

THE PROBLEM

Virginia effectively leveraged temporary federal COVID relief funds to meet unprecedented family demand for child care services. Through these child care investments, Virginia has made significant progress in expanding child care access and choice as well as improving the quality of child care and early education services.

However, **this temporary funding will end in the coming months**. Governor Youngkin's proposed biennial budget includes critical child care investments and offers a significant step toward addressing this funding gap. But there is more work to be done.



THE SOLUTION

To fully realize the potential of Virginia's children, families, workforce, and economy, policymakers must:

Make Sustained Investments

Invest \$275 million in FY25 and \$325 million in FY26 to maintain and support parent demand for child care services under the Child Care Subsidy and Mixed Delivery programs. With temporary federal pandemic relief funding ending in FY24, these investments will be used to meet the increasing demand for affordable, quality child care services for Virginia's working families.

Ensure Stable Funding

Enact legislation to ensure and maximize sustainable, stable funding that is responsive to parent choice, including:

- A predictable cost-of-quality funding formula that responds to growing parent demand
- A non-reverting fund to safeguard and maximize child care funds for distribution



THE COST OF INACTION

Without securing and expanding on Governor Youngkin's proposed child care investments, from FY24 to FY25:

- Child care funding in Virginia will **drop** by **nearly \$300M**
- Over **35,600 children** could **lose access** to child care and early education services
- Over **37,300 parents** could experience a **child care related job disruption**, impacting employer productivity and bottom line

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GOVERNOR YOUNGKIN'S PROPOSED INVESTMENTS IN CHILD CARE SERVICES

gotta have **CHILD CARE**

While the Governor's proposed budget includes strong child care investments and a significant step toward addressing the child care funding cliff as temporary COVID relief funds end in the coming months, the General Assembly must build on these proposed funding levels to maintain services and meet parent demand under the Child Care Subsidy and Mixed Delivery programs.

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

* Funding levels rounded to nearest million for ease of reference.

** The Virginia Preschool Initiative is funded through an allocation formula based on unserved at-risk four-year-olds.

2024 SESSION PRIORITIES

BUDGET

To address these remaining funding gaps and achieve a total investment of **\$275 million in FY25** and **\$325 million in FY26** is necessary to maintain current services and support parent demand under the Child Care Subsidy and Mixed Delivery programs, the Virginia Promise Partnership supports:

- An additional investment of **\$26M in FY25**, with **\$20M to support the Child Care Subsidy Program** and **\$6M to support the Mixed Delivery program**.
- An additional investment of **\$51M in FY26**, with **\$40M to support the Child Care Subsidy Program** and **\$11M to support the Mixed Delivery program**.

This funding request is captured in the following budget amendments: [Locke](#) (Item 117 #9s, Item 124 #40s), [Pillion](#) (Item 117 #5s, Item 124 #37s), [Bulova](#) (Item 117 #29h, Item 124 #77h), and [Coyner](#) (Item 117 #11h, Item 124 #21h).

LEGISLATION

To ensure and maximize sustainable, stable funding that is responsive to parent choice, the Virginia Promise Partnership supports [S.B. 54 \(Locke\)](#) / [H.B. 419 \(Bulova\)](#). This legislation would:

- Establish a funding formula to ensure predictable funding for publicly funded early childhood care and education programs based on cost of quality, parent demand, and projected growth in program participation.
- Create a non-reverting Early Childhood Care and Education Fund to safeguard and maximize child care funds for distribution.
- Establish the RecognizeB5 early childhood educator incentive program, an existing program that has proven to effectively improve worker retention and address widespread child care staffing shortages.

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