



COMMONWEALTH of VIRGINIA

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September 17, 2026

The Honorable Abigail Spanberger
Governor of Virginia
Office of the Governor
P.O. Box 1475
Richmond, VA 23218

The Honorable L. Louise Lucas
Chair, Senate Finance and Appropriations
Committee
13th Floor, General Assembly Building
201 North 9th Street
Richmond, VA 23219

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

The Honorable Barbara A. Favola
Chair, Senate Education and Health
Committee
General Assembly Building, Room 509
201 North 9th Street
Richmond, VA 23219

The Honorable Sam Rasoul
Chair, House Education Committee
General Assembly Building, Room 910
201 North 9th Street
Richmond, VA 23219

The Honorable R. Creigh Deeds
Chair, Senate Commerce and Labor
Committee
General Assembly Building, Room 612
201 North 9th Street
Richmond, VA 23219

The Honorable Jeion A. Ward
Chair, House Labor and Commerce
Committee
General Assembly Building, Room 1009
201 North 9th Street
Richmond, VA 23219

Dear Governor Spanberger, Delegates Torian, Rasoul, and Ward, and Senators Lucas, Favola, and Deeds,

I am pleased to submit the enclosed annual report on the Commission on Early Childhood Care and Education, as required by Chapter 8 § 2.2-208.1. of the Code of Virginia:

D. The Commission shall review the goals set forth in this subsection and other priorities within the early childhood care and education system and submit no later than October 1

of each year recommendations to the Governor and the Chairmen of the House Committee on Appropriations, the Senate Committee on Finance and Appropriations, the House Committee on Labor and Commerce, the Senate Committee on Commerce and Labor, the House Committee on Education, and the Senate Committee on Education and Health. The Commission shall also post such recommendations on its website in a manner and format that ensure ease of access by interested parents and other members of the public.

Please direct questions to Erin Carroll, Deputy Superintendent, Division of Early Childhood Care and Education at Erin.Carroll@doe.virginia.gov.

Sincerely,

Jenna Conway
Superintendent of Public Instruction

JC/EC/RU

Commission on Early Childhood Care and Education

Annual Report October 2026

Section I. Overview

In the last decade, Virginia has built a high-quality, nationally regarded early childhood care and education (ECCE) system that delivers on increasing school readiness, promoting parental workforce participation, and driving Virginia’s broader economic success. Preserving and expanding this progress now requires a sustained commitment to continued improvements and support for Virginia children, families, providers, and educators.

Successes have been driven by the Commonwealth’s bipartisan approach to quality measurement and improvement at scale; expansions in access driven by family need and preference; state and regional partnerships that enable strategic innovation; and data-driven decisions that prioritize continuous improvement. The data demonstrate a high return on investment—as more families gain access to high-quality early learning and care, kindergarten readiness increases, workforce participation rises, and unemployment declines.

This Commission on ECCE recognizes both that Virginia is leading the nation and significant challenges remain.

Virginia must deepen its commitment to state investment, regional capacity, and innovation. In the face of rising costs and affordability concerns, the state must work to address challenges facing families, providers, and educators. Child care remains unaffordable for many families, leading parents to opt out of the workforce and hurting Virginia’s economy. Programs struggle to recruit and maintain educators, undermining the impact of quality experiences on child outcomes. The Commonwealth must advance solutions that improve affordability for families, establish sustainable funding mechanisms, and ensure high-quality experiences for all families and providers to ensure every Virginia learner has the opportunity to enter kindergarten with the skills they need to be successful.

Section II. Purpose and Charge of the Commission on Early Childhood Care and Education

The Commission on Early Childhood Care and Education ([§ 2.2-208.1](#) of the *Code of Virginia*) was established in 2023 for the purpose of providing recommendations and for tracking progress on the financing of a comprehensive birth-to-five early childhood care and education (ECCE) system. The [Commission](#) is comprised of Virginia legislators a broad range of stakeholders, including representatives of business, economic development, local government, school divisions, parents and early care and education programs, as outlined in the *Code of Virginia*.

The Commission is charged with providing recommendations and with the following duties:

1. Expand access to and the quality of child care statewide;
2. Analyze existing and potential new financing opportunities, with a focus on data-driven

outcomes;

3. Retain, grow, and strengthen the quality of the ECCE workforce;
4. Gather and study information and data to accomplish its purposes;
5. Gather and analyze data on current and projected availability, quality, cost, and affordability of ECCE services; determine needs and priorities; and develop funding recommendations focused on family choice, access, affordability, and quality;
6. Annually report on specific expenditures, outcomes, and impact, including children served, demographics, child-level assessments, classroom-level assessment data, educator turnover and retention, and parental employment;
7. Support the development of an integrated early childhood longitudinal data process to capture and link access, quality, and educator data with child outcomes, and facilitate the integration of this data with other longitudinal data systems; and
8. Monitor and support ongoing research and evaluation conducted by Virginia Department of Education (VDOE), University of Virginia (UVA), and Virginia Early Childhood Foundation (VECF), and any other higher education or research institutes deemed relevant, to continuously improve ECCE quality.

The legislation charges the Virginia Early Childhood Foundation (VECF) with facilitation of the Commission's work under the direction of the Secretary of Education or designee. This planning is completed with the guidance of a steering committee that includes the Secretary of Education, Secretary of Labor, one legislative member, one executive-level representative of the private business sector, one representative of the Virginia Early Childhood Foundation, and one parent or guardian of a child who is age-eligible or was recently age-eligible to participate in ECCE in the Commonwealth. The Commission must meet at least four times a year at the call of the chairman or whenever the majority of members so request.

Section III. Guiding Values to Inform ECCE Financing

In 2026, the Commission reaffirmed several core values that should inform financing strategies for Virginia's comprehensive birth-to-five early childhood care and education system. These include:

- **Access and Parent Choice:** Virginia families should have a wide range of high-quality, affordable child care options that are broadly available and easily accessible. Transparent quality and continuous improvement data should ensure that children receive high-quality care that supports their development, kindergarten readiness, and long-term success.
- **Affordability:** All families should have access affordable, high-quality care that aligns with their needs. The cost of child care should not be a barrier to workforce participation, and copayments should not be a barrier to family participation in publicly-funded programs.
- **Funding Stability and Sustainability:** The ECCE system should be supported by sustainable funding streams that enable: (1) growth aligned with parent demand, and (2) payment rates aligned to the true cost of care. Rates should encourage provider participation in ECCE programs and enable providers to provide high-quality care that promotes school readiness. Funding should be reasonably predictable and stable enough to

support provider success and growth to meet the needs of working families and the Virginia economy.

- **Quality and Competitive Compensation:** ECCE programs should be reimbursed at the true cost of care, which accounts for resources and supports needed to meet health, safety, and quality expectations. Rates should be regularly updated to account for changes in operating costs and to account for competitive compensation. This, in turn, will support the recruitment and retention of qualified educators who drive continuous improvement and promote positive child outcomes.
- **Child Care as Economic Infrastructure:** Child care is essential to Virginia’s economy. Investment in affordable, high-quality child care yields both immediate and long-term return on investment (ROI)—annually generating new wages, resources, and cost savings, and enabling positive long-term outcomes that translate to further cost savings down the road.¹ Worker recruitment, retention, and productivity is contingent on the availability of stable, high-quality, and reliable child care. Therefore, building supply and addressing workforce shortages should be considered critical economic development strategies.

Section IV. Moving Forward: Early Childhood Care and Education Commitments for FY28 and Beyond

Based on its core guiding values, the Commission has collectively identified three key commitments that Virginia should adopt in FY28 and future years to reinforce the ECCE system and enhance outcomes for the children, parents, and communities it serves.

1. **Affordability for working families**, ensuring every parent in Virginia who needs child care can choose and afford high-quality options so they can work, advance their careers, and support their families. This includes:
 - Providing sufficient funding to reach eligible families who are on waitlists or otherwise lack access, as well as families who are not currently eligible for assistance but for whom child care is unaffordable.
 - Scaling copayments to account for families’ ability to contribute to child care costs at different income levels.
 - Predicting parent demand for increased care and education at the local level and targeting funding and slots accordingly.
2. **Sustainable funding mechanisms** that support availability, affordability, and quality, recognizing publicly-funded child care as an investment in Virginia’s economy. This includes:

¹ Prenatal-to-3 Policy Impact Center (2026). Proposed \$1.68 Billion Child Care Investment Would Generate \$1.79 Billion in New Annual Wages and Resources for Virginia Families and Businesses. Vanderbilt University, <https://pn3policy.org>.

- Ensuring payment rates enable providers, including centers, home-based child care providers, and schools, to cover operating costs, maximize enrollment, recruit and retain qualified staff, and invest time and resources to continuous improvement.
 - Regularly re-benchmarking payment rates to align with rising costs and health, safety, and/or quality expectations.
 - Maximizing investments across all levels of government—federal, state, and local—and incentivizing public-private partnerships to grow supply.
3. **High-quality learning experiences** that drive positive child outcomes and maximize Virginia’s return on investment. This includes:
- Preserving and expanding Virginia’s mixed delivery system across schools, child care centers, and home-based child care to meet diverse family needs and preferences.
 - Ensuring that cost-of-quality payment rates lead to competitive compensation, thereby promoting the recruitment and retention of qualified early educators.
 - Supporting providers to meet the unique needs of children with disabilities and dual language learners.
 - Using data on early literacy, math, and social-emotional skills based on measures of kindergarten readiness and the impact of access to high-quality early childhood care and education on K-12 outcomes to identify program and policy levers that most impact children’s learning.

Section V. Impact of the Commission Recommendations on the 2026 General Assembly

Insights, strategies and recommendations from the Commission’s 2025 meetings and Annual Report informed several key priorities during the 2026 General Assembly. The final FY2027-2027 Virginia Biennial Budget (Virginia Appropriation Act, 2026 Special Session I) includes \$1.4 billion in ECCE investments over the biennium, 80% of which is state-funded. This includes:

- An additional \$44 million for the Virginia Preschool Initiative, accounting for parent demand-driven growth and biennial per-pupil rebenchmarking.
- An addition of \$137 million for the Child Care Subsidy Program to support an additional ~6,700 slots in response to parent demand and choice, eliminating waitlists as of July 2026 and allowing for ongoing growth.
- \$25 million to pilot the innovative Employee Child Care Assistance Program (ECCAP) to support employer-cost sharing. Administered by the Virginia Early Childhood Foundation (VECF), budget language mandates:
 - Eligibility is limited to households with income at or below 100% of the state median income (SMI), with family copayments not to exceed 5% or 7% of household income depending on income level.

- State match capped at 40% of cost after copays.

In addition, several pieces of legislation aligned with Commission recommendations and priorities were considered during the 2026 General Assembly Session. Notably, legislation that directs the VDOE to develop and maintain an early childhood funding calculation (SB134/HB1208) passed the General Assembly and was signed into law, effective July 1, 2026. This reflects a key 2025 Commission recommendation that suggested the development of a flexible funding formula that considers parental demand, per-child costs, and economic development.

See Table 1 for an overview and *Appendix A* for a complete list of relevant legislation.

Table 1: Commission Recommendations Reflected in 2026 Legislation

Commission Recommendation	Legislative Action
Develop a funding formula that is 1) flexible, 2) protects family affordability, and 3) accounts for eligibility criteria, parent demand indicators, per-child funding at the true cost of quality, and economic development considerations.	SB134 and HB1208 direct the VDOE to establish and maintain an Early Childhood Calculation to determine the amount of funding needed for ECCE programs per biennium to address parental demand. Aligned with Commission recommendations, the calculation should be based on annual per-child rates, historic data, and regional economic development efforts, and does not obligate the General Assembly to any required appropriation level. <i>Passed – signed by the Governor and effective July 1, 2026</i>
Expand effective cost-sharing initiatives and exploring other innovative strategies to maximize use of public funds and ensure families can afford quality child care.	SB3 and HB18 establish the Employee Child Care Assistance Program, with accompanying appropriations and budget language described in the section above. <i>Passed – signed by the Governor and effective July 1, 2026</i>
Pursue strategies to support middle-class working families, who make too much to qualify for publicly funded programs, but who still struggle to pay for child care. As an example, sliding scales based on family income could ensure parents do not need to make a choice upskilling for more competitive jobs to increase their income between increasing their income, and keeping child care benefits.	SB20 and HB254 directed VDOE to develop and implement a phased reduction model for the CCSP, allowing families in the CCSP who experience an increase in income beyond the maximum eligibility limit to continue to receive assistance at a reduced rate on a sliding scale. <i>Left in Committee.</i>

Section VI. Commission Workgroups

Commission members also convened in small workgroups focused on specific topics of interest. See *Appendix B* for a complete list of workgroup members and meeting details, and the [Commission webpage](#) for meeting recordings.

Cost of Quality & Educator Compensation Workgroup

The cost of quality workgroup learned about the rising cost pressures faced by child care providers; advantages of using a cost model for setting reimbursement rates; advantages of re-benchmarking; consequences of stagnant rates, particularly for educator compensation; and policy options for addressing rates that create burdens for providers, educators, and families.

Key takeaways from workgroup discussions included:

- Many families need child care, yet the costs to provide high-quality care far exceed what families are able to afford.² This is true for families across the socioeconomic spectrum, whether they currently qualify for child care assistance or not. This ceiling on what providers can charge for care and education results in
- Child care must both be affordable to families and be high-quality. Virginia has both a nationally-recognized system to define and measure quality at scale across the system, and a methodology to estimate what it costs to deliver care.
- However, Virginia has not updated payment rates based on this methodology in 4 years.³ The state is now paying providers in the Child Care Subsidy Program at ~50% of the 2026 estimated cost of quality, on average.⁴ In contrast, per-pupil rates for the Virginia Preschool Initiative (VPI) have increased by over 30% due to biennial re-benchmarking.
- As a result, the compensation offered by most child care providers is much less competitive than public schools – child care teachers are far less likely to have benefits such as paid time off and health insurance⁵ and earn wages comparable to animal care technicians and parking lot attendants.⁶
- These disparities lead to high rates of turnover in child care settings. Child care lead teachers are more than twice as likely as public pre-K teachers to turnover from year to year,⁷ which translates to high rates of teacher vacancies in child care settings, disruptions in access for families, and inconsistent experiences for children.

² U.S. Department of the Treasury, “The Economics of Child Care Supply in the United States,” 2021, <https://home.treasury.gov/system/files/136/The-Economics-of-Childcare-Supply-09-14-final.pdf>.

³ Reimbursement rates for providers in the Child Care Subsidy Program were last updated in October 2022.

⁴ VDOE analysis presented to the Commission on ECCE “Cost of Quality” workgroup, August 28, 2026. <https://www.education.virginia.gov/resources/commission/>.

⁵ VDOE analysis presented to the Commission on ECCE “Cost of Quality” workgroup, August 28, 2026. <https://www.education.virginia.gov/resources/commission/>.

⁶ U.S. Bureau of Labor Statistics, “Occupational Employment and Wage Statistics,” U.S. Department of Labor, May 2025, <https://www.bls.gov/oes/tables.htm>.

⁷ VDOE analysis presented to the Commission on ECCE “Cost of Quality” workgroup, August 28, 2026. <https://www.education.virginia.gov/resources/commission/>.

- To ensure payments are regularly updated to cover actual costs, Virginia needs a re-benchmarking directive to both update rates now and to keep them current each biennium into the future.

Access & Affordability Workgroup

The access workgroup convened to build a shared understanding of child care access challenges in Virginia—including the supply, affordability, and availability of public funding—and potential policies to address these challenges.

Key takeaways from workgroup discussions included:

- Child care is in short supply. JLARC estimates that an additional 140,000 slots are needed to meet the needs of all working families with children under 12.⁸ This is likely an underestimate, as the analysis assumes that all families who are currently using informal friend, family, or neighbor care would continue to do so even if formal options were more accessible and affordable.
- Publicly-funded early childhood programs can help make child care more affordable, but Virginia falls far short of serving all eligible families, who must be working, participating in an education or training program, or looking for work to participate. At current enrollment, just 1 out of every 3 potentially eligible children is accessing publicly-funded care.⁹
- The Federal government defines affordable child care as being no more than 7% of household income. Across all regions in Virginia, the average cost of child care for two children is at least 20% or more of the regional median household income—roughly 3 times what would be considered affordable.¹⁰
- When Virginia families cannot afford or access child care, they opt out of the workforce, experience financial hardship, and rely on informal care options that may not produce quality outcomes for children.¹¹ A reduction in workforce participation also harms Virginia’s economy at large.
- Parents should have quality choices to support their families — lack of affordable child care should never keep a parent from work or from the training or education they need to further their career and improve their lives. The Commission must consider how to make child care affordable for all Virginia families.

⁸ Joint Legislative Audit and Review Commission (JLARC), “Virginia’s Self-Sufficiency Programs and the Availability and Affordability of Child Care,” 2023, <https://jlarc.virginia.gov/landing-2023-virginias-self-sufficiency-programs-and-the-availability-and-affordability-of-child-care.asp>.

⁹ VDOE analysis presented to the Commission on ECCE “Increasing Access” workgroup, August 7, 2026. <https://www.education.virginia.gov/resources/commission/>

¹⁰ VDOE analysis presented to the Commission on ECCE “Increasing Access” workgroup, August 7, 2026. <https://www.education.virginia.gov/resources/commission/>

¹¹ Study of Early Education through Partnerships, “Virginia Child Care Subsidy Waitlist Survey,” 2025, <https://files.elfsightcdn.com/eafe4a4d-3436-495d-b748-5bdce62d911d/bcce9a37-574c-47b5-9e06-09bf510e307b/2025-Waitlist-Survey-One-Page-Prelim-Findings.pdf>.

Joint Cost of Quality-Access Workgroup

The cost of quality and access workgroups will convene a joint meeting on September 30 to discuss strategies for achieving affordable child care for all Virginia families, focused on the joint priorities of increasing access and funding slots at cost-of-quality rates. Commission members will hear from leaders in the New Mexico Early Childhood Education and Care Department, who will share lessons learned from significant expansions in New Mexico.

ECCAP Workgroup

A final workgroup will convene in November to discuss the new Employee Child Care Assistance Program (ECCAP), covering the role of employer cost-sharing within Virginia's ECCE system: program components, stakeholder feedback, and lessons learned from other states.

Section VII. Conclusion

Substantial investments in quality and access alongside local and regional public-private partnerships have built Virginia's first-in-class early childhood system. As the Commonwealth seeks to sustain and expand this progress, it must confront the core challenges families continue to face. Child care remains unaffordable for many families, contributing to financial hardship and forcing parents to rely on informal care options or opt out of the workforce entirely – limiting both family economic stability and Virginia's long-term growth.

Although Virginia Preschool Initiative (VPI) and the Child Care Subsidy Program (CCSP) are subject to the same quality standards, VPI benefits from a re-benchmarking directive that enables stable growth and funding. VPI is required to regularly update per-pupil rates to align funding with true costs, enabling competitive compensation for teachers, thereby lowering turnover and bolstering quality. There is no such directive to ensure that CCSP payment rates—last updated in 2022—are updated to reflect current costs.

Stagnant reimbursement rates threaten both access and quality, with providers unable to rely on the state to pay enough to cover the cost of care. Rates that fail to reflect rising costs weaken provider financial stability and constrain their ability to offer competitive compensation, leading to higher turnover and undermining program quality and child outcomes. Low rates may also lead providers to opt out of participation in publicly-funded programs entirely, narrowing the supply of high-quality options available to families.

Sustaining and improving Virginia's nationally-recognized ECCE system requires continued investment in children, families, educators, and providers across its mixed-delivery system. Increased funding to serve more children at rates that align with actual costs will help improve affordability and workforce participation and strengthen program quality. By addressing these challenges, the Commonwealth can secure the economic and social benefits of a strong early childhood system—ensuring that children enter kindergarten ready, enabling students to succeed in K-12 and beyond, and reinforcing Virginia's position as the best state in which to live, work, and raise a family.

Appendix A: ECCE Legislation from the 2026 General Assembly

ECCE Related Legislation – Approved in 2026 Session:

- [SB134/HB1208](#) direct the VDOE to establish and maintain calculations to determine the amount of funding needed for ECCE services per biennium to address parental demand based on the cost of quality, historic data, and economic development efforts.
- [SB3/HB18](#) establishes the Employee Child Care Assistance Program to provide matching funds to incentivize employers to contribute to the child care costs of their employees, to be administered by the Virginia Early Childhood Foundation (VECF).
- [HB211](#) requires the Head Start State Collaboration Office (HSSCO) at the VDOE to develop and recommend to the Commission on ECCE for endorsement a report summarizing the state of Head Start and Early Head Start in the Commonwealth.
- [HB258](#) updates throughout the *Code of Virginia* the term "family day home" to "home-based child care" and the term "family day system" to "home-based child care system."

Appendix B: 2026 Workgroup Details

Workgroup	Dates	Members
Cost of Quality	Meeting 1: July 30, 2026 Meeting 2: August 28, 2026	Delegate Sewell; Susanne Bell; Delegate Cole; Delegate Guzman; Belinda Astrop; Benita Petrella; Stacie Parham; Delegate McLaughlin; Nicholas Palacio; Senator Locke
Access	August 7, 2026	Delegate Sewell; Travis Staton; Senator Suetterlein; Kailah Brewer; Kayla LaFond; Delegate Gardener; Sec. Smith; Patty Davidson; Sheerley Felipe; Senator Favola; Susanne Bell; Senator Locke
Joint CQ-Access	September 30, 2026	Delegate Sewell; Susanne Bell; Delegate Cole; Delegate Guzman; Belinda Astrop; Benita Petrella; Stacie Parham; Delegate McLaughlin; Nicholas Palacio; Delegate Sewell; Travis Staton; Senator Suetterlein; Kailah Brewer; Kayla LaFond; Delegate Gardener; Sec. Smith; Patty Davidson; Sheerley Felipe; Senator Favola; Susanne Bell; Senator Locke
ECCAP	November 2026	Delegate Cole; Todd Norris; Travis Staton; Senator Suetterlein; Megan Healy; Patty Davidson; Tara Ramsey; Senator Locke