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

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Bill Number: HB1771 Patron: McClure

Bill Title: Employee Child Care Assistance Pilot Program.

Bill Summary: Establishes the Employee Child Care Assistance Pilot Program (the Program) to provide matching funds to employers in order to incentivize employers to contribute to the child care costs of their employees. The Program shall be administered by the Virginia Early Childhood Foundation (the Foundation). To participate in the Program, an employer shall agree to make child care contributions to the eligible mixed-delivery provider on behalf of the employee and shall provide any other information deemed necessary by the Foundation. To the extent funds are available, the Foundation shall issue a state match directly to such eligible mixed-delivery provider or to a third-party administrator. Program funds shall be awarded on a first-come, first-served basis; however, the Foundation is encouraged to prioritize awards to proposals involving contributions from small businesses. The bill requires the Virginia Early Childhood Foundation to provide an interim report to the General Assembly by September 1, 2026, and a summative report to the General Assembly by September 1, 2027, on the effectiveness and impact of the Program.

Budget Amendment Necessary: No Items Impacted: 117, 124

Explanation: This bill establishes a pilot program with such funds as may be appropriated for such

purposes; therefore a budget amendment is necessary only if funds are provided for grants.

Any actual impact for grant awards would depend on the amount appropriated. The

Department of Education anticipates that if significant funding were provided, an additional position and funding would be needed to support administrative work related to the pilot.

Fiscal Summary: See below.

General Fund Expenditure Impact:

| Agency | FY2025 | FY2026 | FY2027 | FY2028 | FY2029 | FY2030 |
|---------------|--------|---------------|---------------|---------------|---------------|---------------|
| 201 (DOE) | \$0 | indeterminate | indeterminate | indeterminate | indeterminate | indeterminate |
| | | | | | | _ |
| TOTAL | \$0 | indeterminate | indeterminate | indeterminate | indeterminate | indeterminate |

Fiscal Analysis: This bill establishes the Employee Child Care Assistance Pilot Program, which would be administered by the Virginia Early Childhood Foundation (VECF). The bill directs VECF to establish the program and with any funds that are appropriated, to provide a state match to mixed-delivery providers for any funds provided from an employer. Funds are already appropriated to the VECF under Items 124 and 125.10 for the administration of and slots in the Mixed Delivery Program. Any additional cost for state matching funds for this pilot program is indeterminate and would depend on the amount appropriated.

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This pilot program would exist as part of the Mixed Delivery program which is administered by VECF and overseen by the Department of Education (DOE). Based on experience with previous pilot programs, DOE anticipates that the impact of a small pilot program could be absorbed by existing staff. However, if the pilot program funds more than approximately 250 additional slots in Mixed Delivery, DOE anticipates that an additional position at a total estimated cost of \$140,952 general fund per year, including salary and benefits, would be required. Any actual impact is indeterminate and would depend on the additional funding provided.

Other: This bill is identical to SB1414 as introduced.