



# Budget Amendment Action: Support Item 124 #11s to Expand Access to Safe, Affordable Child Care

## Start-Up Grants to Expand the Supply of Licensed Home-Based Child Care

Chief Patron: Creigh Deeds



Virginia has seen a steady decline in licensed home-based child care programs, or Family Day Homes, even as demand for child care continues to grow.

These programs are vital options for families who need infant and toddler care, work non-traditional hours (such as shift work or military schedules), or have children with special needs who thrive in smaller, home-like settings.

Family Day Homes allow siblings to remain together and offer safe, nurturing care in familiar neighborhoods—making them an essential part of Virginia’s child care infrastructure.

### The Challenge

Virginia faces a serious child care supply gap, affecting both families and the economy.

- A 2023 JLARC report confirmed that potential demand for child care far exceeds supply statewide with a shortage of 140,000 child care slots.
- The Buffett Early Childhood Institute (BECI) estimates the 10-year economic impact of this shortage at \$2.8–\$4.35 billion in lost productivity and revenue.
- Since 2019, the number of regulated family day homes has declined by nearly 1,000.

This shortage is most severe in rural areas and low-income communities, where families often have no access to licensed care.

# Trends in Virginia Child Care Homes

Overall Decline Since 2019

# -866

# 27.4%

Decline Statewide

## POLICY RECOMMENDATION

### Support Item 124 #11s

Child Care Aware of Virginia urges support of the budget amendment by Senator Creigh Deeds (Item 124 #11s) to create a Start-Up and Improvement Grant Program for Family Day Homes.

This investment will:

- Increase the number of licensed home-based providers
- Expand parent choice for safe, high-quality care
- Support economic growth and job participation, and
- Strengthen Virginia's child care and early childhood system statewide

## Economic and Community Impact

- Expanding home-based care creates small business opportunities, particularly for women entrepreneurs.
- This solution supports Virginia's workforce by allowing more parents to participate in the labor market.
- It aligns with existing state and federal initiatives to revitalize Opportunity Zones and strengthen local economies. In Virginia, 75% of the child care supply gap is in or near these zones. Expanding licensed home-based child care in these areas is a smart investment that supports broader efforts to improve low-income communities.
- Modest one-time grants have a large return on investment, creating sustainable small businesses and new child care slots.

## The Opportunity

**This budget amendment establishes the Home-Based Child Care Provider Start-Up Grants Pilot Program, providing funds to Child Care Aware of Virginia to expand the supply of licensed home-based child care across the Commonwealth. The application process will be competitive and providers living in Opportunity Zones- where poverty is high, will be prioritized. Grant recipients will be required to become licensed and participate in VQB5 (the state quality system). Chief Patron: Creigh Deeds**

### Grant details:

- Start-up grants of up to \$5,000 to help individuals meet licensing requirements and open a licensed family day home.
- Improvement grants for current providers to enhance safety, quality, and compliance (e.g., fencing, stair gates, cribs, play materials, or accessibility improvements).