



# COMMONWEALTH of VIRGINIA

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January 7, 2025

The Honorable L. Louise Lucas  
Chair, Senate Finance and Appropriations  
General Assembly Building, Room 1404  
P. O. Box 396  
Richmond, VA 23218

The Honorable Luke E. Torian  
Chair, House Appropriations  
General Assembly Building, Room 1223  
201 North 9th Street  
Richmond, VA 23219

The Honorable Ghazala F. Hashmi  
Chair, Senate Education and Health  
Room 616  
PO Box 396  
Richmond, VA 23218

The Honorable Sam Rasoul  
Chair, House Education  
General Assembly Building, Room 910  
Richmond, VA 23219

Dear Delegates Torian and Rasoul, Senators Lucas and Hashmi:

We are pleased to submit the enclosed annual report on need- and demand-based funding for early childhood care and education.

[Chapter 757 of the 2024 Acts of the General Assembly](#) directs VDOE to annually report the projected general funds needed for the upcoming two fiscal years for Virginia Preschool Initiative (VPI), Mixed Delivery (MD), and the Child Care Subsidy Program (CCSP), based on the cost-of-quality rate per child and three different types of growth described as follows:

*D. To address family demand and preferences for affordable, high-quality early childhood care and education services, state general funds that support the provision of services to families for early childhood care and education shall be provided as specified in the general appropriation act. Each year, no later than November 15, the Department shall report to the Governor and the Chairs of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance and Appropriations the projected general funds needed for the upcoming two fiscal years based on cost of quality rate per child in order to (i) maintain the current number of slots, (ii) increase the number of slots using a projected growth rate, and (iii) increase the number of slots to fully accommodate parent demand and eliminate waitlists. Such projected general funds to meet such needs shall be based:*

1. *An annual per-child cost determined through re-benchmarking for the Virginia Preschool Initiative;*
2. *An annual per-child cost based on the Department's federally approved alternative cost methodology for the Mixed Delivery Program identified in the general appropriation act;*
3. *An annual per-child cost based on the Department's federally approved alternative cost methodology for the Child Care Subsidy Program, which program shall be open to each child who is under the age of 13 in each family for as long as:
  - a. *The family's income does not exceed 85 percent of the state median income;*
  - b. *The family includes at least one child who is five years of age or younger and has not started kindergarten; and*
  - c. *The family meets all other eligibility requirements;**
4. *Current program eligibility criteria; and*
5. *Maximization of regularly recurring federal funding including federal funding provided for the Child Care Subsidy Program, Early Head Start, or Head Start, or pursuant to Part B of the federal Individuals with Disabilities Education Act, 20 U.S.C. § 1411 et seq.*

*No later than May 15 before each upcoming year, each regional entity established by the Board pursuant to subsection D of § 22.1-289.05 shall indicate the number of slots needed in the region for the Mixed Delivery Program, each local school division shall indicate the number of slots needed in the local school division for the Virginia Preschool Initiative, and each locality shall indicate the number of slots needed in the locality for the Child Care Subsidy Program. The Department shall reallocate slots with available funding from the Child Care Subsidy Program and Mixed Delivery Program as determined pursuant to this subsection no later than July 1. Following fall enrollment periods, the Department shall make adjustments based on family preferences. In providing funding for slots pursuant to this subsection, all current-year state general funds shall be expended first.*

Please direct questions to Jenna Conway, Deputy Superintendent of Early Childhood at [Jenna.Conway@doe.virginia.gov](mailto:Jenna.Conway@doe.virginia.gov).

Sincerely,

Lisa Coons

# ANNUAL REPORT ON EARLY CHILDHOOD CARE AND EDUCATION (ECCE) SCENARIOS

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January 2025



# ANNUAL REPORT ON ECCE FUNDING SCENARIOS

## TABLE OF CONTENTS

- I. Introduction..... 2**
- II. Projected State General Funding Based on Three Scenarios..... 4**
- III. No Growth: Sustaining Current Number of Slots..... 7**
- IV. Growth to Fully Eliminate Waitlists..... 8**
- V. Growth Based on a Projected Growth Rate..... 9**
- Appendix A: Model Assumptions and Analytic Notes for Table 1 ..... 10**

# I. INTRODUCTION

Chapter 757 of the 2024 Acts of the General Assembly directs VDOE to annually report the projected general funds needed for the upcoming two fiscal years for Virginia Preschool Initiative (VPI), Mixed Delivery (MD), and the Child Care Subsidy Program (CCSP), based on the cost-of-quality rate per child appropriated for each program and three different scenarios. The specific language of the mandate is as follows:

*D. To address family demand and preferences for affordable, high-quality early childhood care and education services, state general funds that support the provision of services to families for early childhood care and education shall be provided as specified in the general appropriation act. Each year, no later than November 15, the Department shall report to the Governor and the Chairs of the House Committee on Appropriations, the House Committee on Education, the Senate Committee on Education and Health, and the Senate Committee on Finance and Appropriations the projected general funds needed for the upcoming two fiscal years based on cost of quality rate per child in order to (i) maintain the current number of slots, (ii) increase the number of slots using a projected growth rate, and (iii) increase the number of slots to fully accommodate parent demand and eliminate waitlists. Such projected general funds to meet such needs shall be based on:*

- 1. An annual per-child cost determined through re-benchmarking for the Virginia Preschool Initiative;*
- 2. An annual per-child cost based on the Department's federally approved alternative cost methodology for the Mixed Delivery Program identified in the general appropriation act;*
- 3. An annual per-child cost based on the Department's federally approved alternative cost methodology for the Child Care Subsidy Program, which program shall be open to each child who is under the age of 13 in each family for as long as:
  - a. The family's income does not exceed 85 percent of the state median income;*
  - b. The family includes at least one child who is five years of age or younger and has not started kindergarten; and*
  - c. The family meets all other eligibility requirements;**
- 4. Current program eligibility criteria; and*
- 5. Maximization of regularly recurring federal funding including federal funding provided for the Child Care Subsidy Program, Early Head Start, or Head Start, or pursuant to Part B of the federal Individuals with Disabilities Education Act, 20 U.S.C. § 1411 et seq.*

*No later than May 15 before each upcoming year, each regional entity established by the Board pursuant to subsection D of § 22.1-289.05 shall indicate the number of slots needed in the region for the Mixed Delivery Program, each local school division shall indicate the number of slots needed in the local school division for the Virginia Preschool Initiative, and each locality shall indicate the number of slots needed in the locality for the Child Care Subsidy Program. The Department shall reallocate slots with available funding from the Child Care Subsidy Program and Mixed Delivery Program as determined pursuant to this subsection no later than July 1. Following fall enrollment periods, the Department shall make adjustments based on family preferences. In providing funding for slots pursuant to this subsection, all current-year state general funds shall be expended first.*

This report provides estimates for the scenarios as directed by the legislation as well as key assumptions underpinning these estimates.

***Note that these estimates are calculated specifically on how the law is written and do not include any of the potential policy shifts that have been discussed by the Commission on Early Childhood Care and Education as part of their recent efforts to produce recommendations on more sustainable early childhood financing.***

## II. PROJECTED STATE GENERAL FUNDING BASED ON THREE SCENARIOS

Virginia is seeing significant, growing demand for quality early childhood care and education (ECCE) from working families of infants, toddlers and preschoolers, with 65% of enrollment in public-private settings. This growth in parent demand for ECCE is likely related to three broader factors: 1) Virginia's high workforce participation, 2) the increasing % of Virginia children under age 6 with all available parents in the workforce, and 3) Virginia's recent quality measurement and improvement efforts (VQB5) that have improved quality and awareness across 3,000+ public-private birth-to-five options.

As part of its historic investment in early childhood care and education (ECCE) in the FY25-26 Biennial Budget, Virginia sustained all existing slots and established waitlists for CCSP and MD as of July 1, 2024 to capture unmet parent demand and preference. Those waitlists have grown to more than 12,000 children as of November 1, 2024, including more than 8,900 birth-to-five children and 3,200 school-age children. This rapid growth and high level of unmet parental demand means that CCSP and MD slots are scarce and therefore more valuable. Addressing these waitlists of actual, eligible working families with birth-to-five children is the top priority and may require greater action and policy trade-offs than if there was no scarcity.

Virginia's ECCE system also offers multiple innovation opportunities to engage new partners (business sector), leverage new funding sources and build public-private partnerships that can deliver supply or services while promoting broader economic growth. For example, the existing methodology for calculating slots has not historically accounted for significant economic development areas and a spike in companies in a region with larger ECCE demand. This has been an issue for Southwest and now the Eastern Shore with the influx of employees for the new space companies in its space corridor.

To help address these ECCE financing challenges and support ECCE innovation, Virginia established a new bipartisan Commission on Early Childhood Care and Education in 2023. This Commission met four times between July and November 2024 and produced two reports that call for maximizing current funding, pursuing innovation and minimizing the amount of new state general funds needed to address parental demand and preference. The [first report](#) was submitted on October 1 and the [second report](#) was submitted by December 1, 2024. It is important to note how their policy recommendations might impact these required scenarios. The Commission indicated that Virginia should continue to maximize all available public and private funding sources – including parental contributions up to the federal benchmark of 7% – and explore multiple new funding mechanisms outside of the General Fund to systematically address unmet family demand and preferences. This will help stimulate business engagement as well as align incentives for the private sector to adapt programming and grow supply in response to family needs -- including building supply in underserved areas -- while meeting all state accountability expectations.

With this context in mind, Table 1 provide estimates for the three scenarios required by the General Assembly with assumption of current state policies (i.e., there are no policy shifts):

- Anticipated funding required for VPI, MD, and CCSP under each growth scenario;
- Number of children served; and
- Assumed cost-of-quality rate for each program.

These three growth scenarios as prescribed in Chapter 757 of the 2024 Acts of the General Assembly are: 1) no growth (maintaining allocated slots as of the current budget); 2) growth to fully eliminate waitlists in each program; and 3) growth based on a historic growth rate. Here are the key assumptions:

- Waitlist totals used were as of November 2024 for the MD and CCSP program; waitlists were presumed to be zero for VPI based on current under-utilization of slots.
- Historic growth rates used three years of enrollment data for each program.
- All growth rates were calculated and applied to a full fiscal year.
- Current state policies for parental copayments, work requirements, reallocation and VPI cap on Local Composite Index (LCI) are in place.

Note that VDOE only has data to project funding based on current cost-of-quality rates, which were used to estimate funding needed for the FY25-26 biennium. Payment rates for VPI will be automatically recalculated via the rebenchmarking process for FY27-28. The cost model used to generate rates for CCSP and MD should also be updated in 2025 to reflect inflation rates, changes in teacher salaries, and other costs of operation. Estimates for FY27 to meet each growth scenario will likely be higher than is reported here.

Sections III—V describe the underlying assumptions for each scenario in more detail. A high-level summary is provided below.

- 1. No growth (Section III):** Based on the number of slots in the 2024-2026 Biennium state budget. [Item 125.10](#) in the 2024-2026 Biennium budget allocates funding for a specific numbers of slots per year. Funding will be maximized to use all slots and includes available late enrollment for VPI and adjusted slots for MD and CCSP based on the anticipated mix of ages, care settings, and regions among children served relative to funding available.
- 2. Growth to fully eliminate waitlists (Section IV):** Based on the number of slots in the 2024-2026 Biennium state budget, plus waitlist totals. Importantly, waitlist counts are not static—they expand and contract throughout the year, reflecting families transitioning from the waitlist to enrolled, families falling off the waitlist, and newly interested families being added. Projections are based on actual counts as of November 1, 2024 because waitlists growth has been atypical and volatile so far in FY25 and account for attrition off the waitlist as active cases close and slots become available. At this time, it is not possible to accurately determine future waitlist trends.
- 3. Growth based on historic trends (Section V):** Program-specific growth rates were applied to program-specific estimates. This aggregate rate reflects varying levels of growth in each program, which are based on three years of data on enrollment, slot requests, and the population of potentially eligible families.



**Table 1: Projected Funding Needed Under Three Growth Scenarios**

Program	FY 25		No Growth Scenario: Funds Needed to Sustain Budgeted Slots (No growth from FY26 to FY27)				Growth to Fully Eliminate Waitlists: Funds Needed to Accommodate Parent Demand				Growth Based on Historic Trends: Funds Needed to Account for Projected Growth Rate			
	Slots	Assumed Cost-of-Quality (COQ)	FY 26		FY 27		FY 26		FY 27		FY 26		FY 27	
			Slots	Cost	Slots	Cost	Slots	Cost	Slots	Cost	Slots	Cost	Slots	Cost
VPI Slots	24,842	\$157,638,026	24,639	\$156,352,996	24,639	\$156,352,996	24,639	\$156,352,996	24,639	\$156,352,996	26,333	\$167,096,308	27,912	\$177,122,086
MD Slots	2,530	\$38,837,720	2,530	\$38,837,720	2,530	\$38,837,720	3,526	\$54,127,194	3,526	\$54,127,194	3,618	\$55,537,940	5,174	\$79,419,254
CCSP Slots (Birth-to-5)	29,443		31,125		31,125		37,315		37,315		32,299		35,432	
- At Budgeted Rates	29,443	\$308,183,475	31,125	\$335,259,855	31,125	\$335,259,855	37,315	\$390,580,395	37,315	\$390,580,395	32,299	\$338,077,272	35,432	\$370,870,767
- At 100% Current COQ	29,443	\$499,419,334	31,125	\$527,944,889	31,125	\$527,944,889	37,315	\$632,945,686	37,315	\$632,945,686	32,299	\$547,863,010	35,432	\$601,005,722
- Rates per Updated CoQ	29,443	\$478,519,802	31,125	\$505,851,629	31,125	\$505,851,629	37,315	\$606,458,388	37,315	\$606,458,388	32,299	\$524,936,223	35,432	\$575,855,037
<b>COMBINED B-5: Budgeted Rates for VPI, MD, and CCSP</b>	<b>56,815</b>	<b>\$504,659,221</b>	<b>58,294</b>	<b>\$530,450,571</b>	<b>58,294</b>	<b>\$530,450,571</b>	<b>65,481</b>	<b>\$601,060,585</b>	<b>65,481</b>	<b>\$601,060,585</b>	<b>62,249</b>	<b>\$560,711,519</b>	<b>68,518</b>	<b>\$627,412,107</b>
<b>COMBINED B-5: Budgeted Rates for MD/VPI + 100% COQ for CCSP</b>	<b>56,815</b>	<b>\$695,895,080</b>	<b>58,294</b>	<b>\$723,135,605</b>	<b>58,294</b>	<b>\$723,135,605</b>	<b>65,481</b>	<b>\$843,425,876</b>	<b>65,481</b>	<b>\$843,425,876</b>	<b>62,249</b>	<b>\$770,497,257</b>	<b>68,518</b>	<b>\$857,547,061</b>
<b>COMBINED B-5: Budgeted Rates for MD/VPI + Rates per Updated CoQ</b>	<b>56,815</b>	<b>\$674,995,548</b>	<b>58,294</b>	<b>\$701,042,345</b>	<b>58,294</b>	<b>\$701,042,345</b>	<b>65,481</b>	<b>\$816,938,578</b>	<b>65,481</b>	<b>\$816,938,578</b>	<b>62,249</b>	<b>\$747,570,470</b>	<b>68,518</b>	<b>\$832,396,376</b>
School-age (SA) CCSP Slots: At Budgeted Rates	13,276	\$82,385,924	14,034	\$89,624,186	14,034	\$89,624,186	16,547	\$102,684,680	16,547	\$102,684,680	14,564	\$90,377,359	15,976	\$99,143,963
<b>TOTAL: Budgeted Rates + Sustain SA Enrollment</b>	<b>70,091</b>	<b>\$587,045,145</b>	<b>72,328</b>	<b>\$620,074,757</b>	<b>72,328</b>	<b>\$620,074,757</b>	<b>82,027</b>	<b>\$703,745,265</b>	<b>82,027</b>	<b>\$703,745,265</b>	<b>76,813</b>	<b>\$651,088,878</b>	<b>84,494</b>	<b>\$726,556,070</b>
<b>TOTAL: 100% COQ for CCSP + Sustain SA Enrollment</b>	<b>70,091</b>	<b>\$778,281,005</b>	<b>72,328</b>	<b>\$812,759,791</b>	<b>72,328</b>	<b>\$812,759,791</b>	<b>82,027</b>	<b>\$946,110,556</b>	<b>82,027</b>	<b>\$946,110,556</b>	<b>76,813</b>	<b>\$860,874,616</b>	<b>84,494</b>	<b>\$956,691,024</b>
<b>TOTAL: Rates per Updated CoQ for CCSP + Sustain SA Enrollment</b>	<b>70,091</b>	<b>\$757,381,473</b>	<b>72,328</b>	<b>\$790,666,531</b>	<b>72,328</b>	<b>\$790,666,531</b>	<b>82,027</b>	<b>\$919,623,258</b>	<b>82,027</b>	<b>\$919,623,258</b>	<b>76,813</b>	<b>\$837,947,829</b>	<b>84,494</b>	<b>\$931,540,339</b>

\*Note: VDOE only has data to project funding based on current cost-of-quality (CoQ) rates, which were based on methodology approved by OCC in 2022 and used to estimate funding needed for the FY25-26 biennium. Payment rates for VPI will be automatically recalculated via the rebenchmarking process for FY27-28. The cost model used to generate rates for CCSP and MD should also be updated in the near future to reflect inflation rates, changes in teacher salaries, and other costs of operation. Actual funding needed in FY27 to meet each growth scenario will likely be higher than is reported here. Additional notes on analyses and assumptions can be found in Appendix C.

### III. NO GROWTH: SUSTAINING CURRENT NUMBER OF SLOTS

Thanks to the efforts of Governor Glenn Youngkin via the *Building Blocks for Virginia Families* initiative and the General Assembly, the FY2025-2026 biennial budget includes significant state general fund investments of over \$1.1 billion new monies to sustain enrollment at the end of FY2024 for the duration of FY2025, with the annual slot target set at 42,719. In FY2026, there is small increase in the annual slot target set at 45,159 associated with a small increase in SGF. The FY25-26 biennial budget provided the following funding levels and slot counts by program:

**Table 2: HB6001 FY26 funding levels**

	FY 2025		FY 2026	
	Funding	Slots	Funding	Slots
Child Care Subsidy Program <i>Includes SGF and NGF for direct services</i>	\$390,569,399	42,719	\$424,884,041	45,159
Mixed Delivery Grant Program <i>Direct services fully funded by SGF</i>	\$38,837,720	2,530	\$38,837,720	2,530
Virginia Preschool Initiative <i>Includes SGF only; direct services are further supplemented by local match</i>	\$157,638,026	24,842	\$156,352,996	<i>Slot count not provided</i> 24,639*

\*Based on funding available; slots are not published in budget. Prorated for FY26 based on \$156M.

Enrollment for FY25 is inherently capped by budget constraints. Actual slot counts and enrollment as of the end of the FY will be impacted by reallocation and late enrollment (for VPI); by the actual characteristics of children served, care needs, care settings, and region of the state (for CCSP); and by the characteristics of children served, region of the state, and cost-share pilot participation (for MD).

Table 3 estimates the total projected year-end slot counts in each program. Locality-level estimates are provided in Appendix A. Table 3 assumes same funding and slot levels as FY26.

**Table 3: Current and projected number of slots available in VPI, MD, and CCSP**

	Slots as of June 30, 2025	Slots as of June 30, 2026	Slots as of June 30, 2027
VPI	24,842	24,639	24,639
MD*	2,530	2,530	2,530
CCSP*	42,719	45,159	45,159

\*If funding is available, enrollment may exceed slots. However, availability cannot be known right now.

## IV. GROWTH TO FULLY ELIMINATE WAITLISTS

The FY25-26 biennial budget requires localities to collect and maintain waitlist data in order to measure unmet family demand for VPI, MD, and CCSP. Accordingly, VDOE worked with state, regional, and local program leaders to develop and implement a set of coordinated waitlist processes that account for unique program operations and timelines.

It is important to note that waitlist counts are not static figures. They can expand or retract on a monthly—even daily—basis, reflecting existing families falling off the waitlist or moving to an enrolled status and new families being added for the first time. For example, in 2019—the last year the CCSP ran a waitlist—counts fluctuated by hundreds and sometimes thousands of families month to month.

In addition, while the CCSP historically had waitlists prior to the pandemic, there has not been a comparable period of growth in parent demand for public-private options. As a result, it is not possible to use past waitlist trends to project waitlist numbers for the remainder of FY25 as well as FY26 and FY27. Instead, Table 4 provides the actual number of children on the waitlist as of November 2024, which represents one third of FY25. Due to the dynamic nature of the waitlist, there is no way to determine what the waitlist will be for FY26 and FY27.

It should also be noted that the legislatively-created Commission on Early Childhood Care and Education is actively monitoring the FY25 CCSP waitlist situation, including exploring policy approaches to maximizing all available funds, analyzing parental copayment contributions and prioritizing working families in greatest need as well as prioritizing infant to five-year-olds over school-age students. The Commission provided policy recommendations to help address the waitlist, again making it impossible to accurately estimate the waitlist numbers in future years.

As relates to MD, all 9 Regions established waitlists as of July 1, 2024 but it should be noted that this is new practice. These numbers have also been dynamic and Table 4 reflects the most accurate estimate as of November 2024. Based on preliminary analysis of duplicate waitlist cases, there appears to be very little overlap across CCSP and MD waitlists (<5%).

As relates to VPI, VPI number reflects actual enrollment as of November 2024 with 1,709 slots currently unused. This would be consistent with prior years in which Virginia has historically underused VPI funds and there is no official unmet demand for VPI. In fact, Virginia has rarely, if ever, used 100 percent of its formula-based VPI allocation. Although school divisions requested 3,397 slots that could not be allocated and reported 8,975 children on the waitlists, historical trends and current enrollment suggest that these numbers may not reflect actual families in need that could be served now. It should also be noted there may be children who would prefer VPI but there is not availability within their school divisions or at their preferred location.

Table 4 provides estimates for funding required to fully eliminate waitlists are based on enrollment and/or waitlist counts as of November 2024. The same numbers are used for FY27 as there is no way to project waitlist growth due to the unusual growth in the first third of FY25.

**Table 4: Projected number of children on the waitlist in VPI, MD, and CCSP as of November 2024**

	Children on Waitlist - November 2024	FY 2026		FY 2027	
		Slots Budgeted for FY26	Total Slots Needed for FY26 Based on November 2024 Waitlist	Children on Waitlist - June 30, 2026	Total Slots Needed for FY27 Based on November 2024 Waitlist
VPI	0	24,639	24,639*	Indeterminable	24,639*
MD	996	2,530	3,526	Indeterminable	3,526
CCSP Total	11,143	45,159	53,862	Indeterminable	53,862
<i>Birth-to-Five Only</i>	7,872	NA	50,591	Indeterminable	50,591

*\*VDOE assumes that there was no waitlist as of November 2024 for VPI because school divisions did not use all the slots that were allocated. With this assumption, the needs for FY26 and FY27 are the same as the budgeted slots for FY26.*

**Other Factors Limiting Slot Availability**

Note that counts of children on waitlists are typically compared to the total number of slots available in order to determine the additional funding needed to expand the availability of services. However, this does not account for other external influences on slot offerings, such as space limitations, workforce shortages, or local match requirements. Understanding the various reasons—beyond funding for slots—that may limit accessibility is equally important to address family demand and supply issues.

**Commission Perspective**

Through in-depth data analysis, extensive discussion and work group efforts, the Commission came to consensus that multiple policy levers such as increasing the parent co-payment requirement for CCSP and MD, narrowing the time to job search to 90 days, and strengthening attendance policies could help maximize existing funds to add new slots and therefore reduce birth-to-five waitlist slots. In addition, they recognized that these waitlists may not have historically accounted for significant economic development areas and a spike in companies in a region with larger ECCE demand. It will be important to account for future economic development in addition to historic waitlist numbers as well as ensure multiple innovation opportunities to engage new partners (business sector), leverage new funding sources and build public-private partnerships that can deliver supply or services while promoting broader economic growth. Finally, the Commission came to consensus that state early childhood funds should prioritize birth-to-five children for investment. Last year alone, Virginia invested nearly \$100 million towards out-of-school time for school age children. This is an average of \$8M a month, even though these children are enrolled in public school for 9 of 12 months. The Commission recognized that there are few or no other options for working families with infants and toddlers while there are multiple options for school age children.

## V. GROWTH BASED ON A PROJECTED GROWTH RATE

Using growth rates that are based on parental demand and preference over time may also be used to predict future demand. VDOE took a comprehensive approach to generating projected growth rates by program for the purposes of this report. These projections account for multiple sources of data—including the number of eligible children, multiple years of enrollment, attrition rates, and historic local/regional slot requests—in order to generate program-specific growth rates for VPI, MD, and CCSP that more accurately capture true demand for ECCE services that aligns with parent choice. Table 5 depicts the assumed growth rate for each program and the estimated number of slots that would be needed for FY26 and FY27 at these rates. It is important to note that Virginia is seeing significantly increased parental demand is for public-private options that serve working families, with 65% of current enrollment in private settings and this percentage is expected to grow in future years. Growth in CCSP and MD participation and waitlists suggest that the fastest-growing demand from Virginia working families is for full-day, full-year options in private ECCE settings such as child care or family child care.

**Table 5: Growth Based on Projected Growth Rate**

	FY26		FY27	
	Growth Rate Applied (FY25 to FY26)	Slots Needed for FY26	Growth Rate Applied (FY26 to FY27)	Slots Needed for FY27
<b>TOTAL*</b>	10%	76,813	11%	84,494
VPI	6%	26,333	6%	27,912
MD	43%	3,618	43%	5,174
CCSP**	9.7%	46,863	9.7%	51,408

*\*Note: The aggregate growth rate is calculated using enrollment from all programs and is presented for informational purposes only. This rate was not used to estimate funding needed.*

*\*\*In line with legislative language, growth rate reflects all ages of children served by CCSP, including school age children.*

### Commission Perspective

As noted above, the Commission came to consensus that multiple policy levers such as increasing the parent co-payment requirement for CCSP and MD, narrowing the time to job search to 90 days, and strengthening attendance policies could help maximize existing funds to add new slots to account for future growth. In addition, they recognized that the existing methodology for calculating slots has not historically accounted for significant economic development areas and a spike in companies in a region with larger ECCE demand. This has been an issue for Southwest and now the Eastern Shore with the influx of employees for the new space companies/space corridor. Finally, the Commission came to consensus that state early childhood funds should prioritize birth-to-five children for investment, recognizing that there are few or no other options for working families with infants and toddlers while there are multiple options for school age children.

## APPENDIX A: MODEL ASSUMPTIONS AND ANALYTIC NOTES FOR TABLE 1

- VPI cost totals were taken directly from Item 125.10 for FY25.
- Mixed Delivery slots and cost totals were taken directly from Item 125.10 for FY25.
- CCSP FY25 slots for 0-5 and School Age were based on the total provided in Budget Item 125.10 (i.e., 42,719) multiplied by the average monthly proportions of 0-5 and school age children enrolled in CCSP during FY24.
- Cost estimates for CCSP FY25 take into account family co-pays (estimated average \$657.25 per child)
- "At budgeted rates" under the CCSP program reflects costs as found in Budget Item 125.10.
- "Rates per updated CoQ" under the CCSP program provide updated estimates for COQ based on updated salary data (from 2023 VDOE Salary Survey) + adjustments to non-personnel costs based on updates provided by Prenatal to 5 Fiscal Strategies (accounting for different rates of inflation/increase across cost categories such as rent, utilities, food, etc). Reflects centers' maximum reimbursement rates at 75% CoQ and FDH rates at 100% CoQ.
- VPI funds needed to maintain budgeted slots in FY26 are taken directly from Budget Item 125.10; because VPI slots are not designated in budget item 125.10, VPI slots were calculated based on per-child rate from FY25, divided into budgeted FY26 dollars.
- MD slots and funds needed to maintain budgeted slots in FY26 are taken directly from Budget Item 125.10.
- CCSP slots needed to maintain budgeted slots in FY26 are taken directly from Budget Item 125.10. Funds needed are based on the same per-child cost rate as in FY25 (funds needed divided by slots) multiplied by the number of budgeted FY26 slots.
- Funds needed to maintain budgeted slots in FY27 are all carried from FY26.
- Slots under the "fully eliminate waitlist" were calculated by adding projected waitlist to the number of slots budgeted for FY25. Waitlist totals used were actual totals as of November 2024 (Assumes no waitlist for VPI because school divisions did not use all the slots that were allocated).
- Projected growth for VPI and MD was based on year over year growth rates, averaged between growth rates from FY22 to FY23 and from FY23 to FY24 (6% for VPI; 43% for MD). To calculate number of FY26 slots under the projected growth scenario, these rates were applied to the FY25 slot totals for each program; FY27 slots were calculated by applying the growth rate to the FY26 slot total.
- Projected growth rate for CCSP was 9.7%, which was a downward adjustment to the average year over year growth rate of 12.5%. This adjustment was made to account for a declining growth rate year over year (i.e., from 13.6% to 11.5%). As such, it was presumed that the average growth rate would continue to decrease.