



February 7, 2024

Representative Luke E. Torian,
Chairman of the House Appropriations Committee
900 E. Main Street
Richmond, VA 23219

RE: Small business support for HB 419, Early childhood care and education system; funding formula, nonreverting fund; legislation that supports childcare investments in Virginia.

Dear Chairman Torian and members of the Committee:

As a representative of Virginia's small business community, Small Business Majority writes today to urge you to pass HB 419, Early childhood care and education system; funding formula, nonreverting fund, legislation that would help close the gap in childcare investments in Virginia.

Small Business Majority is a small business organization that empowers diverse entrepreneurs to build a thriving and equitable economy. We engage our network of more than 85,000 small businesses and 1,500 business and community organizations to advocate for public policy solutions and deliver resources to entrepreneurs that promote equitable small business growth.

Prioritizing childcare, in all its forms, is an investment that will have greater returns for Virginians and small businesses. On the one hand, increasing access to early childhood programs and centers can support working families in their search for quality care and peace of mind as they head to work. On the other hand, investing in subsidies for childcare providers and incentivizing partnerships to create a mixed delivery system will support small childcare businesses and ensure providers earn a living wage.

Without securing and expanding on Governor Youngkin's proposed childcare investments, [childcare funding](#) in the state will drop by nearly \$300 million and more than 35,000 children could lose access to childcare and early education services by the end of the 2024 fiscal year. What's more, over 37,000 parents could experience a childcare-related job disruption, impacting small businesses' productivity and their bottom lines. For small businesses across the state, that is a significant concern, especially in rural communities, as they struggle to find and retain qualified workers. A Bipartisan Policy Center [report](#) on gaps in childcare in Virginia found that rural communities in the Commonwealth are more underserved than urban communities.

This is why it's critical that you pass HB 419. HB419 would establish a funding formula to ensure predictable funding for publicly funded early childhood care and education programs based on cost of quality, parent demand, and projected growth in program participation. It would create a non-reverting Early Childhood Care and Education Fund to safeguard and maximize childcare funds for distribution. And finally, the legislation would establish the RecognizeB5 early childhood educator incentive program, an existing program that has proven to effectively improve worker retention and address widespread childcare staffing shortages.

We urge you to pass HB 419 to ensure the viability, accessibility and affordability of childcare in Virginia.

Sincerely,

Awesta Sarkash
Public Policy Director
Small Business Majority