RUTGERS–NEW BRUNSWICK
Center for Women and Work
School of Management and Labor Relations

ISSUE BRIEF

Innovative Policies Aimed at Workforce Stabilization in Child Care

Introduction

The pandemic highlighted the critical role of child care in supporting families and the broader economy. It exposed existing vulnerabilities within the child care system, including issues of affordability, accessibility, and the availability of high-quality care. As the pandemic unfolded, many child care centers faced decreased enrollment, leading to financial instability and, in some cases, permanent closure. This economic fallout created a ripple effect across the workforce, resulting in job insecurity not only for those working in the child care field but also for working families in general.[1]

Faced with such challenges, the federal government responded with significant investments, including the American Rescue Plan, which allocated $39 billion in one-time funding to the Child Care and Development Block Grant (CCDBG).[2] Although states had discretion in how to use the funds, they overwhelmingly directed the relief money toward supporting child care providers. This support included measures such as grants to cover operational costs and improve facilities, wage enhancements or bonuses to retain and attract child care workers, and professional development opportunities for early childhood educators to enhance their skills and qualifications.[3]

1 Kim, H., Brand, S. T., & Zeltzer, R. (September, 2024). Exploring the current landscape of the United States early childhood care and education workforce. *Early Childhood Education Journal*, 1–13.
2 Kim, H., Brand, S. T., &Smith, L., McHenry, K., & Einterz, F. (March, 2021). Child care in the American Rescue Plan Act of 2021. Washington, DC: Bipartisan Policy Center. https://bipartisanpolicy.org/blog/child-care-arp
3 Lieberman, A. (September, 2024). *Survey finds states make difficult trade-offs when pandemic-era child care funding runs out.* First Five Years Fund. https://www.ffyf.org/resources/2024/09/survey-finds-states-make-difficult-trade-offs-when-pandemic-era-child-care-funding-runs-out/

However, as the temporary funding expires, concerns remain about the long-term sustainability of these efforts. A survey conducted by the American Public Human Services Association (APHSA) in late 2023, which included responses from Lead Agencies in 36 states and one territory, found that while many states greatly benefited from federal relief funds, the majority do not anticipate being able to sustain these improvements once funding ends. For example, of the 37 respondents, 34 issued grants for staff recruitment and retention, yet 88% indicated they would be unable to continue these programs without stabilization funding. Similarly, while 32 states reduced or waived family co-payments during the pandemic to make child care more affordable, only seven expect to maintain these lower costs going forward.[4]

Given this uncertainty about the future of child care funding and the potential loss of critical workforce stabilization measures, the primary goal of this policy brief is to compile and highlight sustainable, innovative practices that states have adopted to support child care providers and families beyond temporary federal relief efforts. By examining these approaches, this brief aims to identify strategies that can be maintained or expanded even as emergency funding expires. To structure this brief, each innovative practice is presented with a policy overview, key lead partners, implementation strategies, and funding mechanisms.

California Retirement Fund

POLICY OVERVIEW

The California Retirement Fund, established under Senate Bill No. 101 and championed by Child Care Providers United (CCPU), marks a significant advancement in providing economic security for home-based child care providers in California. This innovative policy ensures that licensed providers serving subsidized children can access a state-supported retirement plan. Eligible providers earn service credits based on their work with subsidized children, creating a pathway to long-term financial stability.

LEAD PARTNERS

The substantial support for child care providers under Senate Bill No. 101 is the result of efforts led by CCPU, a union representing over 40,000 home-based child care providers. CCPU is a partnership between two chapters of the Service Employees International Union (SEIU) locals and the American Federation of State, County, and Municipal Employees (AFSCME).[5] Over the years, CCPU has secured significant victories in advocating for fair wages, benefits, and recognition of the vital role of child care providers. In 2021, the union achieved a historic milestone by securing its first contract with the state, leading to the first reimbursement rate increase in five years. In 2022, CCPU built on this progress by successfully advocating for funds to establish the Child Care Health Care Benefit,

4 American Public Human Services Association. (August, 2024). *Navigating the Post-Pandemic Landscape: Insights from Child Care Administrators*. https://aphsa.org/wp-content/uploads/2024/08/2024-08_Child-Care-Brief_Navigating-the-Post-Pandemic-Landscape.pdf

5 Nguyen, D. (September, 2024). *How a california child care workers' union fought for living wages—and won*. KQED. https://www.kqed.org/news/11964236/how-a-california-child-care-workers-union-fought-for-living-wages-and-won

a program designed to provide affordable and comprehensive health insurance coverage to child care providers who had long struggled to access healthcare.[6]

IMPLEMENTATION

In June 2022, Governor Gavin Newsom signed a state budget that included funding for a study on potential retirement benefits for child care providers offering state-subsidized care from their homes.[7] Fast-forward to August 2023, the union approved a new contract with the state, which was shortly signed into law.[8] As stipulated in the contract, the California Retirement Fund is managed by CCPU in collaboration with the state. Enrollment in the retirement fund is automatic for eligible providers, based on state-reported data. To be eligible for retirement benefits, providers must meet specific requirements, including being a licensed child care provider and having worked with a subsidized child for at least six months during the previous calendar year. These months of service do not need to be consecutive. Providers who received child subsidy payments for ten or more months are eligible to receive for full-service credit, while those working between six and nine months are able to earn prorated credits ranging from 60% to 90%, depending on their total months of service. Providers with fewer than six months of work are not eligible for service credits.[9]

FUNDING

The California Retirement Fund for child care providers is financed through a combination of state allocations and collective bargaining agreements. The fund received its initial deposit from the $2.7 billion set aside in the 2023-2024 budget to support collectively bargained agreements, including the CCPU health, retirement, and training benefits. Specifically, $160 million was allocated for the CCPU Retirement Benefit Trust, with an initial deposit of $80 million made in 2024 and subsequent annual deposits planned to ensure long-term sustainability. The fund is further supported by supplemental contributions derived from cost savings associated with the temporary pause of child care slot expansions and the redirection of unspent funds from the 2022–2023 fiscal year. In addition to state funding, the program leverages contributions from child care providers participating in the subsidized care system. These contributions are managed through payroll deductions facilitated by the CCPU, ensuring consistent inflows to the retirement trust.[10]

6 Child Care Providers United CCPU. (n.d.). *CCPU Victories*. https://childcareprovidersunited.org/victories/

7 Mays, M. (August, 2022). *California child-care providers fight to "retire with dignity."* Los Angeles Times. https://www.latimes.com/california/story/2022-08-08/a-year-after-unionizing-california-child-care-workers-want-respect

8 Nguyen, D. (September, 2023). *Newsom signs legislation investing $2 billion in publicly funded child care*. KQED. https://www.kqed.org/news/11961256/newsom-signs-bills-boosting-child-care-for-struggling-californians-and-providers

9 Child Care Providers United CCPU. (n.d.). *CCPU Retirement Fund*. https://childcareprovidersunited.org/retirement-fund/#elementor-action%3Aaction%3Dpopup%3Aopen%26settings%3DeyJpZCI6Ijg3NjMiLCJob2dnbGUiOmZhbHNlfQ%3D%3D

10 Legislative Analyst's Office | The California Legislature's Nonpartisan Fiscal and Policy Advisor (November, 2023). *Child care and state preschool*. The 2023–24 California Spending Plan: Child Care and State Preschool. https://lao.ca.gov/Publications/Report/4817

››› Washington Family Child Care Collective Bargaining Agreement

POLICY OVERVIEW

Although Washingtonian child care providers have been able to organize and collectively bargain since 2005, the 2023 Family Child Care Collective Bargaining Agreement between the State of Washington and Service Employees International Union (SEIU) Local 925 has made significant strides in improving the working conditions and compensation of family child care providers.[11] Among the new provisions, the agreement implemented a rate increase, established tiered reimbursement rates, introduced differential pay for specialized services, and expanded professional development opportunities, marking a major advancement in supporting and recognizing the contributions of family child care providers. In particular, the collective bargaining agreement covers child care workers participating in Working Connections Child Care—the state's subsidized child care assistance program for low-income families—as well as seasonal child care workers, providers serving families involved in Child Protective Services, welfare services, and employed foster parents.[12] By securing higher wages, better benefits, and greater professional support, this agreement strengthens the stability of the child care workforce and ensures high-quality care for children across Washington.

LEAD PARTNERS

The significant backing for family child care providers under this agreement is driven by SEIU Local 925 and the State of Washington. SEIU Local 925, representing over 17,000 education and public service workers in Washington, serves as the exclusive bargaining agent for all licensed and Family, Friends, and Neighbor (FFN) providers receiving state subsidies.[13] The union has long advocated for better wages, benefits, and working conditions for those employed in the education sector. Before launching its campaign efforts for the 2023 Washington Family Child Care Collective Bargaining Agreement, SEIU Local 925 had already secured significant victories for child care providers and educators.

In previous negotiations, the union successfully increased state reimbursement rates, expanded access to professional development programs, and improved healthcare benefits for providers. Additionally, SEIU Local 925 played a crucial role in advocating for pandemic-related protections, ensuring that educators and child care workers had access to protective equipment, hazard pay, and workplace safety measures during the height of COVID-19.[14] These past efforts laid the foundation for the collective bargaining agreement, which continues to prioritize economic security, fair compensation, and professional growth for family child care providers across Washington.

11 New America. (n.d.). *Valuing home and Child Care Workers*. https://www.newamerica.org/new-practice-lab/reports/valuing-home-child-care-workers/partnerships-and-politics/

12 Child Care - SEIU 925 - Office of Financial Management | Washington. (n.d.). *Collective Bargaining Agreement- The State of Washington and Service Employees International Union 925*. https://ofm.wa.gov/sites/default/files/public/labor/agreements/21-23/nse_childcare.pdf

13 SEIU Local 925. (December, 2023). *Our union*. https://www.seiu925.org/our-union/

14 Heffernan, M. (August, 2021). Local school districts waiting, planning in case of state vaccine mandate. Longview Daily News. https://tdn.com/news/local/education/local-school-districts-waiting-planning-in-case-of-state-vaccine-mandate/article_2e0218b8-c12a-5eb3-bb06-d2cdaa8cb9ef.html

IMPLEMENTATION

The Washington Family Child Care Collective Bargaining Agreement outlines several measures to enhance the quality of care and support for family child care providers. A key element is the establishment of a Professional Development Joint Committee, a collaboration between the State of Washington and SEIU Local 925. This committee, in partnership with a contracted 501(c)(3) entity, oversees the implementation of training and quality improvement initiatives for both licensed and Family, Friends, and Neighbor (FFN) providers. The agreement also includes provisions for special needs rates to ensure children requiring additional care receive appropriate support. To qualify, providers must submit requests with professional documentation, such as an Individual Family Service Plan (IFSP), Individual Education Plan (IEP), or Individual Health Plan (IHP). Additionally, the agreement includes incremental reimbursement rate increases for both licensed and FFN providers. For FFN providers, the reimbursement rate increased by $0.85 per hour per child on July 1, 2023, with an additional $0.15 per hour per child increase effective July 1, 2024. For licensed providers, as of July 1, 2023, subsidy base rates were raised to the 85th percentile of the 2021 market rate, ensuring more competitive compensation aligned with child care costs.[15,16]

FUNDING

The Washington Family Child Care Collective Bargaining Agreement is funded primarily through state budget allocations, which include appropriations specifically negotiated and approved in the collective bargaining process. For the 2023–2025 biennium, the Washington State Legislature allocated an additional $250 million to support this agreement.[17]

››› Kentucky Subsidy for Workers

POLICY OVERVIEW

Kentucky addressed its child care workforce crisis with a groundbreaking policy under Title 922, Chapter 2, Regulation 160, which grants automatic eligibility for child care subsidies to employees in the child care sector. Under this regulation, any individual working 20 hours or more per week in a licensed child care center or certified Family Child Care (FCC) home qualifies for the subsidy, regardless of household income.[18] However, providers cannot be paid to care for their own child.[19] One year after implementation, the program has benefited 3,200 parents employed in early care and education, as well as 5,600 children.[20] Additionally, since then, 17 other states have proposed legislation related to categorical eligibility, with six states—Washington, Nebraska, Rhode Island,

15 Child Care - SEIU 925 - Office of Financial Management | Washington. (n.d.). *Collective Bargaining Agreement- The State of Washington and Service Employees International Union 925*. https://ofm.wa.gov/sites/default/files/public/labor/agreements/21-23/nse_childcare.pdf

16 Department of Children, Youth & Families. (January, 2023). *2023 Child Care and Early Learning Legislative Requests*. https://dcyf.wa.gov/news/2023-child-care-and-early-learning-legislative-requests

17 Cultivating Connections. (July, 2023). *Child care wins in the State Legislative Session*. https://dchsblog.com/2023/07/11/child-care-wins-in-the-state-legislative-session/

18 Kentucky General Assembly. (n.d.). *Title 922 Chapter 2 Regulation 160*. https://apps.legislature.ky.gov/law/kar/titles/922/002/160/

19 6/7 National Association for the Education of Young Children. (n.d.). *Child Care for Child Care Providers How Kentucky got categorical eligibility*. https://www.naeyc.org/sites/default/files/wysiwyg/user-73607/categorical_eligibility_webinar.kya_and_naeyc.pdf

20 Powell, A. and Dade, A. (October, 2023). *What the Bluegrass State Can Teach Us About Increasing Access to Child Care*. Center for the Study of Child Care Employment, University of California, Berkeley. https://cscce.berkeley.edu/publications/brief/kentucky-model/

Indiana, Iowa, and Massachusetts—successfully advancing similar policies.[21,22] This policy has served as a model for addressing workforce shortages in the child care sector by reducing financial barriers for child care workers while ensuring a stable and qualified workforce to support families in need of care.

LEAD PARTNERS

The Child Care Advocates of Kentucky, Children Inc., Metro United Way, and the National Association of Social Workers (NASW) spearheaded the effort to design and advocate for this program.[23] Through collaborative advocacy campaigns and legislative engagement, these organizations effectively highlighted the urgent need to address workforce shortages in child care and the financial strain on child care providers.

IMPLEMENTATION

The implementation of Kentucky's child care workforce subsidy program is managed by the Cabinet for Health and Family Services' Division of Child Care. Child care employees who meet the eligibility criteria can apply for the subsidy through the Department for Community Based Services (DCBS), using the same process as other candidates for the Child Care Assistance Program (CCAP).[24] Eligible employees, including teachers, kitchen staff, and other roles within licensed child care centers or certified family child care homes, must provide proof of employment at an eligible child care program when applying.

The program officially launched on October 24, 2022, making Kentucky the first state to implement a comprehensive child care workforce subsidy. To establish safeguards against potential misuse and conflicts of interest, the program includes accountability measures that ensure subsidies are used appropriately. For example, child care workers cannot use the subsidy to care for their own children in their classrooms, and family child care providers must arrange for their children to receive care in a separate setting. Additionally, this policy alleviates financial strain on child care programs by covering tuition costs for employees' children, which previously had to be subsidized by the centers themselves.[25]

FUNDING

Kentucky's program is funded through a mix of state and federal resources, including allocations from the Child Care and Development Fund (CCDF) and the Temporary Assistance for Needy Families

21 Rafa, A. (July, 2024). *2024 Prenatal-to-3 Legislative Highlights*. Prenatal-to-3. https://pn3policy.org/wp-content/uploads/2024/07/2024-6-Legislative-Round-Up-Brief_final.pdf

22 Sullivan, E. T. (May, 2024). *At least a dozen states are considering free child care for early educators - edsurge news*. EdSurge. https://www.edsurge.com/news/2024-04-30-at-least-a-dozen-states-are-considering-free-child-care-for-early-educators

23 Kentucky Youth Advocates. (n.d.). *922 kar 2:160. Child Care Assistance Program*. http://kyyouth.org/wp-content/uploads/2013/07/child-care-comment-response.pdf

24 Kentucky Youth Advocates. (n.d.). *922 kar 2:160. Child Care Assistance Program*. http://kyyouth.org/wp-content/uploads/2013/07/child-care-comment-response.pdf

25 Vanover, S. (September, 2022). *Celebrating new benefits for Child Care Employees*. Kentucky Youth Advocates. https://kyyouth.org/celebrating-new-benefits-for-child-care-employees/

(TANF). To support the sustainability of this initiative, the state leveraged temporary COVID-19 relief funds, particularly through the American Rescue Plan Act (ARPA), to cover initial costs.[26]

Since the expiration of these funds in September 2024, the 2024 General Fund appropriation for child care was only $40.5 million, with $15 million earmarked for a pilot project matching employer contributions to child care costs. The proposed House budget for 2025 and 2026 allocates only $30 million and $40 million, respectively, casting doubt on the state's ability to maintain this program.[27]

››› Washington D.C. Equity Fund

POLICY OVERVIEW

The Early Childhood Educator Pay Equity Fund (PEF) was established to address long-standing wage disparities among early childhood care and education (ECCE) educators by aligning their salaries with those of similarly trained and certified educators in DC Public Schools. In its first year, lead teachers received a lump-sum payment of $14,000, while assistant teachers received $10,000. Established through legislation in 2021, the PEF is funded through a progressive tax on the city's highest-income residents, ensuring sustainable financial support. Since its launch in fall 2022, the fund has distributed more than $110 million to over 4,000 CCEE educators, enhancing workforce stability and promoting equitable compensation.[28] Additionally, according to Mathematica's analysis of the District's Equity Fund, the program—while costing approximately $54 million—boosted child care employment by nearly 7%, adding more than 200 teachers to the workforce. This impact further highlights the cost-effectiveness of the program, demonstrating a 23% return on investment over a year.[29]

LEAD PARTNERS

The creation and success of the Early Childhood Educator Pay Equity Fund (PEF) was primarily led by the Office of the State Superintendent of Education (OSSE) and Under 3 DC. Under 3 DC—a coalition of over 65 nonprofits and organizations, including Safe Shores, Mom's Rising, the Early Childhood Innovation Network, and DC Action—is dedicated to creating a racially just early childhood system.[30] The coalition was formed in early 2020 to advocate for the full implementation of Birth-to-Three, following its passage in 2018.[31] Since then, Under 3 DC has played a crucial role in advancing policies that strengthen early childhood education and support for educators. For instance, during the COVID-19 pandemic, Under 3 DC successfully pressured District officials to prioritize funding for child care businesses, helping them stay afloat and keep their doors open.[32] Building on this success, the coalition played a leading role in establishing the PEF in 2021. Through extensive research and

26 Kentucky General Assembly. (n.d.). *Title 922 Chapter 2 Regulation 160*. https://apps.legislature.ky.gov/law/kar/titles/922/002/160/
27 Pugel, D. (February, 2024). *Kentucky child care faces a $330 million fiscal cliff, the General Assembly can help*. Kentucky Center for Economic Policy. https://kypolicy.org/child-care-funding-2024-2026-budget/
28 Schochet, O. (May, 2024). *Findings show Washington DC's early childhood educator pay equity fund supports workforce*. Mathematica. https://www.mathematica.org/blogs/washington-dcs-early-childhood-educator-pay-equity-fund-supports-workforce
29 Hsu, A. (December, 2024). *A program in D.C. raised the wages of child care workers. we check back 3 years later*. NPR. https://www.npr.org/2024/12/13/nx-s1-5090905-e1/a-program-in-d-c-raised-the-wages-of-child-care-workers-we-check-back-3-years-later#:~:text=A%20year%20earlier%2C%20the%20D.C.,Assistant%20teachers%20got%2010%2C000.
30 Under 3 DC (Trans.). (October, 2024). *Who we are*. Under 3 DC. https://under3dc.org/about-us/who-we-are/
31 Under 3 DC. (October, 2024). *Our agenda*. https://under3dc.org/our-agenda/
32 Under 3 DC. (October, 2024). *About Us*. https://under3dc.org/about-us/

advocacy, Under 3 DC convinced the DC Council to approve a modest tax increase on the District's wealthiest residents, securing funding for compensation increases and free health insurance for child care teachers and staff.

IMPLEMENTATION

The Early Childhood Educator Pay Equity Fund is being implemented in three phases. During the first phase (FY2022), OSSE provided one-time supplemental payments directly to early childhood educators working in licensed child care centers and home-based programs. These payments included $14,000 for full-time lead teachers and $10,000 for assistant teachers and associate caregivers, offering immediate financial support to address wage disparities. In the second phase (FY2023), OSSE transitioned to distributing payments quarterly. The third and final phase, launched in FY2024, focuses on integrating the pay equity initiative into the financial structures of licensed child care facilities.[33] Starting in FY2024, OSSE ceased making direct payments to early childhood educators through AidKit and began distributing funds to child development facilities using a Child Development Facilities (CDF) payroll funding formula. To receive funds from this formula, child development facilities must be licensed by OSSE and agree to pay eligible early childhood educators' salaries, based on their role and highest credential, that meet or exceed the minimum salaries established by OSSE.[34] For those receiving funds through the Early Childhood Educator Pay Equity Fund (PEF), the minimum salaries for FY24 range from $43,865 for educators with less than a Child Development Associate (CDA) credential to $75,103 for early childhood care and education (ECCE) educators with a bachelor's degree or higher.[35]

FUNDING

The Early Childhood Educator Pay Equity Fund Establishment Emergency Act of 2021 (codified as D.C. Law 24-45, § 1-325.431) created the PEF as a special fund administered by OSSE. The fund is financed through a progressive tax increase on D.C. residents earning more than $250,000 annually.[36] For FY2022, the fund appropriated $53,920,878 in local funds to provide one-time supplemental payments to early childhood educators. In FY2023, $72,889,092 was allocated to transition to quarterly payments for educators. For FY2024, the fund allocated $73,883,680 to support a payroll funding formula distributed to child development facilities to ensure the integration of competitive educator salaries into their financial structures.[37]

33 Sandstrom, H., Greenberg, E., Schilder, D., Doromal, J. B., & Kuhns, C. (March, 2023). *An implementation study of the early childhood educator pay equity fund*. Urban Institute. https://www.urban.org/projects/dc-child-care-policy-research-partnership/implementation-study-early-childhood-educator

34 Office of the State Superintendent of Education . (n.d.). *Early childhood educator pay equity fund*. https://osse.dc.gov/ecepayequity

35 Early Childhood Educator Pay Equity Fund. (n.d.). *Fiscal Year 2024 (FY24) Early Childhood Educator Pay Equity Fund Minimum Salary Requirement for Child Development Facilities Receiving Child Development Facility (CDF) Payroll Funding Formula Awards*. https://osse.dc.gov/sites/default/files/dc/sites/osse/page_content/attachments/FY24%20Minimum%20Salaries%20and%20Salary%20Schedule%20for%20Early%20Childhood%20Educators.pdf

36 Hsu, A. (December, 2024). *How D.C. tackled a child care crunch through a tax hike on the rich. NPR*. https://www.npr.org/2024/12/12/nx-s1-5203084/child-care-pay-equity-tax-dc

37 D.C. Law Library. (n.d.). D.C. act 24-159. *Fiscal Year 2022 budget support emergency act of 2021*. https://code.dccouncil.gov/us/dc/council/acts/24-159

Virginia Maximum Reimbursement Rates

POLICY OVERVIEW

To address the long-standing issues surrounding provider reimbursement, Virginia's Maximum Reimbursement Rates (MRR) for child care providers were recalibrated using an alternative methodology called the cost estimation model, rather than the market-based approach. Approved by federal authorities on May 25, 2022, this methodology factors in program characteristics, cost drivers, and licensing standards to estimate the true cost of delivering high-quality care.[38] The MRR changes are part of broader efforts to ensure equitable payment structures for vendors while supporting families in accessing affordable child care.

LEAD PARTNERS

The initial bill, *SB1316*, was sponsored by Senator Jennifer McClellan with support from other legislators, including Senators Jennifer Boysko, Ghazala Hashmi, Mamie Locke, and Monty Mason.[39] The bill garnered widespread support from various organizations, such as Voices for Virginia's Children and Child Care Aware of Virginia, among others.[40]

IMPLEMENTATION

The updated reimbursement rates are implemented in a tiered system based on program characteristics, cost drivers, and licensing standard.[41] In particular, the payment rates are set in accordance with the vendor's level of regulatory oversight. Level 1 vendors include unlicensed and license-exempt regulated. Unlicensed vendors refer to those who provide child care services without a formal state-issued license but meet specific regulatory requirements to participate in the subsidy program. These vendors may include family, friend, and neighbor (FFN) care providers and certain religiously exempt programs that comply with basic health and safety standards. License-exempt regulated providers refer to child care programs that operate under specific statutory exemptions but still adhere to oversight measures required for subsidy participation. Level 2 vendors consist of licensed child care providers, including licensed family day homes, religiously exempt child day centers, and licensed child day centers. These providers undergo more rigorous regulatory oversight, including state inspections, background checks, and adherence to curriculum or quality improvement requirements. Level 2 vendors are generally eligible for higher reimbursement rates than Level 1 providers, reflecting the added regulatory compliance and quality standards they maintain.[42] In addition to considerations on regulatory oversight, the new methodology also allows for special provisions for children with special needs, as well as regional adjustments reflective of the

38 Child Care Va | Virginia Department of Education. (n.d.). *Subsidy program guidance manual | child care va*. https://www.childcare.virginia.gov/reports-resources/administrative-program-manuals-reports-and-data/subsidy-program-guidance-manual

39 Griffey, E. (July, 2022). *Voices supports proposed changes to child care payment rates and parent co-pays*. Voices for Virginia's Children. https://vakids.org/posts/voices-supports-proposed-changes-to-child-care-payment-rates-and-parent-co-pays

40 Legislative Information System. (n.d.). *SENATE BILL NO. 1316 - 2021 SESSION*. https://legacylis.virginia.gov/cgi-bin/legp604.exe?211%2Bful%2BSB1316

41 Child Care Va. (n.d.). *Subsidy program guidance manual*. https://www.childcare.virginia.gov/reports-resources/administrative-program-manuals-reports-and-data/subsidy-program-guidance-manual

42 Child Care Va | Virginia Department of Education. (n.d.). *Subsidy program guidance manual | child care va*. https://www.childcare.virginia.gov/reports-resources/administrative-program-manuals-reports-and-data/subsidy-program-guidance-manual

cost of living, further ensuring that reimbursement rates align with the economic realities of different areas across Virginia.

FUNDING

Virginia funds the maximum reimbursement rates through a combination of state and federal resources. The FY2024–2026 biennial budget allocates $424.9 million to the Child Care Subsidy Program (CCSP) in FY2026, with $131.5 million sourced from the Child Care and Development Fund (CCDF). The state's General Fund also contributes significantly, covering any shortfalls caused by the expiration of federal pandemic relief funds. In addition, the legislation also establishes the Early Childhood Care and Education Commission, which is tasked with reviewing and recommending updates to the copayment schedule, parental work requirements, and attendance expectations.[43]

››› Conclusion

As the impending child care crisis continues to unfold, evidenced by the industry's high turnover rates and widespread provider closures, many states have begun to implement innovative policies aimed at stabilizing the workforce by increasing provider compensation and expanding benefit packages. The state innovations presented above highlight states' ability to respond to this crisis by making the field more financially sustainable, professionally rewarding, and accessible to both new and existing providers. By implementing wage increases, tiered reimbursement models, expanded health and retirement benefits, and subsidy programs for child care workers, states are taking proactive steps to reduce turnover, attract new talent, and improve the overall quality of care. However, it is important to note that while these initiatives represent progress, their long-term success depends on sustained investment and policy support. One-time payments or limited-term programs, while well-intentioned, do not offer a permanent solution to the financial instability and workforce shortages facing the child care sector. Without dedicated and ongoing funding, these temporary fixes risk failing to address the systemic issues that continue to challenge child care providers and families.

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43 Virginia General Assembly. (n.d.). *Budget Bill - HB6001 (Chapter 2)*. https://budget.lis.virginia.gov/item/2024/2/HB6001/Chapter/1/125.10/