

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. Bill Number: HB1375

House of Origin	<input type="checkbox"/>	Introduced	<input checked="" type="checkbox"/>	Substitute	<input checked="" type="checkbox"/>	Engrossed
Second House	<input checked="" type="checkbox"/>	In Committee	<input type="checkbox"/>	Substitute	<input type="checkbox"/>	Enrolled

2. Patron: Gardner

3. Committee: Finance and Appropriations

4. Title: Early childhood care and education; publicly funded providers.

5. Summary: Provides that any locality wishing to participate in the Virginia Preschool Initiative (VPI) must submit a proposal by May 15 of each year identifying a lead VPI agency responsible for developing a local plan for the delivery of preschool services to at-risk children. A local match based on the composite index of local ability to pay is required to fund such a proposal. The proposal must include the number of at-risk four-year-olds and three-year-olds to be served and eligibility criteria for participation. Upon acceptance, the Department will disburse state VPI funds to the lead VPI agency in such localities, which may be used with local matching funds to provide preschool education, health services, social services, parental involvement services, and transportation. The Department must establish academic standards for VPI programs that prepare students to successfully enter kindergarten. Full day VPI programs must operate for a minimum of five and a half instructional hours per day, while half day VPI programs operate for a minimum of three instructional hours per day. The bill requires the Department of Education to collect information from VPI and the Mixed Delivery Grant Program to compile a comprehensive report on the use of state funds, including the number of slots and funding allocated to each local program or provider and the number of slots that have been filled.

The bill codifies the Child Care Subsidy Program, which is currently established pursuant to regulations of the Board of Education, for the purpose of assisting families who meet certain eligibility criteria with the cost of child care provided by approved vendors. The bill requires the Child Care Subsidy Program to be overseen by the Department of Education and permits the Department to contract with state and local agencies to administer the Program. The bill requires the Department and Board of Education, as applicable, to establish rules, regulations, policies, procedures, and standards for the Program.

The bill also codifies the Mixed Delivery Grant Program, which is currently established pursuant to the general appropriation act, for the purpose of awarding grants on a competitive basis to local public entities that enter into partnerships with local private early childhood care and education entities and other community organizations, as applicable, to provide, under the direction and leadership of a lead agency identified in the grant proposal, high-quality care and education, either part time or full time, for at-risk infants, toddlers, and

preschool-age children who reside in the locality. The bill requires the Mixed Delivery Grant Program to be administered by the Virginia Early Childhood Foundation in partnership with the Department of Education and, consistent with any provisions relating to the Program in the general appropriation act, requires the Foundation and the Department to establish policies, procedures, and standards for the Program.

6. **Budget Amendment Necessary:** Yes. Language amendments in Items 117, 124, and 125. Appropriation amendment in Item 125.
7. **Fiscal Impact Estimates:** Preliminary, see item 8.
8. **Fiscal Implications:** This bill codifies several early childhood care and education programs. These programs are currently included in budget language. Budget language amendments may be necessary to remove any conflicts between the provisions of the bill and the programs as described in the budget. The Governor's introduced budget for the 2024-2026 biennium, HB/SB 30, 2024 General Assembly Session, includes funding for these programs and their administration, therefore no budget amendment is required to establish appropriation for these programs.

The bill requires the Department of Education (DOE) to collect information related to funding and slots for these programs from Mixed Delivery and Virginia Preschool Initiative (VPI) providers and report on this each year by December 31 to the General Assembly. The bill also requires DOE, in collaboration with the Department of Social Services (DSS), to provide to the Governor and General Assembly by October 1 each year a Child Care and Development Fund report. There are no additional costs expected for DOE and DSS to complete these reporting requirements.

The bill requires that in determining the state and local shares of funding provided for the VPI Program, the composite index of local ability to pay shall be capped at 0.5000. HB/SB30 provides funding for the VPI program based on each school division's actual composite index with no cap applied. DOE estimates that applying the cap would require additional state funding of \$7.9 million general fund in FY25 and \$7.8 million general fund in FY26. Any impact in future biennia is indeterminate and would depend on the Direct Aid to Public Education budget as rebenchmarked. The increased state support results in a like savings to local school divisions with a LCI above 0.5000.

9. **Specific Agency or Political Subdivisions Affected:** Department of Education, Board of Education, Department of Social Services, local school divisions
10. **Technical Amendment Necessary:** No
11. **Other Comments:** No