JANUARY 2026

Playbook for Regions

VIRGINIA BUSINESS ROUNDTABLE FOR EARLY EDUCATION

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Introduction

The Playbook for Regions will support VBREE Regional Delegations with tools, templates, guides, and examples to accelerate regional initiatives that advance the Shovel Ready Virginia Task Force recommendations to:

1. **Promote child care as essential to Virginia's modern economy and quality of life priorities.**
2. **Accelerate the expanded supply of classrooms, sites, and environments to deliver game-changing childcare services.**
3. **Substantially upgrade the capabilities within the child care industry and the stature of the early educator profession.**

The Playbook consists of four sections that build on each other toward achieving the vision and mission of the regional initiative. Components from each of these sections will be released in phases throughout 2026 to accelerate the coordinated and cohesive progress by regional delegations toward the Task Force priority recommendations. Other resource areas of support may be added to each section as additional needs are identified and the Playbook is developed.

Section 1. Understanding the Landscape

Section 2. Building a Policy Foundation

Section 3. Leveraging Existing Resources

Section 4. Creating New Pathways and Resources

Within each section, the Playbook focuses on topic areas that Regional Delegations can leverage to build child care supply, based on unique needs and opportunities. The topic areas include several types of resources:

BRIEFS: Detailed considerations for approaches to building child care supply

TOOLS: Resources to guide and accelerate work

DATA: Access to statewide and region-specific information

CASE STUDIES: Summary of innovative strategies and exemplars from across the state

The primary audiences for the Playbook are the Regional Delegations, which are convened by Ready Region lead agencies and are made up of regional representatives including from business/employers, economic development, local/regional chambers of commerce, GO Virginia regional councils, workforce development (including higher education), planning district commissions, local government, and philanthropy. The Playbook will continue to be updated and all users are encouraged to check back for updates and additions as the work progresses.

Playbook for Regions

Section 1. Understanding the Landscape

1

Regional syntheses across Virginia allow for a common understanding of the current state and help mobilize aligned, collective commitment to plan to grow the supply of child care that can address specific challenges and yield returns in each region. This section of the Playbook focuses on topics related to the development of a current state landscape analysis and a Regional Action Plan that reflects the child care challenges and opportunities of the region.

Topics in this section include:

- **I. Regional Action Plans *(to be released)***
- **II. Regional Stakeholder Assessments *(to be released)***

Section 2. Building a Policy Foundation

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Access to high-quality, affordable child care is affected by laws, policies, and governmental actions, including at local and regional levels. Some policies are obvious in their impact on child care supply, while others may have a less direct yet still meaningful effect on the system. This section of the Playbook focuses on topics related to systems-level changes that contribute to a regional policy environment that creates favorable conditions to build child care supply.

Topics in this section include:

Treating child care as regional infrastructure means integrating child care development into long-range planning processes alongside transportation, housing, and economic development. It is a proactive, systems approach that coordinates regulatory alignment, facility development, and funding strategies to build lasting supply.

Examples:

- *Comprehensive Economic Development Strategy (CEDS) identifies child care capacity as essential to business viability*
- *Consolidated Plan allocates Housing and Urban Development (HUD) funds for child care facility development*
- *Regional strategic plan coordinates child care supply with housing and workforce initiatives*

Consider this approach if child care is surfacing as a barrier for employers and working families and you want to pursue a systemic approach to addressing it.

START HERE

- Collaborate with state level partners through VECF/Virginia Business Roundtable for Early Education (VBREE) to identify and participate in local and regional planning cycles.
- Leverage Regional Delegation connections to plan owners and request to present on the economic impact of child care, current needs, and how they might consider child care in their process.
- Ensure child care experts are included in planning processes. Invite providers and child care focused organizations to planning meetings.
- Launch data collection on supply, demand, workforce impacts, and access barriers. Start with VECF's ECCE Supply & Demand Dashboard for your region.

WHY: CHILD CARE AS REGIONAL INFRASTRUCTURE

Child care is essential infrastructure that underpins Virginia's economic growth, labor force participation, and community well-being. Access to affordable, high-quality child care increases workforce participation, especially for mothers, boosts regional economic productivity, and strengthens long-term workforce quality (see *Shovel Ready Virginia Task Force* in Learn More).

Child Care Drives Economic Growth

Child care supports the economy through a triple bottom line: school ready children, work ready parents, and a strong economy supported by profitable businesses. Regions seeking to attract and retain employers cannot do so without a functioning child care system. In Virginia, employers increasingly identify child care capacity as a key factor in site selection.

KEY ACTION

Understand How Systems Work Together

Economic development, housing, and child care are interconnected, but cross-sector partnerships often go unrealized. Virginia stakeholders note that housing developers and child care providers often don't understand each other's requirements.

Understanding systems lets you start conversations about incorporating child care early in planning processes. See *Kindlewood* in Learn More as an example.

Long-Term Planning Ensures Sustainability

Despite its importance, child care is often overlooked in planning, leading to zoning conflicts, funding gaps, and poor coordination. Long-range planning presents an opportunity. Many communities have elevated affordable housing as a priority, resulting in improved focus, resources, and supply. Regions can adopt a similar approach for child care: by integrating child care into existing planning processes, regions can plan for investments in child care infrastructure that supports economic growth, workforce participation, and quality of life for families.

HOW: CHILD CARE IN COMMUNITY AND ECONOMIC DEVELOPMENT PLANS

Given the role of child care as infrastructure, the next step is integrating it into existing planning processes. Community and economic development plans drive regional priorities. Integrating child care helps regions address supply gaps, support working families, and strengthen business competitiveness.

Regions can advocate for a "Child Care in All Policies" approach: review each policy proposal for its impact on child care supply, affordability, access, and workforce. Michigan and the federal CHIPS Act are examples of this model (See *Caring for Our Future* in Learn More). Below is a selection of planning processes where child care integration is both feasible and impactful.

Plan Type	Plan Owner	Timeline Plan	Purpose	Child Care Consideration
Comprehensive Economic Development Strategy (CEDS)	Planning District Commissions (PDCs)	5 years	Guide regional economic prosperity and resilience	Role of child care in economic prosperity
Comprehensive Plan	Cities, towns, counties through the local planning commission	5 years	Coordinate land use and community development	Zoning and land-use strategies to expand supply
Regional Strategic Plan	Planning District Commission	None specified	Align transportation, housing, economic development, environment	Cross-jurisdictional strategies to support child care
Consolidated Plan (for HUD formula grants)	Cities and counties (eligibility based on population)	Annual (action plan) 5 years (consolidated plan)	Community revitalization plan to set priorities for HUD-funded housing/ community development	Using HUD funds (CDBG, HOME, HTF, ESG, HOPWA) for child care facility development
GO Virginia growth and diversification plan	GO Virginia Region	2 year review	Expand and diversify regional economies	Employer child care needs; role in talent attraction/retention
Community revitalization plans	Multiple including VA Department of Housing and Community Development, Appalachian Regional Commission, Community Development Financial Institutions using New Market Tax Credits	Varies	Revitalize underused or blighted areas	Repurposing vacant buildings; child care as an anchor for community vibrancy
Affordable housing plans	Varies	Varies	Increase affordable housing	Meeting residents' child care needs; supporting homebased providers
Transportation plans	Varies	Varies	Improve regional mobility	Transportation access to child care; alignment with commuting patterns

★ **Potential state-level action:** Qualified Allocation Plans (for Low-Income Housing Tax Credits, or LIHTC), updated every two years, and Workforce Innovation and Opportunity Act (WIOA) Unified or Combined State Plans, updated every four years, are additional state-level opportunities to build in child care. Virginia Economic Development Partnership (VEDP)'s 25-29 Strategic Plan (see Learn More) includes child care as a human capital development strategy – ongoing engagement will be critical to ensure that implementation is robust.

WHAT: THE PLANNING PROCESS

Integrating child care into community and economic development plans requires embedding it across planning components: data, community engagement, analysis, goals, actions, and evaluation.

Plan Component: Data

When integrating child care into long-range planning, consider collecting data on:

- Child care availability, affordability, vacancy rates, and actual enrollment (especially by age group - consider infants and toddlers in particular)
- Workforce impacts, including labor force participation barriers and commuter patterns
- Family and employer needs (e.g., location, hours, ages served)
- The process for starting a child care business and child care business owners' needs

Sources of data may include Planning District Commissions (e.g., economic indicator data, commuting patterns), VECF (e.g., child care supply and demand data), Reinvestment Fund (e.g., supply mapping), and others. See examples in *Reinvestment Fund Supply-Mapping* and *VECF ECCE Supply & Demand Data* in Learn More.

KEY INSIGHT

Licensed Capacity May Not Equal Available Slots

Many providers operate below licensed capacity due to staffing challenges, not lack of space. Richmond compared licensed capacity to actual enrollment and shifted American Rescue Plan Act investments toward staffing supports as a result.

As the Ready Region Coordinated Enrollment platform rolls out statewide, use provider self-reported vacancy data and parent search insights to target smart investments. See *BridgeCare Marketplace and Wisconsin* in Learn More.

Plan Component: Community Input

Families and child care providers may not realize that their child care challenges are relevant to planning. Their engagement can surface how shortages affect parents and employers, what sustainability challenges providers face, and whether child care should be elevated as a community priority. Asking residents directly about their priorities can reshape planning, as in the case of the Kindlewood Affordable Housing development with Piedmont Housing (see Kindlewood in Learn More) where early learning was moved to earlier development phases based on resident input.

Plan Component: Analysis

Include child care in SWOT (Strengths, Weaknesses, Opportunities, Threats) or similar analyses. Ask:

- Is child care a regional strength or vulnerability?
- Does availability or affordability limit workforce participation?
- Are regulatory agencies aligned with child care business needs?
- Are approvals consolidated or streamlined?
- How long does permitting take?
- Do providers have clear, accessible information?
- Is any staff designated to support child care businesses?

See *National League of Cities* in Learn More.

Plan Component: Goals and Objectives

Regions should identify goals that address child care shortages hampering economic growth; align child care with transportation, housing, and workforce priorities; and support both immediate needs and longterm capacity.

KEY ACTION

Plan for Aligned Systems

K–12 and early childhood systems often compete for staff, funding, and 4-year-olds. Virginia stakeholders noted that older children generate revenue that subsidizes infant and toddler care - moving them from private providers without a plan can destabilize entire programs. Joint planning ensures coordinated strategies. See *Chambliss Center* in Learn More.

Plan Component: Action Plan

Consider that strategies for economic development and other long-range planning might be reactive (address current shortages) or proactive (build infrastructure to attract employers and families). Most actions below are collaborative efforts among planning entities, regional coalitions, and local governments. Additionally, see *Topic Brief Child Care Friendly Regulations (Sec. 2, II.)* which addresses regulatory and permitting barriers in depth, and *Topic Briefs Repurposing Underutilized Spaces for Child Care (Sec. 3, I.) and Child Care Facility Co-Location (Sec. 4, I.)* which cover facility strategies.

Quick Wins:

- *Add child care experts to planning committees*
- *Request agenda time at PDC meetings to present child care data*
- *Meet with existing providers to identify barriers and expansion opportunities*
- *Engage Child Care Resource & Referral agencies and CDFIs*
- *Integrate child care into business recruitment and retention efforts*

Longer-Term Effort:

- *Inventory available and underutilized spaces*
- *Conduct facility needs assessments*
- *Secure commitments from property owners for child care use*
- *Leverage publicly owned properties for low-cost leases*
- *Identify redundancies and opportunities to streamline*

Plan Component: Evaluation Framework

In order to ensure that the child care system remains visible and prioritized, integrate it into evaluation frameworks. Communities pay attention to what they measure. Plans should include metrics aligned with child care such as child care availability and affordability, workforce participation barriers, family and employer feedback, and the impacts of policies and investments over time.

CONCLUSION: CHILD CARE INFRASTRUCTURE HELPS COMMUNITIES THRIVE

Thriving communities and businesses depend on child care. Including child care in long-term planning efforts is a systematic way to ensure that it is a focused, coordinated effort leading to strong systems that support families, employers, and regional prosperity.

LEARN MORE

Examples and Models

- Virginia: FY25–FY29 Economic Development Strategic Plan. Identifies child care as a workforce strategy; provides a model for alignment.
- City of Harrisonburg: Child Care Fund. Demonstrates a successful strategy for investing local resources in child care facility development.
- Piedmont Housing Alliance: Kindlewood. Collaboration between affordable housing and child care to align systems and meet needs.
- Tennessee: Chambliss Center Schools Partnership. Changing state policy for smaller providers.
- Northwest Colorado 2021 Early Childhood Education Report. Regional plan addressing child care in Colorado.
- Michigan: Caring for Our Future. Regional child care action planning example from Michigan, which points to federal models like the CHIPS Act.
- Oregon Early Learning Hubs: Parent Leadership Councils. Model for engaging parents in early learning planning decisions.

Data and Research

- VECF ECCE Supply & Demand Data. Virginia Early Childhood Foundation supply and demand data.
- Ready Regions Coordinated Enrollment Platform BridgeCare Marketplace. Ready Regions can access provider-reported vacancy data and parent search insights.
- Reinvestment Fund Supply-Mapping Initiative in Ready Region Southeastern. Local child care supply data.
- RVA Rising: Leveraging Data to Disrupt Poverty. Regional indicators dashboard model for shared data.
- Arlington County: Child Care Land Use Research Report. Land use and zoning impacts on child care.
- Wisconsin: Child Care Supply Study. Study of capacity within the birth to age 5 cohort for better targeting supply investments.

Economic Case for Child Care

- Shovel Ready Virginia Task Force. Child care's economic importance to Virginia.
- U.S. Treasury: The Economics of Child Care Supply in the United States. Economic case for child care as infrastructure.
- National League of Cities: The Role of Local Elected Officials in Economic Development. Framework for understanding economic development approaches.

Policy Tools

- LISC: Innovation for Child Care Policy. Recommendations for expanding child care supply.
- Georgia City Playbook. Recommendations for advocacy.

Child care friendly regulations streamline approval processes, reduce costs, and eliminate unnecessary barriers while maintaining health and safety standards. The goal is to make it easier for providers to open or expand and to reduce the costs they incur prior to opening, helping families access care faster and more consistently.

Examples:

- *Allowing child care as a by-right land use instead of requiring special or conditional use permits*
- *Waiving application fees and creating expedited review timelines for child care*
- *Adopting "no requirements greater than licensing" policies*

Consider this approach to help increase the number of child care providers in the community and support child care business development.

START HERE

- Interview child care providers about their recent experience navigating local approvals.
- Convene a cross-agency meeting (planning, building, fire, licensing, etc.) to map the full approval process and identify opportunities for streamlining.
- Identify one "quick win" to pursue - a fee waiver, expedited review timeline, waived requirements - something that could be implemented within 6 months.
- Create a simple guide for prospective child care providers explaining the steps and contacts for local approvals (this may also be a coordinated state-level strategy to pursue ★).

WHY: STREAMLINING HELPS THE CHILD CARE BUSINESS MODEL

The child care business model is tenuous, with the cost to provide care exceeding what parents can afford to pay. Providers operate on very thin margins, often having to rely on low staff wages to make the numbers work. This is even more true for providers who serve infants and toddlers, where requirements for lower teacher-to-child ratios mean that the cost to provide care is even higher. See *National Academies* in Learn More.

Because staffing levels are mandated to maintain safe and healthy environments for children, child care businesses are left with few options for reducing expenses. When prospective providers face lengthy approval processes, permit fees, and complicated requirements, they incur costs, and many never open or grow their business at all. Reducing facility costs prior to and after opening can help providers develop a more financially sustainable operating model, allowing them to shift revenue toward teacher wages, retention, and higher quality care.

In Virginia, providers must navigate requirements and approvals from multiple authorities, each with separate timelines and requirements. At a minimum, these typically include:

- Virginia Department of Education (VDOE) child care licensing;
- Planning and zoning;
- Business licensing;
- Asbestos inspection;
- Building and fire; and
- Health.

Streamlining and aligning requirements across organizations can greatly reduce financial barriers to entry and expedite families' access to care.

KEY EXAMPLE

"No Requirements Greater Than Licensing"

State child care licensing ensures safety and quality. Richmond did a review and surveyed other jurisdictions; they found no additional value in adding on top of licensing requirements.

For each step in your local licensing process, ask: if the state regulates child safety through licensing, what additional value does this local regulation add? Any regulation that does not create an additive value could potentially be modified or removed. See *City of Richmond and California SB 234* in Learn More.

HOW: ALIGN AND SIMPLIFY REGULATIONS

To address these business model challenges, regions can streamline and align their regulatory frameworks. Each governmental agency, whether at a local, regional, or state level, has the opportunity to align duplicative or conflicting regulations, reduce timelines, and defer or waive expenses with a goal of ensuring that regulations truly improve safety and care rather than simply adding cost. Streamlining results in more providers entering the market, existing providers expanding, and more options for families.

Regions and localities should seek to reduce costs, shorten timelines, and align or remove requirements. This work can be done in tandem with state-level advocacy to right-size licensing standards and fire codes. Take the steps below to start the process.

- **Audit the local regulatory experience from the provider's perspective.** Interview providers who have recently navigated the process and map every step from initial inquiry through final licensing approval. Identify which steps are most confusing, expensive, or time-consuming. Flag redundancies or conflicts between agencies, lengthy timelines, opportunities to reduce fees, or ways to provide technical assistance.
- **Review code requirement flexibilities while maintaining safety.** The standards required by the International Building Code (IBC) are expensive for providers and not always right-sized to smaller businesses. However, code requirements are adopted by states, and options to modify them exist. Relationship-building with fire and building officials can help child care centers identify "equivalent safety" alternatives or variance processes. Oregon's *HB 2727* (in Learn More) documents several such alternatives, including enhanced smoke detection and direct egress in lieu of full sprinkler systems.
- **Start with quick wins that remove obvious barriers.** Some changes require minimal political capital but yield significant results. For example, Seattle, Austin, and other cities had constraints to where child care could be located based on zoning, lot size, and parking requirements, and when these were modified, there was a significant increase in child care ready spaces (see *Austin and Seattle* in Learn More). Regions can review whether similar physical property requirements exist that serve no health or safety purpose.

KEY INSIGHT

Understanding State vs. Local Authority

In Virginia, the Uniform Statewide Building Code (USBC) supersedes local codes. Updates to child care licensing and building/fire codes occur at the state level. Localities cannot make building codes less restrictive than state requirements (Va. Code § 36-98). However, localities retain significant control over zoning and other local requirements, including whether child care is permitted by-right or requires a special use permit, parking requirements, setbacks, and lot coverage rules.

Localities can influence statewide improvements by highlighting region-specific barriers and offering real examples that demonstrate where streamlining is needed. One concrete example of regulatory barriers that took several years to overcome can be found in Caroline County.

WHAT: REGULATORY INNOVATION TO SUPPORT CHILD CARE

Certain regulatory barriers consistently emerge as the most confusing, expensive, or time-consuming for child care providers. The table below outlines common challenges and reform opportunities.

Throughout the table on the next page, opportunities for state-level coordination (in addition to or instead of locally/regionally) are marked with a star: ★

Common Challenges for Child Care Supply Building			
Challenge	**Example Opportunities**	**Who**	**Timeframe**
High upfront costs for applications, permits, and consultants	Waive or reduce application and permit fees for child care. ★ Provide technical assistance and navigation support to reduce the need to hire consultants.	Local staff Regional coalition	Quick Win!
Expensive planning requirements – parking minimums, setbacks, lot size minimums	Reduce or eliminate parking requirements for child care. Review lot size and setback rules for barriers (e.g., lot coverage, building height)	Local staff Local policy bodies	Quick Win!
Child care providers have to navigate multiple permit and inspection requirements across many agencies	Create a regional committee with all regulatory agencies to identify opportunities for increasing efficiency and decreasing cost and time. ★ Exempt child care from processes such as business licenses, home occupation permits, or annual fire inspections where state licensing already addresses health and safety.	Local staff Local policy bodies Regional coalition	Quick Win!
Local officials unfamiliar with child care business realities	Invite providers to present to planning commissions and other groups. Conduct provider experience audits with technical assistance to local governments.	Local staff Regional coalition	Quick Win!
Zoning requires a lengthy and expensive public process for a Special or Conditional Use Permit (SUP or CUP)	Increase the types of zone districts that allow family child care homes and child care centers as a use “by-right” with only an administrative review. ★	Local staff Local policy bodies	Medium-term
Long wait times for review	Create expedited review timelines for child care. Coordinate agency reviews to run concurrently rather than sequentially.	Local staff State licensing	Medium-term

Challenge	Example Opportunities	Who	Timeframe
Duplicative or conflicting requirements across agencies	Adopt "no requirement greater than licensing" policies which defer to licensing for requirements that must be met by child care. Identify a single point of access/ application for providers. Combine paperwork requirements where possible, e.g., aligning documentation for licensing and subsidy provider enrollment. ★ Review existing requirements for conflicts.	Local staff Local policy bodies State licensing	Medium-term
Building and fire code requirements trigger cost-prohibitive commercial/ institutional standards	Identify classification approaches to keep family child care homes residential. ★ Explore "equivalent safety" alternatives. ★ Work with fire marshals to identify scale-appropriate fire codes. ★	Local staff	Medium-term
Family child care homes face multiple permit layers	Designate family child care homes as a "non-business" use (such as residential) that does not require the implementation of commercial building codes and business licensing.	Local staff Local policy bodies	Medium-term
State code preempts local government flexibility	Review state code for opportunities to modify IBC/IFC/IRC rules for maximum local flexibility. ★ Advocate for the state building codes to give local governments clear authority and pathways to streamline child care facility approvals. ★	State officials Regional coalition	Long-term

In the chart above, the following terms are used:

- Local staff - Planning, building, fire, and health department staff who process applications and make administrative decisions
- Local policy bodies - planning commission and city/county governing body
- State [child care] licensing - VDOE Office of Child Care Health and Safety
- State [building code] officials - VA Board of Housing and Community Development
- Regional [child care] coalition - Ready Region coalition, child care resource and referral agency, or other regional coordinating body

CONCLUSION: FRIENDLY REGULATIONS SUPPORT CHILD CARE BUSINESSES

Regions and the state have an opportunity to create an environment that encourages the opening and expansion of child care businesses. When regulations are streamlined, lower-cost, and more efficient to navigate, child care providers' operating models become more sustainable and families have greater access to care.

LEARN MORE

Virginia-Specific Resources

- City of Richmond. "No requirements greater than licensing" approach; use-by-right in most zone districts.
- SB 13 (2024). Localities may waive zoning permit requirements for child care centers in office buildings.
- Design and Construction of Child Care Facilities - Virginia Licensing Guide. General resource on Virginia requirements for architects, developers and other planners.

Zoning and Land Use Reforms

- City of Seattle: Child Care Near You. Allows child care in nearly all zones; eliminates conditional use permits.
- Austin, Texas: Child care centers now allowed in more places across Austin. New zoning designation, expanded permitted areas: 250% increase in available space.
- Bothell, Washington: Bothell drops parking requirements. Child care centers are no longer required to offer off-street parking; can operate in any residential zone.
- California: Code § 65917.5. Density bonus for spaces dedicated to child care facilities.

Streamlined Permitting

- San Mateo County, California Planning and Building Department. Streamlined permitting requirements for child care centers; approval via staff-level review.
- Oregon: HB 2727 final report. Cross-agency process producing 38 recommendations to reduce regulatory barriers.

Provider Guidance and Navigation

- Los Angeles County: Child care for all. Cross-departmental guide to help child care providers understand and navigate the regulatory process.
- City of Santa Monica: Child Care Center Planning Guide. Guide to building child care facilities.

Family Child Care Home Protections

- EdSurge: New state laws will ease housing burdens on home-based child care providers. Details recent state laws in Connecticut, Oregon, Oklahoma, Colorado, and California that create protections for family child care businesses.
- California: SB 234 Keeping Kids Close to Home Act. Designates all family child care homesas residential; prohibits additional zoning, approval or permitting processes

Research

- National Academies. Expert committee report on child care funding.

Playbook for Regions

Section 3. Leveraging Existing Resources

3

Existing human, financial, social, and physical capital present opportunities to leverage for increasing access to child care. This section of the Playbook focuses on topics related to harnessing existing regional resources, including facility space, financing, and partnerships, to amplify and accelerate initiatives to build child care supply.

Topics in this section include:

- **I. Repurposing Underutilized Space**
- **II. Financing and Supply Building Resources** ***(to be released)***

I. Repurposing Underutilized Space for Child Care

Repurposing means finding hidden capacity - space that exists but isn't being used to its full potential - and converting it for child care. It is flexible and reactive to an existing need.

Examples:

- *Empty classrooms in a K-12 school newly licensed for infants or preschoolers*
- *A storefront that used to be a boutique, renovated for child care*
- *An employer's unused conference room converted to on-site care*
- *A licensed program with classrooms closed due to staffing, helped to reopen*

Consider this approach if you have commercial vacancies, employers with acute child care needs ready to partner, and/or local interest to be creative with existing space.

START HERE

- Identify regional priorities for child care spaces. What types of spaces are needed to meet community needs? What would make an ideal child care space?
- Review potential real estate availability through Virginia Economic Department Partnership's site selection tool, a local Realtor, a "windshield survey," or local organizations like school divisions or local governments. See *VEDP Site Selection tool* in Learn More.
- Connect with existing providers to understand partnership opportunities. Tap into their expertise on repurposing spaces.
- Start conversations with property owners such as religious institutions, employers, local governments, and school divisions.

KEY ACTION

Repurpose Before You Build

Repurposing existing spaces saves time and money while revitalizing communities. Virginia stakeholders report pursuing donated church space, favorable lease arrangements, and federal surplus properties available via 100-year ground leases at $1.

Consider how creative partnerships might outperform new construction. See Teton County and real estate inventories (GSA, Virginia Department of General Services, VEDP) in Learn More.

WHY: REPURPOSING SPACE REDUCES COSTS, EXPANDS SUPPLY

Repurposing transforms underused spaces into child care facilities, expanding supply quickly. Repurposed sites can be small, serving 6-40 children, or larger commercial child care centers. The biggest barrier for providers in expanding supply is the high cost of real estate and utilities. After staffing, which is typically 60–80% of program costs (see Child Care Dollar in Learn More), real estate is the largest expense for most providers. Reducing start-up facility costs and ongoing expenses in co-located settings with shared services strengthens provider sustainability and frees up resources for wages and benefits, improving quality and stability for families and educators.

Repurposing underused spaces supports community revitalization by strengthening the workforce and creating jobs. Communities across Virginia and the country are proving that new solutions are possible. Repurposing space requires coordinating zoning, permitting, building codes, and licensing - systems that often operate independently but can be aligned with the right partners. This is an iterative process: each project reveals lessons that strengthen the path for the next. For zoning and permitting strategies that support these efforts, see *Topic Brief Child Care Friendly Regulations (Sec. 2, II.)*.

HOW: REPURPOSING SPACES FOR CHILD CARE

To unlock these benefits, communities need a systematic approach to identifying and repurposing spaces.

Assess Community Priorities

Working with a regional team, identify priorities for child care spaces that are responsive to community needs. You might ask:

- What are ideal locations based on where families live and work?
- What age groups do we want to be able to serve?
- Do we need to start a new program or help an existing program to expand?
- What hours of care will families need?
- Is there a particular model of program that we want to support?
- What community needs do we hope a new child care space will address?

With the answers to these questions, create a rubric for evaluating spaces based on items such as location, available floor and outdoor space, renovation costs, and partnership opportunities. Once potential spaces have been identified, evaluate them using the identified criteria to narrow the list and focus on properties that are most promising. For examples, see *Space Identification Tools* in Learn More.

Explore Partnership Models

- **Community benefit:** Owners or developers donate or discount space as part of a community benefit agreement.
- **Employer-sponsorship:** Employers provide space for employee child care and may qualify for the IRC §45F tax credit. See the *Virginia Employer Child Care Toolkit* in Learn More.
- **Historic preservation:** Preservation incentives and mission alignment can lead to favorable lease terms as well as access to unique funding sources.
- **Publicly-owned property:** Local, state, and federal government entities may have property that can be used for community use or leased at a nominal rate.
- **Religious institutions:** Congregations are often mission-aligned and may offer space, governance support, and community backing.
- **Housing developments:** Developers may include child care in affordable housing; co-location can strengthen funding applications. See *Topic Brief Child Care Facility Co-Location (Sec. 4, I.)* for more information.
- **Micro-center networks (emerging model):** A micro-center hub is an emerging practice for repurposing larger spaces. A hub provides administration for multiple small programs (~30 children or fewer), reducing overhead and supporting streamlined administration. See *Chambliss and Indiana* in Learn More for examples.

Securing commitments, especially at low or no cost, requires strong relationships and demonstration of how child care serves the property owners' goals. While motivated and knowledgeable, child care providers often lack time and capacity to evaluate properties, build relationships with landlords, and negotiate favorable terms. Regions can help support providers' capacity to connect with property owners and close deals.

Identify Available Properties

Spaces that are already serving children and families can be a good option because they are often designed for children with mission-aligned owners and existing resources for transition to licensed space. Examples may include school buildings, religious institutions, libraries, or after-school programs.

Assess areas where families live, work, or commute and identify which lack child care. These are ideal locations for repurposing efforts. Search for real estate opportunities in these areas. This can also include communicating with employers about on- or near-site child care.

Engage with organizations that serve the public such as community centers, affordable housing, and local governments to identify what properties they may have available. These types of organizations often have available real estate and an interest in child care's public benefit, creating the opportunity for low-cost spaces.

Potential Sources For Identifying Property Options

Source	Potential Resources Available
Affordable housing developers, regional housing authorities	Upcoming developments, available sites
Community organizations such as religious institutions, hospitals, or community centers	Unused rooms or buildings
Community Development Financial Institutions (CDFIs)	Funding and technical assistance
Employers	Unused conference rooms or office space
Local Realtors	Available property lists
Local business license records	Expired or inactive licenses
Planning District Commissions (PDCs), Virginia Economic Development Partnership, other economic development organizations	Vacant commercial spaces, retail occupancy
School divisions	Empty classrooms, closed buildings
Shopping center property managers	Vacancy lists
State and local government	Unused or underutilized buildings or lots
Virginia Main Street Network	Downtown property inventories
"Windshield surveys" of retail corridors	Manual scans of "for lease/for sale" signs

★ **Potential state-level action:** Collaborate with Planning District Commissions and VBREE state level partners to gather and maintain property availability information.

Navigate Regulations

Once the most promising spaces have been identified, work with planning, zoning, licensing, building, and fire officials to understand the feasibility and cost of repurposing these spaces for child care. This narrows the list and helps to avoid any unwelcome (and expensive) surprises later on in the process.

WHAT MAKES IT WORK

Just as with a new build, repurposing space for child care requires coordination with planning, zoning, building, and licensing officials. Key success factors include:

- **Data-driven site selection.** Identifying in advance what qualities of a space will best support community child care needs creates smoother implementation and long-term sustainability.
- **Low- or no-cost space access.** Low- or no-cost space can shift provider sustainability. Providers redirect rent or mortgage dollars into wages and program quality. Across Virginia, reducing facility costs is identified by stakeholders as one of the most impactful sustainability strategies for child care businesses.
- **Strong partnerships with property owners.** Property owners supportive of child care's mission and public good create sustainable, long-term lease agreements.
- **Opportunities for cost-sharing.** Repurposed facilities can benefit from shared services with other tenants, such as building maintenance, supply purchasing, and administration.
- **Regulatory coordination.** Repurposing spaces can create regulatory complexity. Support for navigation can help to make projects financially viable. See *Topic Brief Child Care Friendly Regulations (Sec. 2, II.)* in Learn More for more on improving the regulatory environment for child care.

CONCLUSION: CHILD CARE IN REPURPOSED SPACES REVITALIZES COMMUNITIES

There are many spaces in communities that are well-suited for child care. Identifying and repurposing them helps to revitalize communities and open new doors for providers to lower-cost real estate.

LEARN MORE

Virginia Examples

- Religious Institution Partnership: CBI Forest School. Repurposed synagogue with full facilities and governance support. Eliminates facility costs entirely.
- Favorable Lease Terms: Brynmor Early Education. Utilities-only rent and a partnership with Culpeper Baptist Church.
- Employer Consortium: Robert E. Simon, Jr. Children's Center. Multi-employer consortium; sustainable for 35+ years. Strong employer partnerships.

Out-of-State Models

- Chambliss Center for Children Micro-Center Network. Repurposes school classrooms, businesses, and community buildings; licensed as family child care homes; centralized admin.
- Indiana Micro Facility Pilot Program. Supports micro-centers (3–30 children) in non-residential spaces, i.e., libraries and shopping centers; streamlined regulations.
- Missoula Child Care Advantage. Six licensed providers operate in a shuttered elementary school with shared enrollment and admin.
- TACIR Report. State regulatory reforms to support repurposed space for child care.
- Tennessee Public Chapter 276. Gives child care providers first refusal on vacant school properties, eliminates redundant fire inspections, treats family child care homes as residential.
- Teton County, Wyoming: Child Care Lease Agreement. Low-cost lease example ($1.00 conveyance, maintenance absorbed by lessor).
- Where Does Your Child Care Dollar Go? Cost breakdown for child care programs.

Space Identification Tools

- VEDP Site Selection. Virginia-wide resource for identifying available real estate.
- Virginia Main Street Program. Property inventories and grants for activating vacant structures.
- Inventory of State-Owned Real Estate. Publicly-available inventory of all real estate owned by state departments, agencies, and institutions.
- Inventory of GSA owned and leased properties. Inventory of all federal GSA owned and leased properties.
- LISC Making Space Toolkit. Guidance on assessing and developing child care facilities.

Employer Tools

- IRC §45F: Employer-Provided Child Care Credit. 25% of facility expenditures + 10% of referral expenditures (up to $150k), applicable to acquisition, renovation, and operations. Supports consortium models.

Playbook for Regions

Section 4. Creating New Pathways and Resources

4

High-quality, affordable child care presents win-win opportunities for many diverse stakeholder groups and sectors. Forging these new partnerships and building new resources to fill gaps can open new potential solutions for child care in the region. This section of the Playbook focuses on topics related to creating new pathways and resources to use for building child care supply.

Topics in this section include:

I. Child Care Facility Co-Location

Co-location leverages economies of scale and shared costs with new developments to integrate into spaces that are shared with other purposes. It is most efficient when building child care into new developments from the start - integrating it from day one.

Examples:

- *New affordable housing complex includes space for a licensed child care center on the first floor and contracts with a child care provider for operations*
- *Community health clinic builds a new facility and includes a child care center within the same building*
- *Housing developer designates units for family child care homes and prioritizes tenants who plan to operate child care programs*
- *Partner organization helps a child care provider purchase or rent a home through a “child care-friendly landlord” program*

Co-location is an ideal strategy for expanding child care supply in communities that are undergoing new housing and other development.

START HERE

- Build the case for co-located child care in developments. Present this rationale with local developers, governments, economic development entities, and other potential partners.
- Find out what's in the local development pipeline. Ask your planning department or housing authority for projects currently in predevelopment. Identify locations that would be a good fit for child care, and connect to make the case.
- Create a system map to build cross-sector literacy. Overlay housing development timelines, child care licensing steps, workforce funding cycles. Find where they intersect.
- With state-level partners, identify local regulatory barriers to co-location and identify opportunities, such as reduced parking requirements, zoning rules changes, etc. to modify. See *Topic Brief Child Care Friendly Regulations (Sec. 2, II.)* for more detail.

WHY: CO-LOCATION UNLOCKS FUNDING AND REDUCES COSTS

Facilities are the greatest expense to child care providers after personnel, and supporting access to facilities can help create a more sustainable child care business model (see *Child Care Dollar* in Learn More). Repurposing (detailed in *Brief 3*) and co-location are two opportunities for cost-effectively creating new spaces for care. Co-located child care elevates child care as part of the core infrastructure of a community.

KEY INSIGHT

Development Creates Demand for Child Care

New housing, workforce development, large employers coming into an area - all of these conditions create a need for more child care within that region.

Take time to understand the needs of families and child care providers in the community alongside opportunities for new development to create aligned projects. See the *Virginia Early Childhood Foundation's Supply and Demand Dashboard* in Learn More.

Unlike repurposing (which converts existing spaces retroactively), co-location requires developers, child care providers, and community partners to align early in the planning process. Building child care into housing developments, workforce programs, community centers, or employer facilities at the design stage enables unique funding mechanisms and cost efficiencies that standalone centers cannot achieve.

Partnerships Unlock Shared Resources

Child care is a natural partner in affordable housing, workforce development, and other community development strategies. Building housing without considering where children will receive care addresses only part of the puzzle. Co-located developments bring teaching jobs, employment opportunities for families, nurturing spaces for children, and connections to wrap-around services. This essential community resource can also increase the desirability of new development.

Workforce development partnerships can offer a dual-impact model: training participants in early childhood careers while providing care for attendees' children. Virginia stakeholders have demonstrated this approach in repurposed commercial buildings, addressing both child care access and workforce pipelines. See *EO Companies* in Learn More for an example.

Employers can invest in building or repurposing facilities, subsidize or waive rent, cover utilities, and guarantee enrollment for employees. The federal IRC §45F tax credit (see *Child Care Credit* in Learn More) supports employer-sponsored child care, and subsidizing the cost of care reduces out-of-pocket fees for parents while maintaining program viability.

Building Together Reduces Costs

Shared building systems reduce costs. HVAC, plumbing, fire suppression, and ADA access can be designed once rather than twice, and architecture and design work benefit from economies of scale. Developers often plan for ground-floor commercial space anyway, lowering the marginal cost of including child care.

Shared operating costs like maintenance, landscaping, security, and insurance can be distributed across partners. For infant and toddler programs where staffing consumes most of the budget, this reduces recurring costs that would otherwise squeeze wages or quality. Long-term, below-market, or no-cost leases dramatically reduce financial risk and allow more resources for quality and compensation.

New Funding Opportunities Emerge

Housing developments can unlock funding sources that standalone child care facilities cannot readily access: Low-Income Housing Tax Credits (LIHTC), federal HOME funds, Community Development Block Grants (CDBG), tax-increment financing, and philanthropic dollars. Many offer bonus points for co-located functions. Reciprocally, child care funding sources (for example, Virginia Small Business Financing Authority loans, Child Care Subsidy Program funding , philanthropic early childhood grants, employer consortium contributions, and participation in Head Start/Early Head Start or State PreK) unlock resources that developers could not otherwise access.

KEY INSIGHT

Favorable Lease Terms Support Provider Sustainability

When developers build the space and develop favorable lease terms like no- or low-cost rent, minimal maintenance and repair obligations, or long-term guarantees, child care providers can focus more resources on operations.

Consider what a low-cost facility might look like for a provider. See the *lease agreement from Teton County, Wyoming* in Learn More for an example.

HOW: BUILDING CHILD CARE INTO NEW DEVELOPMENTS

These advantages emerge when developers and child care providers collaborate from the earliest stages of planning. Co-location means building child care into a project before ground is broken, requiring all parties to understand each other's constraints and timelines early. Strong community partnerships are the foundation. Invite child care providers into planning processes, identify providers ready to grow, and connect projects with the right partners and resources.

Start Early

Child care must be part of development conversations as early as possible to ensure that spaces are well-suited for child care and avoid costly change orders. Virginia stakeholders report that early engagement - before financing is finalized and before architects complete drawings - is the single most impactful opportunity in co-location.

Build Mutual Benefit

Co-location works when each partner gains something meaningful. Housing developers may earn competitive points, employers improve recruitment and retention, workforce programs strengthen their model, and child care providers gain affordable space. Aligning incentives turns ideas into sustainable projects. This requires cross-sector understanding: How does LIHTC scoring work? What enrollment makes programs viable? What does licensing require for different age groups?

Providers benefit from access to affordable, high-quality space to run their businesses. Partners can support providers by offering long-term leases with favorable terms that ensure the provider won't be displaced as priorities change. Agreements must minimize provider costs through below-market rent and shared costs for maintenance and overhead to support their financial sustainability.

Providers can support partnerships by taking responsibility for their areas of expertise - operating a child care business and providing high quality care for children. Providers can also absorb much of the risk of operating the child care business, a benefit to employers, developers, and other potential partners.

The inclusion of child care in a development project can open new doors. For example, some funders may become interested in a project which includes child care because they appreciate the creative approach. Some development projects may be seen more favorably in the community when they include this critical community service. Identifying incentives and benefits for all parties involved helps to create a viable project.

Convene the Right Partners

Once a project or potential partnership has been identified, the group can begin to convene people to serve in various project roles, as in the table on the next page. Some roles may be optional or combined based on project scale and local context.

Role	Key Activities
Developer / Property Owner	Leads project planning, financing, design, and construction. May unlock unique funding opportunities.
Child Care Operator (or Future Operator)	Provides the program model, staffing plan, enrollment needs, and licensing requirements. May unlock unique funding opportunities.
Advocate or Intermediary for the Child Care Provider	Supports the operator in negotiations, reviews lease terms, and ensures the provider's needs are protected and feasible.
Zoning / Land Use Expert	Ensures the project meets local zoning, conditional use permits, parking requirements, and any special waivers.
Child Care Licensing Specialist	Helps design the space to meet licensing requirements (square footage, bathrooms, playground, fire safety, etc.).
Architect + Design Team Familiar With Early Learning Facilities	Designs child care-appropriate spaces (sightlines, egress, HVAC, child toilets, handwashing, playground layout).
General Contractor / Construction Manager	Executes build-out in compliance with both building code and child care licensing specs.
Local Government Representatives	Often includes: Planning / Zoning Department (site plan review), Building Department (permits, inspections), and Fire Marshal (occupancy, alarms, sprinklers)
Environmental Health or Sanitation Officials	If food service or kitchen facilities, health department oversight applies.
Financing Partners or Lenders	Banks, Community Development Finance Institutions (CDFIs), housing financing agencies, private foundations, or others may be involved in building a capital stack.
Family Engagement or Community Advisory Representatives	Helps ensure the space meets real community needs and reflects family priorities.
Legal Counsel	Reviews contracts, lease agreements, MOUs, liability coverage, and compliance requirements for both parties.
Insurance Provider(s)	Ensure proper coverage for the building, the child care program, and shared spaces.

The alignment of regulatory processes to ensure streamlining, efficiency, and removal of unnecessary barriers to child care programs can help to foster co-location projects. For guidance, see *Topic Brief Child Care Friendly Regulations (Sec. 2, II.)*.

KEY INSIGHT

Sustaining Partnerships Over Time - Success Components

- *Shared services for ongoing cost savings*
- *Mutually beneficial long-term agreements designed up front*
- *Mission-aligned partners whose motivation extends beyond profitability*
- *Partnership with community-minded providers*
- *Child care friendly leases that provide low- or no-cost facilities and long-term stability*

Explore *LISC: Building Innovation for Child Care Report* in Learn More on co-location partnerships.

WHAT TO EXPECT: EMBRACING COMPLEXITY

Cross-sector literacy takes time but pays off. Housing and child care operate with different funding cycles, regulations, and incentives. Regions can accelerate learning by connecting with Virginia organizations already doing this work, see Learn More for some examples.

Start by learning what's already in the pipeline and getting the right partners around the table to work through the details. Encourage developers to consider including child care. Share how the inclusion of child care may benefit their project.

KEY ACTION

Create A System Map

Overlay the processes of different sectors and find where they overlap and work together. This is a great way to visualize what's possible with co-location.

See *Appendix A of LIIF: Family Child Care in Affordable Housing* in Learn More for the various sectors whose processes can be mapped together.

Finally, regions should familiarize themselves with the funding tools that make co-location possible. The Virginia Small Business Financing Authority offers low- and no-interest loans for child care facilities. Federal tools like LIHTC and New Markets Tax Credits support co-located projects. Many individual donors and foundations have an interest in the innovative potential of co-location. See *Financing Tools & Resources* in Learn More for resources.

CONCLUSION: CO-LOCATION CREATES UNIQUE OPPORTUNITIES FOR CHILD CARE

Child care is ideally situated near where people live or work. When child care is co-located with other core community services and programs, families' access increases. Co-location also creates many valuable options for improving the child care business model through resource sharing and economies of scale.

LEARN MORE

Virginia Examples and Resources

- EO Companies. Co-located child care with workforce development.
- Kindlewood Early Learning Center. Affordable housing redevelopment with nine-classroom early learning center; resident-led design process.
- AHC Inc. Decades of partnerships across properties with donated or subsidized space.
- Virginia Early Childhood Foundation. Supply and demand data.

Out-of-State Models and Resources

- CARE Project. Leases homes to providers below market rates; pathway to ownership.
- LIIF: City Playbook for Child Care. Embedding child care in affordable housing.
- LIIF: Family Child Care in Affordable Housing. Design, financing, and policy considerations with co-location scenarios.
- Teton County, Wyoming: Child Care Lease Agreement. Low-cost lease example ($1.00 conveyance, maintenance absorbed by lessor).
- Where Does Your Child Care Dollar Go? Cost breakdown for child care programs.

Financing Resources

- Virginia Child Care Financing Program (VSBFA). Low- and no-interest loans for facility acquisition, construction, renovation, or equipment.
- LIIF: Child Care Facilities Fund. Loans and grants for acquiring, constructing, or renovating child care facilities.
- LISC: Making Space Matter Toolkit. Step-by-step guide for child care facilities policy development.
- LISC: Building Innovation for Child Care (BIC) Report. Foundational elements and policy recommendations for co-location.
- LISC: Co-Location Impact Calculator. Quantifies impacts of co-located child care.

Federal Policy Models

- Build Housing with Care Act (S. 310/H.R. 646). Proposed legislation: HUD grants up to $10M for co-located child care and affordable housing; prioritizes underserved areas and child care deserts.

Employer-Sponsored Child Care Resources

- IRC §45F: Employer-Provided Child Care Credit. 25% of facility + 10% of referral expenditures (up to $150k); supports consortium models.

Case Study:
Peake Early Childhood Center

The Peake Childhood Center (Peake) is a 54-year-old non-profit organization with a mission to provide high-quality affordable child care that prepares children for school. On June 4, 2025, Peake began operating their second child care program in a $20 million state-of-the-art building owned by the City of Newport News, Virigina. The early childhood center is a 34,000-square-foot center that has the capacity to serve 200 children from six-weeks to five-years-old and a dedicated space for the Virginia Peninsula Community College (VPCC) to educate and train early childhood educators. Seventy-five percent of children attending the Peake program are from families with incomes below the federal poverty level, so the cost of care to families is heavily subsidized through a sliding fee scale and the Virginia Child Care Subsidy Program. The Peake-operated early childhood center is an example of what is possible through collaboration, persistence, and being ready with a plan when an opportunity arises. This partnership between a nonprofit, a local government, and a community college can be replicated and is a model that demonstrates how leaders can work together to deliver real, community-driven solutions to child care challenges facing working families.

How it started

When the City of Newport News set out to write its 2020-2025 Strategic Plan in the fall of 2019, it was clear that early care and education would be included. The planning process started with a robust stakeholder engagement process, which gathered information from a wide group of community members, ranging from residents of public housing to the CEO of Virginia's largest employer, Huntington Ingalls Industries. Regardless of the type of stakeholder, city planners heard the same story: the lack of child care capacity had become one of the city's biggest impediments to growing its workforce and supporting the economic mobility of working families. In response, Newport News's strategic plan prioritized increasing the availability and quality of prekindergarten programs, particularly for low-income families, so that more children would enter school ready to learn and be set up for success.

Peake was also critical in the redevelopment of the Marshall-Ridley Place neighborhood in which it is located. Three years prior to the city-wide strategic plan, the Newport News Redevelopment Authority was awarded a Choice Neighborhood Initiative (CNI) grant. The grant funded a neighborhood transformation plan that included a goal to increase the availability and strengthen the quality of early education programs in the neighborhood. The CNI grant connected community development and early care and education, and Peake ultimately became the way in which the city met a key education goal of the Marshall-Ridely Place redevelopment.

The collaboration that made it work

With early care and education embedded in the Marshall-Ridley Place transformation plan and city-wide strategic plan, a partnership of four community leaders made the early childhood vision within the plan a reality. Each leader saw a different value proposition in bringing high-quality early care and education capacity to Newport News.

The driver of the effort was **McKinley Price, the mayor of Newport News from 2010 to 2022**. A dentist by training, Mayor Price was married to an early childhood educator, which gave him a unique perspective on the importance of high-quality early care and education and a keen awareness of the negative implications of inadequate capacity. *For Mayor Price, the value of Peake was that it would support the economic mobility of the community's low-income working families and better prepare their children for school.*

The CEO of Huntington Ingalls Industries, Mike Petters, along with his wife Nancy Briggs Petters, took the lead role in rallying the business community around the effort. As the leader of the largest employer in the state, Mr. Petters used his influence to bring other business leaders to the table. He had seen first-hand how the lack of accessible, affordable child care affected the ability of his company to recruit and retain employees. *For him, Peake represented a way to support and grow his workforce, while also supporting the local community.*

Dr. Jennifer Parish, Executive Director of the Peake Childhood Center in Hampton, provided the early childhood expertise. The Peake Childhood Center (formerly the Downtown Hampton Child Development Center, established in 1971) had been operating in Hampton, Virginia under her leadership since 2020. When approached about launching a second center in Newport News, she had two conditions: Peake could operate the center but could not build it; and, if the center was going to succeed, there needed to be a way to build its educator workforce. *From the Peake perspective, the new center provided the opportunity to expand the organization's mission to more children and families in a new location.*

To meet the need for educators for both the new Peake center and providers in the broader community, the fourth community leader was **Dr. Towuanna Porter Brannon, President of VPCC**. VPCC was brought in to establish a Center of Excellence in Early Childhood Learning and Development within the new building, which would offer early childhood courses to adult students and provide professional development opportunities to the early educators working at Peake. *For VPCC, Peake offered the opportunity to establish a physical location in Newport News for students.*

Viewing Peake as a win-win-win-win proposition, these four community leaders set out to plan, fundraise, and build the center. While this work was underway, the COVID-19 pandemic was ongoing. Ironically, the pandemic benefited the project in two important ways. First, the pandemic made American Rescue Plan Act (ARPA) funding available to the city. With a plan for Peake in place, Mayor Price and the other leaders were able to make the case to the City Council that it should be a priority for ARPA funding. Consequently, in February 2022, the City Council appropriated more than $11 million for the project.1 This figure increased as a result of Covid-era inflation and additional construction costs but the City Council, now led by another early childhood champion—**Mayor Phillip Jones**—has remained steadfast in its commitment to Peake and to increasing child care capacity across the city.

Second, the pandemic created an awareness of the importance of early care and education that the community leaders were able to leverage to raise the additional funding needed for Peake. The Mayor and Mr. Petters hosted quarterly breakfast business roundtables including members of the business community and other community leaders to provide progress updates and lay the groundwork for Peake's Executive Director to solicit private donations to support future programming. The ARPA funding as well as additional private dollars provided the resources necessary to fully fund the design and construction of the state-of-the-art early childhood building in which Peake and VPCC would operate.

What was achieved

The community leaders identify four immediate and anticipated outcomes of the Peake Childhood Center:

1. Additional capacity to serve up to 200 more children in a high-quality, state-of-the-art setting in Newport News that promotes children's learning and development and prepares them for school.
2. Increased economic mobility for low-income working families in an area of the city in particular need of high-quality child care.
3. A physical presence for VPCC in Newport News and additional capacity to train early childhood educators for the Peake center and other providers in the surrounding area.
4. A proof-of-concept model that can be used to help other communities and funders understand and experience: 1) the benefits of high-quality early care and education, 2) what colocation of higher education and early care and education looks like as part of community revitalization, and 3) a possible path to achieving a similar model in their own communities.

Barriers that remain

While robust collaboration and approximately $20 million in funding brought Peake to life, the center faces ongoing challenges. These include:

Sustaining operational costs

Peake is expensive to operate, with an annual budget of $3.7 million. (See *Figure 1* for the primary sources of revenue.) The primary driver of operational costs is Peake's commitment to paying educators and other employees a fair (albeit still too low) wage. While expenses are high, most Peake families have incomes below the federal poverty line, and the center has committed not to put the high cost of quality child care on these families. Peake's sliding fee scale ensures that families pay far below the actual cost of a quality program with their payments being connected to the percent of income that should be spent on child care as recommended by the government.

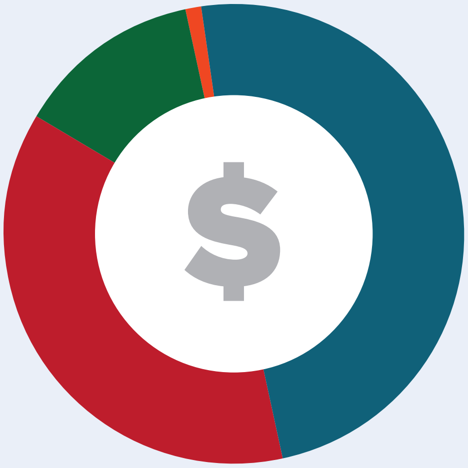


Figure 1.

REVENUE

49% Government & Grants

37% Contributions & In-Kind

13% Tuition & Fees

1% Endowment

In addition to the tuition Peake charges families on a sliding fee scale, the center utilizes funding from the Virginia Child Care Subsidy Program (31 percent of families receive a subsidy), and Mixed Delivery Program. Yet, like programs across the state and country, this revenue falls far short of the true operational costs for a high-quality center. Each year, Peake must work to raise 37 percent of its revenue, or roughly $1 million, to cover its operational costs. Center leadership works tirelessly with partners in philanthropy and the business community to fill the gap between the cost of providing high-quality care and federal and state funding, and what families can afford to pay.

Uncertain state funding environment

Nearly 50 percent of Peake's revenue comes from federal funds, grants, and the state Child Care Subsidy and Mixed Delivery Programs. The budgets for these programs can change from year to year, and there is uncertainty around whether there will be enough state funding because of the recently adopted federal budget. This uncertainty keeps some of Peake's classrooms empty. While leadership follows the policy process closely, the instability related to their primary funding source is a barrier to Peake operating at full capacity. A significant increase in funding for early childhood education at the federal and state level would allow Peake and centers like it to operate at a higher capacity.

Lessons for other communities

Peake's success offers a possible roadmap for other communities, and several lessons can be taken from the process. These include:

- ✓ **Have a plan read,y when opportunities arise**
  The success of Peake hinges around the fact that the City was able to allocate federal ARPA funding for the development of the center. While no one in the City could have anticipated the pandemic or the federal funding that followed, the fact that a plan existed made it easier for the proponents of Peake to make the case for the funding amid competing priorities.

- ✓ **Success relies on a collaboration that addresses the complexity of early care and education**
  Peake's success is a product of bringing together the right partners to address the complexity of early care and education. These partners included City Council and other policymakers who knew how to leverage city funds and connect to developers and business leaders who could bring additional revenue sources to maintain the program, experts in early care and education who understood how to operate a high-quality center, and representatives from higher education to help build the workforce that is the foundation of a high-quality center.

- ✓ **It is easier to make the case for community development funding when your project will have multiple purposes**
  In addition to having a plan for Peake ready, another compelling aspect of the funding ask for ARPA dollars was that the building would serve not only as an early care and education center but also as a physical location for VPCC. With multiple demands on the City's capital improvement funding, the Council was extremely selective about how it was spent. In the case of the early childhood center, proponents could make the argument for the center on multiple fronts—higher education, workforce, and early childhood education. The fact that the investment was seen as serving multiple purposes helped secure the funding.

What's next?

Peake developed a strategic plan that works to continue to improve quality and affordability, as well as strengthen Board capacity to fundraise. Both the City and Peake are seeking to leverage Peake as a model for other communities across the state. They have welcomed visitors and provided tours of the center to groups across the state to share their story in hopes that other communities will replicate this important work.

II. Employer Engagement in Child Care

Employers have a unique stake in ensuring affordable, stable child care for their employees and the workforce of their community. Depending on the capacity of employers, there are various models for employer engagement in child care.

Examples:

- *Employer financial contributions toward an employee's child care cost*
- *On- or near-site employer child care, operated either by the employer or through a partnership or contract with a child care operator*
- *Offering of a Dependent Care Flexible Savings Account (FSA) for employees*
- *Contributions into a regional pooled fund to be used for building child care supply for region's workforce*
- *Discounted lease or real-property donation to reduce child care operational expenses and increase facility supply of on- or near-site child care for employees*

Employer engagement in child care is an opportunity to leverage public-private resources for building child care supply in the region.

START HERE

- Start conversations with key employers across the region. Understand their motivations for engaging on child care solutions and their readiness to invest.
- Connect with existing child care providers to understand employer partnership opportunities. Tap into their expertise on employer-sponsored child care opportunities.
- Collaborate with state level partners through VECF/Virginia Business Roundtable for Early Education (VBREE) to identify and develop the support needed for employers to engage in child care, such as state funding or an implementation guide, based on the child care needs of region.

WHY: EMPLOYERS AS KEY PARTNERS

Over 70 percent of Virginia children under age six have parents in the workforce, which means these families rely on child care to go to work. Employers across every region and industry are impacted by insufficient supply of affordable, reliable child care to meet the needs of hardworking families. Employers have a financial stake in making child care work for their employees, and are key partners to addressing the child care needs across regions.

KEY EXAMPLE

Ready Together Pilot

Ready Together is an innovative public-private partnership that expands access to high-quality child care. It builds on the success of the Commonwealth's Mixed Delivery program by funding high-quality child care for children birth to five through a mix of public and private providers.

While Mixed Delivery is primarily state-funded, Ready Together introduces a cost share model, engaging employers as partners in financing child care to strengthen their own workforce. This pilot initiative, launched in collaboration with Ready Region Southwest, is designed to stretch state dollars further and support working families. It strengthens Virginia's workforce while stabilizing Virginia's early childhood system to enhance economic success.

HOW: BUILDING EMPLOYER ENGAGEMENT IN CHILD CARE

Identify Key Employer Targets

Employers within regions have various levels of organizational, financial, and administrative capacity to engage in child care solutions for employees, and may vary in alignment based on employee demographics, business structure, and geographic location. Assessing employer capacity and readiness helps to identify key employers that would be best positioned to engage in child care solutions. Primary target employers to engage in child care likely have the following characteristics:

1. Organizational Readiness: Existing planning, financial and administrative capacity, robust HR functions, and leadership commitment to engage in child care.

   For example, an employer that has existing data on employees' child care needs, either through formal employee surveys or informal conversations, and recognizes child care as a key influence on business productivity.

2. Employee Alignment: Employee demographics and needs align with envisioned role for employer.

   For example, an employer has a sufficient threshold of employees with child care needs to justify the employer's engagement in child care as a workforce solution.

3. Geographic Distribution: Employer child care engagement offerings align with location and needs of employees, and employers are located in areas with otherwise low child care capacity.

   For example, an employer interested in on- or near-site child care has a workforce that lives within a reasonable commuting distance.

4. Business Variety: Employers represent an assortment of business sizes, structures, and industries.

   For example, small businesses may be interested in child care solutions that are different from employers with multiple locations across the state or country.

Assess Employer Capacity and Readiness

Once primary employer targets within regions have been identified, assessing employer capacity and readiness helps to determine the potential opportunities for an employer to engage in child care. The following interview guide can be used in conversations with key employers to develop insights on opportunities for employer engagement in child care solutions for the region.

Sample Employer Engagement Conversation Guide:

Background and Workforce Context

- Can you start by sharing a bit about your role, and how workforce and child care considerations intersect with your work?
- Tell me more about your organization – how many employees, type of work (hourly, shift, etc.), location?
- What do you see as the biggest child care challenges facing your employees?

Interest and Goals Around Child Care

- What makes you interested in exploring child care solutions? What are you hoping to achieve?
- What are you currently doing related to child care initiatives? And/or what are you considering?
- What, if any, data do you have on your employees' child care needs at this point?

Readiness and Feasibility

- Where would you put your organization on the spectrum from "just starting to explore this" to "ready to take action"?
- When you think about child care solutions for your organization, what models or approaches feel most realistic?
- Is your organization most interested in direct to employee benefits, such as contributing to child care costs, or in working in collaboration with other employers, such as to build a shared child care facility space?
- Are there approaches that feel like non-starters for you? What makes them not feasible (e.g., capital requirements, ongoing operational complexity, liability concerns, benefit parity across employees, timeline, others)?
- What are your biggest concerns about engaging in child care issues for your employees? What do you see as the biggest advantages of engaging in child care solutions?

Next Steps and Engagement

- Is the organization's leadership invested in this issue?
- Who within the organization would need to be involved and/or what components would need to be in place for work to move forward?
- What would you see as next steps for your organization's engagement in child care?

Identify Employer Child Care Solutions

Based on the child care needs of the region and the interest and capacity of employers to engage, as determined through the employer interviews, consider the varied strategies for employer engagement on child care. Within a region, it may be advantageous to support multiple types of child care solutions across different individual employers, based on readiness and financial capacity.

Menu of Options for Employer Child Care Engagement				
Strategy	Description	Estimated Employer:		
		Cost	Effort	Impact
Employee Child Care Needs Assessment	Survey of employees to assess child care needs and value of employer-supported services	$	Low	Low
Resource and Referral Service	Funding for services for employees to receive support and guidance when searching for child care	$	Low	Low
Child Care Cost Share	Employer contribution toward cost of employee child care	$ – $$	Medium	Medium
Guaranteed Slots	Employer underwriting tuition costs of child care slots at local operator for employee use	$ – $$	Medium	Medium
Employee Dependent Care Flexible Savings Account (FSA)	Employer offering of and contribution into Flexible Savings Account for employees to use for child care	$ – $$	Low	Medium
Child Care Pooled Fund or Regional Trust	Employer contribution of funding and/or real-property into pooled fund or regional trust to build child care supply for region's workforce	$ – $$$	Medium	High
Co-located Child Care	Employer repurposes existing or develops new facility space for on- or near-site child care for employees	$$ – $$$	High	High
Employer Consortium Model	Multiple employers within the region funding a shared child care center for their employees	$$ – $$$	High	High

KEY EXAMPLE

Massanutten Guaranteed Slots Pilot

Massanutten Ski Resort is piloting contracting with a child care operator to offer a guaranteed allotment for a set number of slots for their employees at a newly opened child care facility, with Massanutten providing funding to subsidize the employees' child care costs at the new facility.

WHAT TO EXPECT: BRINGING EMPLOYERS INTO THE CHILD CARE FOLD

For many employers, investing in child care is a new and potentially overwhelming possibility. While employers increasingly understand the impact of child care on business productivity, employers benefit from having a clear path forward for them to follow that includes an actionable plan, coordination infrastructure, and capital. The actions to bring employers into the child care fold are well-suited for the role of the Regional Delegations and through the Delegations' state partnerships with VECF and the Virginia Business Roundtable for Early Education (VBREE).

- **Actionable Plan:** Recommended strategies or roadmap with clear opportunities for engagement in child care and anticipated return on investment for workforce
- **Coordination Infrastructure:** Convening of cross-sector engagement between stakeholders, including multiple employers, developers, and child care providers
- **Capital and Subsidies:** Pathways to funding sources, government subsidies or tax incentives, and grant opportunities for employers, and insight on how employers can both contribute and the value gained through workforce return on investment

KEY INSIGHT

Statewide Employer Survey

When child care doesn't work for families, families can't work. A statewide survey of hundreds of Virginia employers in December 2025 showed that the lack of affordable, quality child care options is not just an issue for families — it's a problem for businesses too.

More than 80% of employers statewide indicated that the lack of affordable, quality child care options impacts hiring and retention and business productivity. Due to inadequate child care, employers reported that 65% of their employees reduce hours, and many turn down job offers or promotions (41%) or are forced to leave jobs (34%) to care for their children. Organizations with nontraditional work schedules, such as those with shift work, were more likely to report child care challenges negatively affecting their business and workforce.

This survey was sponsored by the Virginia Chamber Foundation, the Federal Reserve Bank of Richmond, and the Virginia Early Childhood Foundation. Results can be accessed here.

CONCLUSION: EMPLOYERS BENEFIT FROM CHILD CARE AND ARE POSITIONED TO ENGAGE IN SOLUTIONS

Employers benefit from employee access to reliable, affordable child care, and their stake in child care creates an opportunity to engage employers in child care solutions. Employers want to help, but need support and coordination to know how to invest.

LEARN MORE

Virginia Resources

- Ballad Health Center for Early Learning. Near-site child care center through Ballad Health in Abingdon, VA that offers preferred child care to Ballad Health employees, with extended hours to align with schedules of staff.
- Virginia Employer Survey. December 2025.

Out-of-State Resources

- Kentucky Employee Child Care Survey. List of recommended questions for employers to use to gauge their employees' child care needs and determine what type(s) of employer-provided child care support might be most impactful on the well-being of their employees.
- Iowa Child Care Solutions Fund. Pool or seed funding, capital grants for provider expansion, scholarship funds, etc.
- US Chamber of Commerce Foundation. Overview of key public-private child care partnership initiatives by state (since 2022), showing how costs and responsibilities are split between employers, families, and government, and the scope of each program.

State	Program Name	Year Launched/ Expanded	Employer Role	State Role	Estimated Reach
Michigan	MI Tri- Share Child Care Program	Pilot 2021; expanded 2022-23	Pay ~1/3 of employees' childcare costs; partner with regional hub	Pay ~1/3 via state funds; coordinate hubs/admin	13 hubs (59 counties); 713 children as of March 2024
Texas	Child Care Provider Expansion Initiative	2022 (ARP funded)	Partner with childcare provider (MOU) to create new or expanded childcare for employers	Grants for new childcare businesses or capacity expansions (totaled $84M); employer TA funding ($12M)	Statewide, hundreds of new slots expected (focus on deserts & infant-care) - ongoing
Iowa	Child Care Business Incentive Grants	2022 (Round 1); 2024 (Round 2)	Propose & lead local childcare expansion projects (solo or consortium of employers)	Grants to build or expand childcare centers (>$30M across rounds)	~875 new childcare slots created statewide (2022-25 awards)
Kentucky	Employee Child Care Assistance Partnership (EC-CAP)	2023 (statewide launch)	Contribute to employees' childcare costs (flexible amount; no set minimum or cap)	Match employer contributions dollar-for- dollar (up to 100%, tapering to 50% at higher incomes)	35 employers; 133 children served in first 6 months (as of Jan 2024)

State	Program Name	Year Launched/ Expanded	Employer Role	State Role	Estimated Reach
Tennessee	Non-Profit/ Employer Workforce (NEW) Care Partnership (pilot)	2024	Partner with non-profit & provider commit resources (funding, space, etc.) to create new childcare slots for employees	Grants (Child Care Improvement Fund- $15M/year for 3 years) to fund expansion of licensed childcare in partnership with employers	TBD - pilot projects in development (aims to add significant capacity over 3 years)
Wisconsin	“Partner Up!” (Project Growth)	2022 (Round 1); ran through 2024	Purchase childcare slots for employees at existing providers; pay 25-25% of true cost (option to cover parent 10% copay)	Subsidize remaining slot cost (65-75%) for duration of grant; improve provider compensation/ quality	88 businesses funded in first round (2022), hundreds of employee childcare slots filled
North Dakota	Working Parents Child Care Relief (WPCCR) (pilot)	2023	Offer ≥ $300/month per child (0-3) as childcare benefits for employees	Match employer contribution up to $300/month per eligible child (infant/toddler)	Pilot through 2026 (enrollment ongoing; each participating child gets up to $600/month support combined)
Indiana (Noble Co.)	Noble County Tri-Share Child Care Pilot	2023 (local launch)	Pay ~1/3 of employees’ childcare costs (for participating families in county)	County funds cover ~1/3 of cost (public share) for each family	~15-25 children supported in pilot year (est.) (small-scale local program)
New York	Employer-Supported Child Care Pilot	2023 (FY24 Budget)	Cover ~1/3 of cost for employees’ childcare in pilot regions (moderate-income families)	Match employer contribution (~1/3 of cost) with state funds, reducing family’s share	3 regions; ~$4.8M funding allocated (pilot underway, # of families TBD)
North Carolina	Tri-Share Pilot (Smart Start partnerships)	2024	Cover ~1/3 of employees’ childcare cost in selected pilot communities (via participating employers)	Fund ~1/3 of cost via state Smart Start hubs; $900k/yr pilot funding for 3 sites	3 counties (pilot sites); planning phase in 2023-24

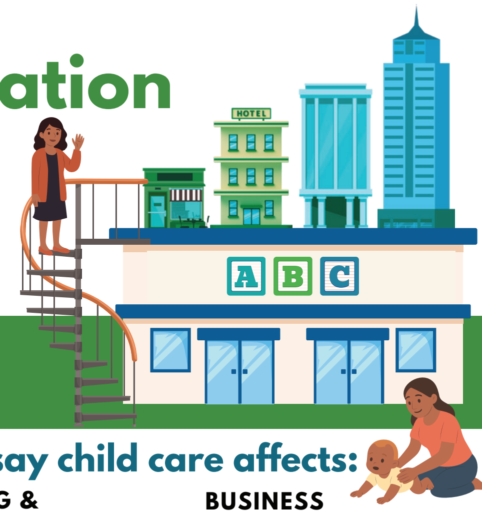
Financing Resources

- Employer-provided child care credit (IRS 45F). The Employer-Provided Childcare Credit offers employers a tax credit up to $150,000 per year to offset 25% of qualified childcare facility expenditures and 10% of qualified childcare resource and referral expenditures.
- Dependent Care FSA. Dependent care FSA is an employer-sponsored benefit that helps employees manage expenses associated with caring for a qualified dependent, such as a child care.

DECEMBER 2025

Child Care is the Foundation of Virginia's Economy

A statewide survey of hundreds of employers showed that the lack of affordable, quality child care options is not just an issue for families—it's a problem for businesses too.



Employers Report that Child Care Issues Are Taking a Toll on Virginia Businesses

Due to inadequate child care options, employers say:

% OF EMPLOYERS

- **88%** Employees are late or miss work
- **65%** Workers reduce hours
- **41%** Job offers & promotions are declined
- **34%** Workers leave jobs

Employers say child care affects:

HIRING & RETENTION
81%
OF EMPLOYERS

BUSINESS PRODUCTIVITY
85%
OF EMPLOYERS

Impacts in Virginia are especially severe in these critical industries:

- **Hospitality, Food, & Retail**
- **Trade & Transportation**
- **Health Care**

Organizations with nontraditional work schedules (e.g., shift work, unpredictable or inconsistent hours) were more likely to report child care challenges negatively affecting their business and workforce.

Virginia's Working Families Struggle to Find and Afford Child Care

65%
OF EMPLOYERS
said employees can't find child care programs with open seats.

86%
OF EMPLOYERS
said employees struggle with child care expenses.

Employers Want to Help

Though fewer than 20% currently offer these benefits, employers would consider:

Child care referral services	74%
Cost share models	56%
Employer-sponsored child care	48%
Child care subsidies or vouchers	47%

But Need Support

Cost is the biggest barrier for businesses. Employers called for:

- Increased state funding for child care
- Incentives to increase business, private, & local investment in child care

TOGETHER WE CAN MAKE CHILD CARE WORK.

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