction in public funds may force businesses to close their doors or reduce the number of children served.



Fewer parents — particularly mothers—in the workforce.

Every publicly-funded slot supports the employment of one parent in the Commonwealth. Every slot reduced will have an equivalent negative impact.

...THEREFORE

2025 LEGISLATIVE PRIORITIES:

To gain the triple-bottom-line ROI of school-ready children, work-ready parents, and a thriving economy, Virginia must ensure that working families can access quality, affordable child care:

Address Parent Demand – Budget Item 125.10 #2s (Locke, Pillion) / Item 125.10 #1h (Bulova), Item 125.10 #2h (Austin): By adding 12,000 slots for FY26, Virginia can achieve a nation-leading benchmark of *access for 50% of all eligible children under age 6*, including the more than 10,000 children currently waiting for publicly-funded child care services, allowing them to gain school readiness skills and enabling their parents to work and contribute to Virginia's economy. (\$160m with supply-building and cost-sharing incentives)

Ensure Stable Financing – HB 2538 (Bulova) / SB 756 (Locke): Sustain a nation-leading early childhood care and education system by anticipating demand and providing choices that fit families' needs and preferences, including:

- A predictive funding formula that anticipates fluctuations in parent demand, accounts for regional efforts for new slots, and aligns with the cost of quality methodology.
- A dedicated fund to safeguard and maximize child care investments.

Incentivize Private Sector Innovations – HB 1771 (McClure) / SB 1414 (Hashmi): Virginia must prioritize and incentivize additional contributors and revenue streams to **increase overall supply and availability of childcare services**. These bills would establish an **Employee Child Care Assistance Pilot**.

EXAMPLES IN 2025 SESSION OF CHILD CARE = ECONOMIC DEVELOPMENT:

SB 756 (Locke) and HB 2538 (Bulova), Public education; early childhood care and education; funding formula calculations.

- Requires the Department of Education to (i) establish and maintain a funding formula for the provision of early childhood care and education services that establishes the minimum funding and number of slots per biennium for such providers...
- *“In determining the number of slots to be added to support local or regional economic development efforts and public private partnerships pursuant to subdivision 5, the Department, in consultation with the Virginia Economic Development Partnership and the Virginia Early Childhood Foundation's Virginia Business Roundtable for Early Education, shall calculate slots needed to ensure adequate supply for the biennium in regions with (i) active, recognized economic development initiatives, (ii) public private partnerships focused on building supply of quality child care services, or (iii) identified child care deserts.”*

SB 1184 (Carroll Foy), Va. Economic Development Partnership; evaluation of new economic development incentives.

- Directs the Virginia Economic Development Partnership, in collaboration with the Department of Taxation, to evaluate the benefits and impacts of new economic development incentives for companies engaging in the microchip and semiconductor and related equipment and material supplies sector...
- *“Such assessment shall consider (i) the return on investment for the Commonwealth from investments in (a) tax credit incentives, in both refundable and nonrefundable forms, for capital investment expenditures in relevant projects, for child care services expenditures, and for new job creation;”*

HB2163 (Carr) Enterprise zone grant; makes several changes to program. as shared by Linda Green:

- Makes several changes to the enterprise zone grant program...
- For enterprise zone real property investment grants, the bill... (ii) allows child day centers for purposes of qualified real property investments on which any enterprise zone real property investment grants are based.

SAMPLE INNOVATIONS

ADDRESSING CHILD CARE ACCESS

- Red Rooster Roastery On-site Employee Child Care – Floyd County
- EDA Incentives Fund for Child Care Providers – Bedford County
- Renovation of Former School to Create Community & Child Care Center – Sussex County
- Placement of Supply-Building Child Care Liaison - Harrisonburg/Rockingham Chamber
- Cost-Sharing Innovation Pilot via VECF's Mixed Delivery Program – Southwest VA
- Child Care Supply/Demand Mapping in Hampton Roads

...THEREFORE:

DRAFT “PLAYBOOK” 2025

Priority Achievements to be stewarded by the Virginia Business Roundtable for Early Education (VBREE):

1. Leverage statewide and regional structures as sturdy foundation for the collective vision

- a. Every VBREE regional delegation is comprised of senior reps from Ready Region lead agencies, businesses, economic development agencies, local and regional chambers, GO Virginia councils, workforce development agencies, planning district commissions, and philanthropy.
- b. Ready Regions make information about existing structures and available resources in each region easily available to all constituencies (e.g., VBREE and Shovel Ready Task Force; GO Virginia regional councils; Virginia Chamber Blueprint; VEDP/VEDA; planning district commissions).

2. Secure collective will for and commitment to assertive strategic plans that incorporate child care goals

- a. Every VBREE regional delegation completes a statement of commitment to include/incorporate child care access as a priority in all of the region’s strategic, economic, and workforce development plans.
- b. VBREE annually assesses progress of inclusion of child care in regions’ comprehensive plans and provides ongoing technical assistance.

3. Incentivize innovation via exemplars, standards, public-private partnerships, and resources

- a. Every VBREE region strives to become and remain Certified (*as Business Forward: Family/Child Care Friendly per VBREE*). Certification will promote and reward regions for ensuring a) inclusion of child care in regional plans; b) recruitment of a minimum number of businesses to become “family/child care-friendly” employers via employee benefits; and c) demonstration of public-private partnerships promoting innovation to build physical supply and enhance the early educator pipeline.
- b. Resources are made available to Certified regions, including documentation of exemplars and innovative public-private partnerships, financial incentives, as well as marketing materials and collateral to celebrate certification and include in pitch presentations.