

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

PUBLISHED: 2/2/2026 1:01 PM

ORIGINAL

Bill Number: HB103

Patron: Ballard

Bill Title: Department of Behavioral Health and Developmental Services; Early Intervention Program for Infants and Toddlers with Disabilities; program extension.

Bill Summary: Directs the Department of Behavioral Health and Developmental Services to take all steps necessary to implement the federal extension option for the federal Early Intervention Program for Infants and Toddlers with Disabilities to allow children four years of age or younger to receive services through such program.

Budget Amendment Necessary: Yes

Items Impacted: 290, 291, and 297

Explanation: This expansion will require additional resources in the Early Intervention – Part C program at the Department of Behavioral Health and Developmental Services and the Department of Medical Assistance Services.

Fiscal Summary: This legislation will require the Department of Behavioral Health and Developmental Services (DBHDS) to seek expansion of the Early Intervention - Part C program to extend the years of eligibility from birth through age 2, to birth through age 4, pursuant to federal guidelines.

The federal Grants for Infants and Families program (Part C) awards formula grants to assist states in implementing systems of coordinated, comprehensive, multidisciplinary, interagency programs and making early intervention services available to children with disabilities, aged birth through two, and their families. Under the program, states are responsible for ensuring that appropriate early intervention services are made available to all eligible birth-through-two-year-olds with disabilities and their families. The Individuals with Disabilities Education Act (IDEA) gives states the discretion to extend eligibility for Part C services to children with disabilities who are eligible for services under section 619 (Preschool Grants) and who previously received services under Part C, until such children enter or are eligible under state law to enter kindergarten or elementary school, as appropriate.

Part C is funded by a variety of sources, including state general fund, local funds, Medicaid reimbursement, third party and other payers. The federal government provides annual grants to states to offset the costs of implementing the program. The table below shows the amount DBHDS has received annually since 2020, including funds for administration and system costs.

Budget Year	Award Amount
7/1/19-9/30/20	\$ 11,434,181
7/1/20-9/30/21	\$ 11,671,543
7/1/21-9/30/22	\$ 11,790,096
7/1/21-9/30/22 (Covid supplement)	\$ 5,730,816
7/1/22-9/30/23	\$ 12,193,452
7/1/23-9/30/24	\$ 13,058,628

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

7/1/24-9/30/25	\$ 13,149,524
7/1/25-9/30/26	\$ 13,997,652

Federal funds associated with expanding Part C are not guaranteed. Federal funds are available to support states implementing the extension option only when the federal appropriation for Part C exceeds \$460 million. In those years, the federal Department of Education reserves funds to award State Incentive Grants (SIGs) to states implementing the Part C Extension Option. The amount available per state depends on the number of states implementing the extended option and their proportion of children served. Thus, any federal participation is indeterminate and not considered in this fiscal impact statement.

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>
790		\$3,802,275	\$7,604,551	\$7,604,551	\$7,604,551	\$7,604,551
602		\$1,581,336	\$5,270,498	\$5,270,498	\$5,270,498	\$5,270,498
TOTAL		\$5,383,611	\$12,875,049	\$12,875,049	\$12,875,049	\$12,875,049

Nongeneral Fund Expenditure Impact:

<u>Agency</u>	<u>FY2026</u>	<u>FY2027</u>	<u>FY2028</u>	<u>FY2029</u>	<u>FY2030</u>	<u>FY2031</u>
602		\$1,681,527	\$5,600,767	\$5,600,767	\$5,600,767	\$5,600,767
TOTAL		\$1,681,527	\$5,600,767	\$5,600,767	\$5,600,767	\$5,600,767

Fiscal Analysis: In FY 2025, Virginia served 23,429 eligible infants, toddlers and families with early intervention services. Based on exiting data from 2025, approximately 2,226 children would be eligible for the extension option in the first year of implementation (children who were eligible for Part B when exiting Part C). For this fiscal impact statement, it is assumed that a high percentage of eligible families are going to choose to stay in Part C since they and their child already have a relationship with the providers and the Part C program is more family-centered than Part B. It is also assumed that the cost for services for the expansion population will be consistent with the cost for the current population.

For the purposes of this fiscal impact statement, the Medicaid/Children's Health Insurance Program (CHIP) and non-Medicaid costs will be split into two sections. Additionally, it is assumed that the population will be stable as children age in and out of eligibility.

Non-Medicaid Costs – Department of Behavioral Health and Developmental Services

Based on the most recent available data from 2025, the following table breaks down total non-Medicaid funding sources for direct services provided to the current population:

Revenue Source	FY 2025 Revenue	Percent of Total
State Part C Funds	\$ 30,553,977	40.5%
Local Funds	\$ 17,572,599	23.3%

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

Federal Part C Funds	\$	9,465,568	12.6%
Private Insurance and TRICARE	\$	5,894,385	7.8%
Family Fees	\$	1,680,181	2.2%
In-Kind	\$	1,972,595	2.6%
Other State General Funds	\$	610,701	0.8%
Grants/Gifts/Donations	\$	58,242	0.1%
Other	\$	7,498,382	10.0%
TOTAL	\$	75,306,630	

Dividing by the number of children served in 2025 by the total of \$75,306,630 yields a total non-Medicaid cost per child of \$3,214. The number of eligible children will increase in the second year to account for the original cohort of children from year one plus a new cohort who are aging out of Part C in year 2 and eligible for the extension option.

Because it is unknown if additional federal resources will be available, this fiscal impact statement applies the percentage of current costs covered by state general fund and federal grant funds to the projected general fund cost to DBHDS. This estimate also assumes that Medicaid/Children's Health Insurance Program (CHIP), local governments, insurance, and other private payors will continue to cover consistent percentages of the program.

State Part C GF	40.5%
Federal NGF	12.6%
Total	53.1%

When this is applied to the total possible caseload, the costs to the Department of Behavioral Health and Developmental Services are as follows:

	FY 2027	FY 2028+
Number of Children	2226	4452
Cost per Child	\$3,214	\$3,214
Total Cost	\$7,154,917	\$14,309,835
Percentage GF	53.1%	53.1%
Total GF Cost	\$3,802,275	\$7,604,551

Medicaid/CHIP costs – Department of Medical Assistance Services (DMAS):

The bill would impact Medicaid and Children's Health Insurance Program (CHIP) expenditures by requiring coverage of Early Intervention (EI) services for children up to and including those four years of age. Currently, the program in Virginia covers children up to but not including those three years of age. In fiscal year 2025, DMAS expenditures for EI services for children under one were \$5.1 million, for children aged one, \$11.1 million, and for those aged two, \$16.4 million.

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

A child has to be enrolled in EI on their third birthday in order to qualify for the extension of services for three and four year olds. According to enrollment data provided by DBHDS, of the 2,226 children who would qualify for this extension in the first year, 54 percent would be covered by Medicaid. The fiscal impact of this legislation is estimated at \$3.3 million (\$1.6 million general fund) in fiscal year 2027 and \$10.9 million (\$5.3 million general fund) in fiscal year 2028.

Other: This bill is a companion to SB205.