



Early Childhood Updates: State and Federal Funding

Richmond Times-Dispatch

ALERT TOP STORY

Report finds price of child care outpaced inflation in 2021; average price in Virginia is \$11,492

Sean Jones Oct 28, 2022 7

AXIOS Richmond News Things to Do Food and Drink Politics Culture

Jun 22, 2023 - News

Child care costs are burdening Virginia parents

Kari Potter

The Washington Post Sign in

Child care is about to get more expensive, as federal funds dry up

An estimated 70,000 child-care centers are expected to close, leaving parents with even fewer — and less affordable — options

By Abha Bhattacharj

September 5, 2023 at 6:00 a.m. EDT

VIRGINIA MERCURY

CRIMINAL JUSTICE + POLICING ENERGY + ENVIRONMENT GOV + POLITICS EDUCATION HEALTH

EDUCATION GOVERNMENT + POLITICS

Despite success, Va. public-private program for early childhood care still far from meeting need

BY: JW CATERINE - SEPTEMBER 19, 2023 12:02 AM

WSJ

A Crisis Over Child Care Is Holding Back Companies and Blue-Collar Workers

Daycare at work, long a white-collar benefit, is proving tough to pull off with other employees

By [Te-Ping Chen](#) | Photographs by Wes Frazer for The Wall Street Journal

May 9, 2023 at 5:30 am ET

Richmond Times-Dispatch

Kaine, McClellan, Wexton call for continued federal aid in child care costs

Charlotte News Watcher

Bloomberg US Edition

Over 70,000 Daycare Programs at Risk of Closure, Threatening US Women's Workforce Gains

More than 3 million children may lose their spots after federal child-care funding expires Sept. 30

AXIOS

Sep 20, 2023 - Economy & Business

The child care industry is on the cusp of a crisis

Emily Peck, author of [Axios Markets](#)

Bloomberg US Edition

America Is About to Fall Off a Child Care Cliff

Opinion Kathryn Anne Edwards

Neither Congress nor the president seems adequately concerned about an impending labor-market calamity.

VIRGINIA MERCURY

CRIMINAL JUSTICE + POLICING ENERGY + ENVIRONMENT GOV + POLITICS EDUCATION HEALTH

DC BUREAU HEALTH

Kaine warns 80K child care spots could be lost in Virginia if federal grant program expires

BY: SAMANTHA DIETEL - SEPTEMBER 13, 2023 8:46 PM

The New York Times

TheUpshot

Child Care Disruptions Expected as Record Funding Nears an End

Three million children could be affected as the largest investment in child care in U.S. history expires in September.

npr WAMU 88.5

As costs rise, parents may be facing what's called a child care cliff

August 21, 2023 · 5:04 AM ET

THE WALL STREET JOURNAL

As Pandemic Funds Expire, Child-Care Centers Struggle to Survive

Providers seek state solutions and funding to avoid closures

By Megan Tagami

Aug. 29, 2023 at 9:00 am ET

TIME

What to Know About the Expiration of Federal Emergency Childcare Funding

MSNBC LIVE TV

What the looming childcare funding crisis means for working moms

On Sept. 30, the emergency childcare funding Congress allocated during the pandemic, which included \$24 billion in childcare stabilization grants, is set to expire.

Recent Headlines

WAMU 88.5
BUSINESS
\$400-a-month pandemic bonuses were life-changing for child care workers. That's over
October 5, 2023 · 5:00 AM ET

NEW AMERICA
Shutdown Averted For Now, But the Future of Child Care Funding Remains Uncertain
BLOG POST

yahoo/finance
Search for news, symbols or companies
Sign In
moneywise
America is facing a 'child care cliff' with 3.2M children at risk of losing access to daycare with federal funding expiring — and it could cost the country more than \$10B
551 Serah Louis

Newsweek 90
SUBSCRIBE FOR \$1 Login
U.S.
America's 'Child Care Apocalypse' Is Right Around the Corner
BY KATHERINE FUNG ON 9/29/23 AT 11:59 AM EDT

INSIDER
Log In Subscribe
HOME > ECONOMY
Childcare providers are struggling to plan for the future as federal funding runs dry
Madison Hoff, Juliana Kaplan, and Jacob Zinkula Oct 3, 2023, 11:32 AM EDT

MarketWatch + Follow
\$24 billion in pandemic-era funding for child care just expired. Will it impact your family?
Story by Zoe Han · 1w

Nasdaq
SMART INVESTING
'Child Care Cliff' Could Strain Family Finances

Stateline
LABOR SOCIAL ISSUES SOCIETY
States are trying to prop up the child care industry. It isn't enough.
Pandemic-era federal money is gone, yet problems remain.
BY: ROBBIE SEQUEIRA - OCTOBER 9, 2023 5:00 AM

OPINION
The most obvious solution to the looming 'child care cliff'
Married parents of non-school-age children have to sit down and decide which one of them will stay home
By Suzanne Venker OPINION Fox News
Published October 2, 2023 5:00am EDT

'They Still Failed Millions of Children': Congress Averted a Shutdown, But Not a Childcare Cliff
"Families all over this country are struggling as a direct result of the inaction from Congress."
By JAKE JOHNSON Oct 03, 2023

Bloomberg
Subscribe
Equality
Child Care Staffing Cuts, Closures Are Coming as Funding Cliff Approaches
A crucial source of emergency funding for US child-care providers is running out

Recent Headlines



Federal Funding Cliff

\$24 billion for child care expired on September 30

- Issued as part of the American Rescue Plan
- Largest investment in child care in US history



Impact on Virginia

Virginia invested additional ARPA funds beyond the federal grants

- Virginia's cliff is June 30, 2024, at the end of FY24



Virginia's Investments, FY19-FY23

Year-over-year, Virginia has increased investments

- Expanded the Mixed Delivery program to serve more children
- Raised the income eligibility cap for Child Care Subsidy Program (up to 85% SMI)
- Eliminated the CCSP waitlist
- Increased investment in quality initiatives

Virginia's Early Childhood Funding Landscape and Impact – Produced for the Commission on Early Childhood

September 2023

Table 1. Available Funding and Estimated Children Served, FY23-26¹

	Available Funding				Children Served			
	FY23	FY24*	FY25*	FY26*	FY23	FY24*	FY25*	FY26*
TOTAL²	\$526,237,185	\$647,670,465	\$364,827,862	\$372,803,255	64,368	70,152	34,535	35,358
Child Care Subsidy Program (CCSP) ³	\$318,082,931	\$411,503,038	\$153,871,766	\$155,518,476	40,286	44,315	11,011	11,129
Mixed Delivery (MD)	\$26,340,900	\$41,091,699	\$10,028,095	\$10,328,938	2,060	2,500	631	650
Virginia Preschool Initiative (VPI)	\$181,813,354	\$195,075,728	\$200,928,000	\$206,955,840	22,022	23,337	22,893	23,579

Table 2. Impact of Reduction in Children Served in FY25-26⁴

Loss of Services		
Children that would lose care in FY25 from FY24		35,617
Families that would lose care in FY25 from FY24		20,951
Unmet Need		
TOTAL estimated wait list in FY25: 45,948	For children birth-to-five	26,414
	For school-age children	17,760
TOTAL estimated wait list in FY26: 54,700	For children birth-to-five	33,509
	For school-age children	19,359

Table 3. Impact of Child Care Disruptions on Working Parents and Employers⁴

Working Parents	
Estimated # of working parents who would experience a child care related job disruption	37,398
Employers	
Top sectors employing parents of children in publicly-funded programs:	# of Parents
Health care and social assistance, including child care	4,691
Education, including local school divisions	2,285
Retail	1,843
Hospitality and food services	1,376
Government and public administration	932

ADDITIONAL DATA NOTES:

- ¹ FY23 reflects actual counts; FY24-26 reflect projections (indicated by *). Estimates only reflect programs for which the state has funding authority; does not include Early/Head Start or Early Childhood Special Education.
- ² TOTAL line highlighted in orange assumes minimum funding available for the CCSP through CCDF and SGF.
- ³ Historically, discretionary funding for CCDF rolls over from year to year and is spent within the 3-year liquidation window under federal law. Virginia is typically using the previous year's discretionary funds to cover costs associated with direct services (i.e., using FY19 funds to cover direct services in FY20). At the direction of the General Assembly, VDOE is now using all available funding to eliminate wait lists in the CCSP. VDOE projects that it will fully exhaust all rollover funds from previous fiscal years in March 2024 and will begin using FFY24 funds for direct services at that time. VDOE projects that little to no FFY24 funds will roll over to FFY25.
- ⁴ Estimates assume minimum funding available for the CCSP through CCDF and SGF.

PRELIMINARY ESTIMATES AS OF SEPTEMBER 2023



In Richmond...

- In May 2021, 586 children accessed care with subsidy
- As of September 12, 2023, 1445 children access care with subsidy (147% increase!)
- Richmond DSS has not had a waitlist for CCSP since October 2020



Virginia's Investments, FY19-FY23

Prenatal-to-3 Policy Impact Center presented findings of their evaluation of these investments at the September meeting of the ECCE Commission

- The Commonwealth invested \$309 million more in ECCE in FY23 than in FY19
- 11,151 more children in Virginia under age 5 received affordable, quality ECCE

Estimating the impact of the SFY23 investment

To estimate the impact of Virginia's additional investment in ECCE, we looked at the *increase* in funding toward Mixed Delivery and CCSP in SFY23 (\$520 million) compared to SFY19 (\$211 million) to estimate:

- The impact that new access to affordable child care has on families, children, and the economy.
- The impact that *attending* high-quality child care has on the additional 11,151 children under age 5 who received access to care because of this investment.
- We do not account for impact on children age 5 and older, or the impacts of better quality for all children in publicly funded care, therefore estimates shared here are *underestimates*.

Affordable child care empowers parents to join the workforce

- In the next year alone, Virginia's investment will generate a return of at least **\$364.3 million** in increased family earnings and disposable income.
- At least **\$30.4 million** will go directly back to the state as tax revenue.



10,710
newly employed
mothers lift at least

5,528
children under 5
out of poverty

Improved
child & family
wellbeing

Reduced child
maltreatment

Virginia's investments lift children out of poverty

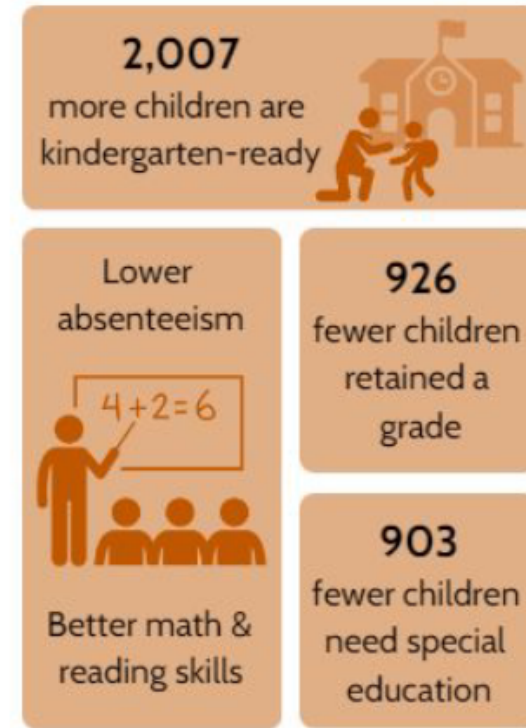
- When parents return to work, family earnings increase, which will lift at least 5,528 children under age 5 out of poverty.
- Childhood poverty affects lifelong health and development.
- The lifetime economic burden of childhood poverty is *enormous*. If these children remain out of poverty, it could result in estimated cost savings of up to **\$1.8 million *per child***.

Virginia's investments reduce child maltreatment

- Affordable, high-quality child care reduces child maltreatment in two ways:
 - Increased family economic resources limit family stress, which can reduce child maltreatment;
 - When parents can afford to send their children to safe, high-quality child care, they are less likely to rely on low-quality, informal, or unsafe alternatives.
- The estimated lifetime cost burden of maltreatment is **\$830,928 per child.**

High-quality ECCE provides nurturing and early learning opportunities that prepare children for success in school

- 11,151 more children under age 5 accessed high-quality ECCE, as a result of Virginia's additional SFY23 investment.
- Because those children have access to high-quality care, **2,007** more children will enter kindergarten ready to succeed.
- These 11,151 children will be better prepared to succeed throughout their education.



Educational success sets children up for a lifetime of improved outcomes

- Healthy early childhood development paired with high-quality early learning opportunities sets children on a more positive trajectory that continues into adulthood.



1,271
more children
graduate high
school

Increased
enrollment in &
graduation from
college



Higher
salaries in
adulthood

Improved educational outcomes yield economic benefits

903 fewer children receive special education	Cost savings of \$3.9 million <i>per year</i> (up to \$50.7 million across 13 years of school)
926 fewer children retained a grade	Cost savings of \$12.0 million
1,271 more children graduate high school	Economic benefit of \$397.8 million

For a lifetime total of **\$413.7 - \$460.9 million** in cost savings and economic benefits derived from this single year of investment.

Other impacts to consider

- The 3,939 children age 5 and older who attended high-quality child care as a result of Virginia's new SFY23 investment will also positively benefit from the care provided, as will their families.
- The investments in quality child care will positively benefit all children in free or subsidized child care.
- The investments in cost of quality reimbursements and in early childhood educator and retention bonuses have the potential to support stabilization of the child care industry – and inadequate infant and toddler care currently costs the state of Virginia an estimated \$3.1 billion per year.

Economic Impacts: Summary

- In the next year, we estimate that the Virginia economy will see a return on investment of at least **\$364.3 million from increased earnings and disposable income**, of which at least **\$30.4 million** will go directly back to the state in the form of new state tax revenue.
- Over the lifetime of the 11,151 children under 5 who received care in SFY23 because of this new investment, we estimate an additional return on investment of between **\$413.7 - \$460.9 million in combined cost savings and economic benefits**.

Total Return on Investment

- In total, we estimate that the additional \$309 million invested in SFY23 will generate **at least \$778.0 million in combined cost savings and economic benefits** across the lifetime of the 11,151 children under age 5 who received care in SFY23, as a result of this investment.
- We expect this is an **underestimate**, because it does not include the immense costs associated with reduction in child poverty (~1.8 million per child), child maltreatment (~830,000 per child), the economic benefits of a stable child care market, or the impact of the investment on children age 5 and older.



2023 Session Budget Priorities

FY24 Proposed Additional Investments	Governor	House	Senate	Final Budget
Mixed Delivery Program (currently \$9.7 million)	\$20 million targeted to two planning districts	As proposed by Governor	\$40 million available statewide	No new funding
Child Care Subsidy Program			\$80 million, contingent on FY23 year-end balances	No new funding



What's Next?

Key Opportunities at the State Level	Dates
State agencies develop and submit budget requests	Now
ECCE Commission submits recommendations and report	Soon (deadline was 10/1)
JLARC produces report on child care and self-sufficiency	October 16
Elections	November 7
Governor presents biennial budget proposal	December 20
2024 General Assembly session	January 10-March 9

Role of Child Care and Education Trust Fund



On September 25, City Council unanimously approved RES. 2023-R048 to, should voters approve the referendum in November:

- Dedicate gaming tax revenue to the establishment and sustained funding of a Child Care and Education Trust Fund (estimated at \$19 million annually)
- Invest upfront payments of \$26.5 million to:
 - Constructing two new centers at TB Smith and Southside Community Centers
 - Improving PRCF parks and community facilities
 - Seeding the Trust Fund

Role of Child Care and Education Trust Fund



If the Commonwealth meets Virginians' demand for child care by investing an additional \$250-\$350 million to Mixed Delivery and Child Care Subsidy Programs, then **the Trust Fund will allow us to increase local income eligibility and subsidy rates to align more closely with local costs of care**

If the Commonwealth declines to appropriate additional revenue to ECCE, then **the Trust Fund will be a local backstop against the FY24-FY25 cliff**