

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

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ORIGINAL

Bill Number: HB18E **Patron:** McClure
Bill Title: Employee Child Care Assistance Program established.

Bill Summary: Establishes the Employee Child Care Assistance Program to provide matching funds 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. 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 or to a third-party administrator, as defined by the bill, and shall provide any other information deemed necessary by the Foundation. The bill specifies that, to the extent funds are available, the Foundation shall issue a state match to a third-party administrator. Program funds shall be awarded on a first-come, first-served basis; however, the bill clarifies that the Foundation is encouraged to prioritize awards to proposals involving contributions from small businesses. The bill requires the Foundation to provide an interim report to the General Assembly by September 1, 2028, and a summative report to the General Assembly by September 1, 2030, on the effectiveness and impact of the Program.

Budget Amendment Necessary: No **Items Impacted:** 123, 124, 126

Explanation: The bill establishes the Employee Child Care Assistance Program with such funds as may be appropriated; therefore a budget amendment is only necessary if funding is provided. Any actual impact for grant awards or administration 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	FY2026	FY2027	FY2028	FY2029	FY2030	FY2031
DOE (201)	\$0	indeterminate	indeterminate	indeterminate	indeterminate	indeterminate
197 (Direct Aid)	\$0	indeterminate	indeterminate	indeterminate	indeterminate	indeterminate
TOTAL	\$0	indeterminate	indeterminate	indeterminate	indeterminate	indeterminate

Fiscal Analysis: This bill establishes the Employee Child Care Assistance Program, which would be administered by the Virginia Early Childhood Foundation (VECF). The bill directs VECF to administer the program and, with any funds that are appropriated, to provide a state match directly to a third-party administrator. Funds are currently appropriated to the VECF under Item 124 to administer the Mixed Delivery Program and Item 126 to support slots in the Mixed Delivery Program. Any additional cost for state matching

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funds for this program and for VECF to administer the program is indeterminate and would depend on the amount appropriated.

The provisions of this bill allow VECF to incorporate the program into the Mixed Delivery program and prescribes that the eligibility requirements shall be set forth in the general appropriation act. If the program is incorporated into Mixed Delivery, a cost estimate can be based on current Mixed Delivery costs, which limits family contributions to an estimated \$930 annually and would require a combined state and employer contribution of an average of approximately \$14,000, with actual costs depending on the child age and geographic region. The actual state cost per child served would depend on the employer contributions and the guidelines established by VECF.

While this program would be administered by VECF, it would require oversight by the Department of Education (DOE). DOE anticipates that the impact of a small pilot program could be absorbed. However, if the program funds more than approximately 250 additional child care slots, DOE anticipates that additional staff would be required to implement and oversee the program at an estimated cost of \$114,629 general fund in the first year and \$80,153 general fund ongoing.

Item 123 of the Governor's Introduced Budget, HB/SB 30, proposes \$1,000,000 general fund in FY27 for DOE to provide as matching funds to incentivize employer contributions to child care subsidy accounts and \$500,000 general fund in FY27 and FY28 for DOE to maintain a digital platform to support these accounts. Budget language directs specific requirements for these funds that differ from the requirements of this bill. If these funds were to be integrated into the program established by this bill, an amendment would be required.

Other: This bill is similar to SB3 as introduced and similar to SB119 as introduced.