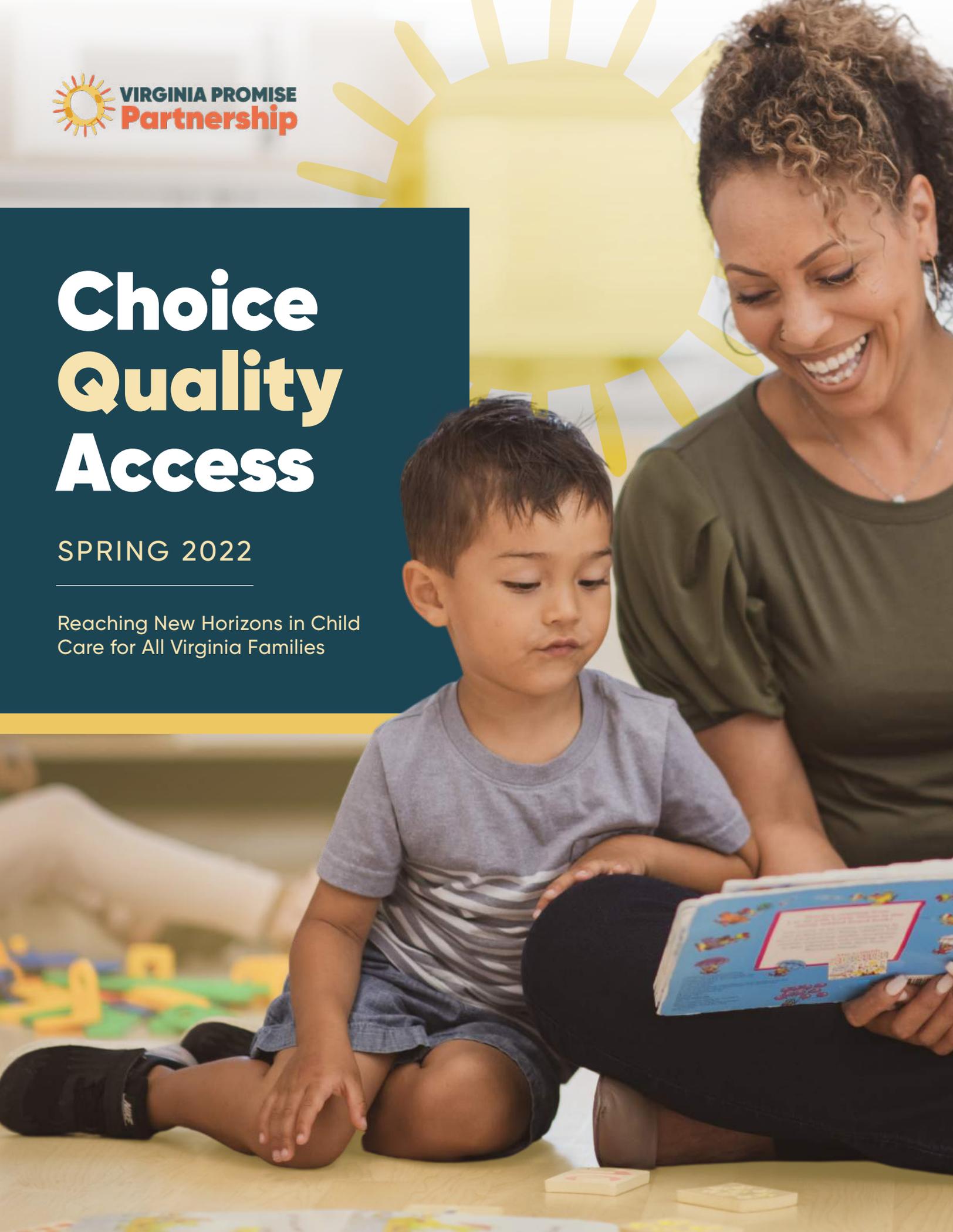




Choice Quality Access

SPRING 2022

Reaching New Horizons in Child
Care for All Virginia Families



THE BEST INVESTMENT FOR VIRGINIA FAMILIES

“US businesses lose \$3 billion in revenue annually due to employee absenteeism as the result of child care breakdowns.”

US Chamber of Commerce Foundation

Parents across Virginia share one overarching goal: they all want to raise healthy, happy children who grow up to become healthy, happy adults. Meeting that goal requires Virginia to partner with parents to invest in children from the day they are born and throughout their school years. Studies show that children with even one year of child care* are more likely to complete high school, go to college, find good-paying jobs and lead more stable lives.

ECONOMIC PRESSURES AFFECT VIRGINIA

Today, Virginia families of every background and circumstance are facing financial pressure in a changing, pandemic-afflicted economy where inflation and uncertainty are the new normal. For more and more Virginia families, things we once took for granted are increasingly out of reach: a secure job that pays enough to raise children, own a home, pay for college, retire in comfort, and take an occasional family vacation. Today, the rising cost of child care is standing in the way of the American Dream.

THE COST OF CARE AND EDUCATION HOLDS BACK FAMILIES

Today, child care can cost working families as much or more than a college education. For the average single parent, child care is simply unaffordable. Nearly half of Virginians—including rural, urban and suburban families—live in child care “deserts” without nearly enough affordable care and learning options. Even families in Virginia’s highest-income communities struggle to find affordable programs.

PARENTS NEED MORE CHOICES FOR THEIR YOUNGEST CHILDREN

Very few Virginia families are immune from the pressures of providing for their children during the earliest years. All parents want the freedom and opportunity to choose the child care and education programs that best meet their needs.

A BI-PARTISAN ISSUE TO UNITE VIRGINIA

Support for child care is strong across Virginia’s political, economic, cultural and geographic spectrum. No other issue has the same potential to unite Virginia. No other issue can provide the economic lift and the peace of mind that all families need to meet these challenging times. No other investment can do more to help Virginia families.

Over the last two years, Virginia leaders from business, government, philanthropy and education have worked together to map the assets and gaps in Virginia’s early childhood system. They have called for dramatically expanding and improving early childhood programs in Virginia by the end of the current decade and created the Virginia Promise Partnership to help meet their goals.

THE RISING COST OF CHILD CARE IS STANDING IN THE WAY OF THE AMERICAN DREAM.

In a December 2021 poll, 68% of working parents in Virginia said someone in their household was currently impacted by a lack of child care. The biggest impacts include reducing hours, taking time off, or leaving the workforce entirely to cope with child care needs.

Of those impacted, 86% said the person would rejoin the workforce if the family had access to quality child care.

Virginia Promise in Action Poll, Dec 2021



A BRIGHTER FUTURE ON THE HORIZON

The Virginia Promise Partnership is pursuing four big goals by 2030:

- 1 Access**
All families in Virginia can access affordable child care, regardless of income.
- 2 Choice**
Families choose the child care they need, where and when they need it.
- 3 Quality**
All child care programs have the resources to offer high-impact experiences supporting child development and learning.
- 4 Workforce**
Early educators have higher pay and more skill-building opportunities to effectively engage children in child care.

A STEADY JOURNEY FORWARD

Dramatic change in the child care sector will not happen overnight. The Virginia Promise Partnership has outlined three phases of work to reach the 2030 goal:

Phase 1: Stabilize (2022–24)

Stabilize the current system as providers struggle with gaps in revenue, staffing, and capacity to deliver services for families who need them most.

Phase 2: Strengthen (2025–27)

Strengthen the system by:

1. expanding access to middle-income families and;
2. better compensating early educators.

Phase 3: Sustain (2028–30)

Sustain the system by extending access to all families, further professionalizing the workforce, and making it easier for parents to find the services they need.



FIRST THINGS FIRST

STABILIZING VIRGINIA'S CHILD CARE SYSTEM (PHASE 1: 2022-24)

1

PROTECT THE MOST VULNERABLE FAMILIES FIRST

In 2021, Virginia temporarily expanded child care subsidies to all Virginia families earning up to 85% of Virginia median income, or approximately \$90,000 for a family of four. We urge Virginia to make the subsidies permanent for everyone in this income category.

2

IMPROVE THE EXPERIENCE FOR CHILDREN

The quality of the child care experience varies significantly across the many public and private child care programs in Virginia today. Factors like teaching practice, learning environments, materials, and supportive teacher-child interactions can vary widely. Virginia is moving quickly to fully implement coordinated supports and resources for measuring and improving all publicly funded early childhood classrooms, with an explicit focus on the quality of the interactions between children and early educators.

3

RAISE PAY FOR CHILD CARE PROFESSIONALS AND EDUCATORS

Prior to the pandemic, child care professionals in Virginia were earning about \$11 per hour, far below K-12 teachers, even for those with comparable credentials. Not surprisingly, turnover in the field was an unsustainable 24 percent before the pandemic and has since risen to 40 percent. Today, child care providers cannot find enough employees and cannot hold onto their staff. Necessarily low child-to-adult ratios mean that the fixed costs of child care are very high. Without more public funding, child care programs are unable to raise wages without increasing parent fees.

4

REBUILD TO PRE-PANDEMIC CAPACITY & MAINTAIN IN-PERSON LEARNING

The early educator workforce has shrunk dramatically due to the pandemic, causing desperately needed programs to close and many more to limit their services. Virginia must move quickly to help programs recruit and hire talented staff and serve more children. Commonwealth rules and regulations should be relaxed so hiring is more efficient and funding is more stable - not tied to child attendance but rather to a program's enrollment.

AFFORDABLE CHOICES FOR VIRGINIA FAMILIES

Virginia must invest more resources in affordability for families, our early childhood workforce, and in the quality of our programs. The Virginia Promise Partnership proposes a path forward for child care solutions.

REDUCE THE BURDEN FOR FAMILIES

Today, nearly one million Virginians live below the federal poverty line and more than four million are living well below Virginia's median income of approximately \$104,000. As Virginia is ranked 10th highest in the nation for child care costs, to make child care affordable for the Virginia families who need it most, the Virginia Promise Partnership proposes a Phase I schedule of realistic total costs for child care and a schedule of co-payments for families that adjusts the share/split of costs between families and public sector funding.

To "right" the share of realistic costs for families, the Partnership proposal both increases the resources available to child care providers and requires the state to cover more of the total costs of child care, reducing the share expected of families. In other words, **families would pay a lower proportion of the cost of care and get access to higher-quality, better-resourced child care.**

Recognizing the burden that child care costs can have on low- and middle-income working families, the Virginia Promise Partnership proposes that the lowest-income families receive access to child care at no cost, with family contributions to the cost of care increasing on a sliding scale as income increases, up to a maximum of 7-10% of family income.

STRIKE A REALISTIC BALANCE

Even as families struggle to afford child care, it's clear that current market prices are not sufficient to support the real cost to providers for delivering high-quality services. Because of the high fixed costs for providers to meet the staff-to-child ratios required to provide developmentally appropriate care, profit margins in the industry are notoriously thin. With added pandemic costs and dire staff shortages, the market is particularly jeopardized – and families bear the brunt of reduced access and affordability. To address the real cost for providers to deliver high-quality services and stabilize the availability of high-quality services for Virginia's families, the Virginia Promise Partnership Phase I proposal factors in higher salaries for early educators and supports for program quality.

Under the proposal, the estimated monthly average cost of providing child care in Virginia would be:

| CHILD AGE | CHILD CARE CENTER | FAMILY CHILD CARE |
|--------------|-------------------|-------------------|
| INFANT | \$1,924 | \$1,479 |
| TODDLER | \$1,665 | \$1,479 |
| 2-3 YEAR-OLD | \$1,276 | \$1,479 |
| 3-5 YEAR-OLD | \$1,147 | \$1,479 |
| SCHOOL-AGE | \$563 | \$822 |

COMPENSATION & QUALITY ARE LINKED FACTORS FOR SUCCESS

A strong body of evidence asserts that early educators and the effectiveness of their interactions with young children are the most important barometer of quality and impact in child care services.

In order to achieve the goal of supporting early educators in every classroom with the capability to deliver on school readiness outcomes for young children, Virginia must compensate early educators well enough to be able to recruit and retain highly skilled professionals and ensure the infrastructure needed to support them. At the same time, the increased costs for high-quality services must not be passed on to families. Ultimately, for Virginia to gain the benefits (to children, families, the workforce, and the economy) of affordable, accessible high-quality child care services, public funding must increase.

BOOSTING SALARIES IS CRITICAL TO STABILITY

The first step to improving the stability and quality of child care programs is to pay early educators competitive wages. Low salaries for early educators in Virginia are a big reason one in four leaves their job each year. To stabilize the workforce, the Virginia Promise Partnership proposes the following salary scale, ensuring all educators make competitive wages, and further urges support for paid leave, paid sick leave, and health insurance for these valued professionals.

This salary scale is used to inform the estimates of the true cost of child care. Under the VPP proposal, providers would retain the ability to set compensation levels for their staff, but the reimbursement they receive for children eligible for publicly subsidized child care would be sufficient to cover the cost of operating a program that pays the salaries detailed in the salary scale. Similarly, income for family child care providers would not be capped at the amount listed in the scale, but this amount is included in the cost estimates to ensure that family child care providers are able to earn a wage that allows them to provide for their own families.

| TITLE | CURRENT PAY (AVG.) | PROPOSED PHASE 1 PAY* |
|-------------------|--------------------|-----------------------|
| LEAD TEACHER | \$28,631 | \$45,316 |
| ASSISTANT TEACHER | \$21,828 | \$34,549 |
| FAMILY PROVIDER | ~\$25,000 | \$62,310 |

*Proposed wages for Phase I are based on Virginia's "living wage" for a single person with no children (\$16.61/hour). This wage is used for the assistant teacher with other salaries computed from this base at the same proportion to current salaries. Family child care (home-based) providers bear the biggest burden of the underfunding of the child care system, often making less than minimum wage when considering the long hours they work. To stabilize family child care providers and ensure they are a sustainable part of the services available for families, they must be compensated similarly to center-based child care professionals. The proposed Family Provider wage is based on same hourly rate as Lead Teacher but accounts for the longer hours worked.

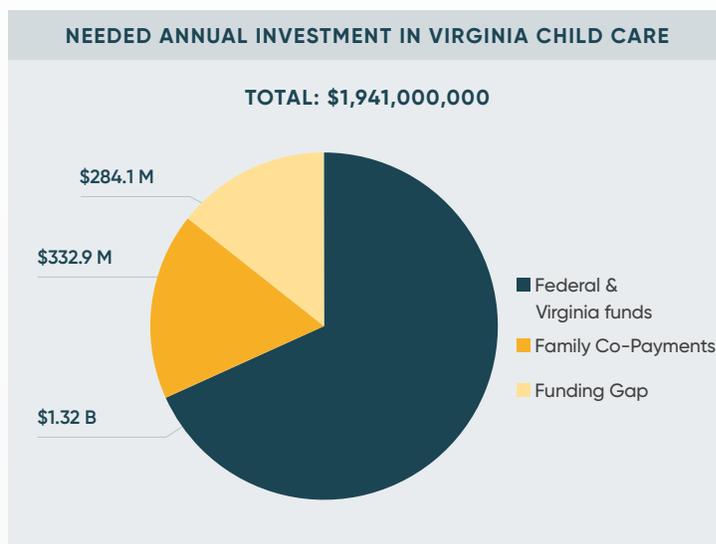
STRENGTHENING QUALITY

Virginia has already taken important steps in implementing strategies and providing resources to strengthen quality in every publicly funded classroom through the rollout of the Virginia Quality Birth-to-Five (VQB5) measurement and improvement system and Ready Regions quality support structures. In addition, Virginia's continued attention to efficient pathways for early educators' attainment of competency-based credentials and scholarships for the affordability of credit-bearing credentials will strengthen the promise of significant return from investment in the Commonwealth's early childhood system.

AFFORDABLE CHILD CARE IS WITHIN OUR REACH

The Virginia Promise Partnership estimates the annual cost of the child care system in Phase I to be just under \$2 billion. The pie chart shows the current share of the majority of those costs already covered by families and public sector funding.

Thanks to federal COVID-relief funds (~\$1 billion), Virginia is well-positioned to better fund child care programs, though even with those (temporary) funds, we are still falling short of the full need and demand by approximately \$284 million.



Once the federal relief funding ends in 2024, the gap will be considerably larger, and will increase at a time when the Partnership proposes Phase 2 improvements and investments to extend supports and reduce burden for middle class families. At present, it's unclear whether the proposed new federal investments in child care and preschool will materialize.

Virginia has a significant opportunity to utilize the current disruptions to promote big change for Virginia's families. Increasing choice, quality and access will build public will for more investment, and as a result, returning folks to the workforce will trigger increased revenues.

OVER TIME, EARLY CHILDHOOD INVESTMENTS PAY FOR THEMSELVES

Numerous studies show that a dollar invested in early childhood programs can generate between \$4 and \$9 in benefits and savings that will strengthen and support Virginia families. Over time, this investment yields greater economic productivity for working parents, improved educational performance for children, and lower social costs for all of us.

A leading foundation estimates that an additional 82,000 Virginia parents would join the workforce while thousands more would work additional hours, if more affordable and accessible child care was available. All told, childcare investments could boost earnings for Virginia working families by more than \$1.3 billion dollars. A separate study of early learning investments in DC was linked to an 11% increase in the maternal workforce.

In short, investing in child care is an economic development strategy. The benefits, however, vary by quality. To gain the maximum return on investment, we urge Virginia to fully embrace all the goals of the Virginia Promise Partnership.

"94% of Virginians agree that it's important for elected officials to take action to expand access to child care."

Virginia Promise Partnership Early Childhood Education Poll, Feb 2021

"Investments in our early education system will not only impact our current workforce, but the workforce of tomorrow. We can and must do better for Virginia's children, families, businesses and economy. We must support a commonwealth that works – for parents, children, communities and businesses. A strong child care system is key to making Virginia the best place to work and raise a family."

Barry DuVal, CEO Virginia Chamber of Commerce

Mike Petters, Executive Vice Chairman of the Board and former CEO, Huntington Ingalls Industries

CHOICE, QUALITY, ACCESS FOR ALL VIRGINIA FAMILIES

WHAT'S NEXT?

PHASE II – STRENGTHEN (2025-27)

The policy recommendations of Phase II work to further increase affordability and access by expanding eligibility for subsidies to middle-income families and building the capacity of a stabilized child care system to better meet diverse family needs and preferences. Recommendations in this phase also focus on connecting children and families to comprehensive services within Virginia communities and investing additional funding toward the compensation of early educators.

PHASE III – SUSTAIN (2028-30)

In Phase III, the policy recommendations are geared toward achieving the full vision of the Partnership: the realization of the 2030 promise of affordable, high-quality child care for all Virginia families. The Phase III recommendations expand eligibility and financial support to all Virginia families and create the infrastructure that helps families easily find and access care that matches their needs and choices. The recommendations also further support and sustain the professionalization of the early educator workforce, and encourage compensation commensurate with the value and importance of the work of child care.

MAKING THE PROMISE

An effective, accessible system of child care that serves all Virginia families frees up people to work, provides families with peace of mind that their children are being cared for and learning with talented professional educators, and contributes to the health, happiness and success in life for future generations of Virginians. The Virginia Promise Partnership exists to create a stronger, smarter and safer Virginia where all families, regardless of income or background, can thrive and prosper. We welcome your support, your participation and your ideas to help make this happen.

VIRGINIA PROMISE PARTNERSHIP MEMBERS

| | | |
|--|--|---|
| CASA | Virginia Alliance for Family Child Care Associations | Virginia Hospital & Healthcare Association |
| Child Care Aware of Virginia | Virginia Alliance of YMCAs | Virginia Interfaith Center for Public Policy |
| Early Care & Education Consortium | Virginia Association of Counties | Virginia Main Street Alliance |
| Freedom Virginia | Virginia Association of School Superintendents | Virginia Municipal League |
| Legal Aid Justice Center | Virginia Chamber of Commerce | Virginia Organizing |
| National Domestic Workers Alliance | Virginia Chapter, American Academy of Pediatrics | Virginia Partnership for Out-of-School Time |
| Neimand Collaborative | Virginia Child Care Association | Virginia PTA |
| Robins Foundation | Virginia Early Childhood Foundation | Virginia School Boards Association |
| Save the Children Action Network | Virginia Education Association | Virginia Campaign for a Family Friendly Economy |
| The Commonwealth Institute for Fiscal Analysis | Virginia First Cities | Voices for Virginia's Children |
| The Impact Project | | |

The Virginia Promise Partnership gratefully acknowledges the contributions of the members of the VPP Parent and Provider Advisories toward the development of the vision and goals outlined in this report.