

Department of Planning and Budget
2026 General Assembly Session
State Fiscal Impact Statement

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ORIGINAL

Bill Number: SB394 **Patron:** Pekarsky
Bill Title: Board of Education; artificial intelligence use in instructional settings; development of AI safety guidance required; AI Innovation in Education Pilot Program established; report.

Bill Summary: Requires the Board of Education, in consultation with the Department of Education's Office of Educational Technology and Classroom Innovation, the Virginia Information Technologies Agency, and other relevant stakeholders, to establish and post in a publicly accessible location on its website guidance for the safe, ethical, and equitable use of artificial intelligence (AI), as defined in the bill, in public elementary and secondary schools. The bill requires each school board to establish, implement, and enforce policies consistent with the guidance developed by the Board in accordance with the provisions of the bill. The bill also directs the Department to establish and oversee the AI Innovation in Education Pilot Program for the purpose of funding, evaluating, and scaling innovative uses of AI in public elementary and secondary schools by providing support to school divisions in piloting AI applications for instruction, tutoring, student engagement, operational efficiency, and teacher support with an annual report to the Chairs of the House Committee on Education and the Senate Committee on Education and Health by December 1. The Pilot Program has an expiration date of July 1, 2030.

Budget Amendment Necessary: Yes **Items Impacted:** 123, 124

Explanation: The Department of Education would require additional funding to support the work to develop the guidance required by this bill. This bill also establishes the AI Innovation in Education Pilot Program with such funds as may be appropriated; therefore a budget amendment is necessary for this program only if funded. If funded, the Department of Education anticipates the need for additional funding and a position would be needed to support administrative work related to the pilot.

Fiscal Summary: The Department of Education (DOE) anticipates the need for one position at a total estimated cost of \$141,604 general fund per year beginning in FY27 to support the development of and implementation of guidance on AI usage per the requirements of the bill. DOE also anticipates, that if funding is provided for the AI Innovation in Education Pilot Program, then DOE would require one position at a total estimated cost of \$141,604 general fund per year beginning in FY27 to administer the program. The pilot program expires on July 1, 2030, so this fiscal impact statement assumes this position would be a restricted position.

General Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
201 (DOE)	\$0	\$283,208	\$283,208	\$283,208	\$283,208	\$141,604
197 (Direct Aid)	\$0	indeterminate	indeterminate	indeterminate	indeterminate	indeterminate
TOTAL	\$0	indeterminate	indeterminate	indeterminate	indeterminate	indeterminate

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Position Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
201 (DOE)	0	2	2	2	2	1
TOTAL	0	2	2	2	2	1

Fiscal Analysis: This bill requires the Board of Education to establish guidance for the safe, ethical, and equitable use of AI in instructional settings in schools. The Department of Education (DOE) does not currently have staff with expertise available to develop these guidelines. DOE anticipates the need for one position at an estimated cost of \$141,604 general fund per year beginning in FY27, including salary, benefits, and technology, to develop the guidelines and coordinate with school divisions and ensure ongoing compliance and reporting.

The bill also establishes the AI Innovation in Education Pilot Program with such funds as may be appropriated. Based on recent responses to RFIs at DOE related AI educator training, DOE estimates that a successful pilot program could cost about \$2.0 million to \$7.0 million. Any actual impact for this program would depend on the amount appropriated.

If the pilot program is funded, DOE anticipates the need for an additional position to support administration and oversight of the pilot program. DOE estimates a cost of \$141,604 general fund per year, including salary, benefits, and technology. The pilot program expires on July 1, 2030, so this fiscal impact statement assumes this position would be a restricted position.

Any impact to local school divisions is indeterminate.

Other: None.