

Department of Planning and Budget
2025 General Assembly Session
State Fiscal Impact Statement

While attendance, including duration during each day, is currently tracked, time of day is not currently used to determine payments. Implementing this legislation would require significant technological changes in order to tie authorizations and payment information to specific times of the day. This would depend on the implementation of a new attendance tracking system that is currently slated to be replaced by Fall 2025. Implementing the requirements of this bill into the scope of the new attendance tracking system would be a significant change and could delay implementation of the system and the ability to implement this bill. DOE estimates that updates to the scope of work of the attendance tracking system specifically to meet the provisions of this bill could cost up to \$200,000 one time in FY26.

This bill would also require the Va Case Management System (VaCMS), which is operated by DSS, to be modified. The expected system changes will include: (i) adding functionality to accommodate a new payment rate, (ii) identifying vendors offering services outside normal business hours, (iii) updating authorization and waitlist workflows to include new unit types, and (iv) refining payment search functionalities to reflect new units and rates. Due to the magnitude of changes that would be required to implement this bill, and the need to integrate with the new attendance system, the system changes could take over a year to implement. DSS and DOE estimate that the one-time costs to update VaCMS could range from \$790,000- \$850,000 in FY26.

If additional general fund is not provided, the one-time costs for system upgrades would have to be covered by federal discretionary Child Care Development Fund (CCDF) funding in FY26 at the expense of other CCDF spending priorities.

This bill would raise the maximum reimbursable Child Care Subsidy Program (CCSP) payment rate for certain providers, which would increase the cost of a slot for the families. At this time DOE is not able to precisely estimate the number of families and child care providers that this bill would impact. Based on analysis from a survey conducted of current CCSP families and their stated preferences for nontraditional care hours, DOE is able to roughly estimate that an additional \$30.4M would be needed per year to accommodate the higher maximum reimbursable rate. In order to continue to fund the same number of slots for CCSP, that additional \$30.4 million would need to be provided from the general fund beginning in FY27. The actual impact in future years would depend on the actual maximum reimbursable rates that are set, as well as the actual demand. If additional general fund is not provided, the number of CCSP slots supported by existing general and federal funds would be reduced.

This bill would require the Commission on Early Childhood Care and Education to make recommendations on the actual rates. Any costs for this additional work can be absorbed.

Other: None.