

Department of Planning and Budget 2024 Session Fiscal Impact Statement

1. **Bill Number:** HB419S1

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** Bulova

3. **Committee:** Finance and Appropriations

4. **Title:** Early childhood care and education system; need- and demand-based funding.

5. **Summary:** Requires that state general funds shall be provided as specified in the appropriation act to support the provision of services to families for early childhood care and education. Requires the Department of Education to annually project and report the state general funds needed for the upcoming two fiscal years in order to maintain the current number of slots, increase the number of slots using a projected growth rate, and increase the number of slots to fully accommodate parent demand and eliminate waitlists at early childhood care and education sites. The bill requires such projected general funds to be based on the annual per-child cost, determined as set forth in the bill, for the Virginia Preschool Initiative, the Mixed Delivery Program, and the Child Care Subsidy Program, the current eligibility criteria for such programs, and maximization of certain regularly recurring federal funds. The bill requires each regional entity established by the Board of Education pursuant to applicable law, each local school division, and each locality to annually indicate the number of slots needed, respectively, in the region for the Mixed Delivery Program, the local school division for the Virginia Preschool Initiative, and the locality for the Child Care Subsidy Program. The bill requires the Department of Education to (a) reallocate by July 1 any slots with available funding from the Child Care Subsidy Program and the Mixed Delivery Program, (b) make adjustments based on family preferences following the fall enrollment periods, (c) first expend all current-year state general funds in providing funding for slots, and (c) if waitlists for slots at early childhood care remain, use available funds from the Early Childhood Care and Education Fund established by the bill to address family demand and preferences.

6. **Budget Amendment Necessary:** Yes, language amendments and nongeneral fund appropriation in Item 117, Item 124, and Item 125.

7. **Fiscal Impact Estimates:** Preliminary, see item 8.

8. **Fiscal Implications:** The bill requires that state general funds to support the provision of services to families at early childhood care and education sites shall be provided as specified in the appropriation act. The Governor's introduced budget for the 2024-2026 biennium, HB/SB 30, 2024 General Assembly Session, includes funding for these services, therefore no budget amendment is required to meet this provision.

This bill requires DOE to each year report to the Governor and General Assembly the projected general funds needed for the upcoming two fiscal years to: (i) maintain the current number of early childhood care and education slots; (ii) increase the number of slots using a projected growth rate; and (iii) increase the number of slots to fully accommodate parent demand and eliminate waitlists. DOE can absorb any costs to develop these cost projections.

The bill also requires publicly funded providers to report on the number of slots needed for certain early childhood care and education programs. Based on this, DOE is directed to reallocate slots with available funding by July 1 and again after the fall enrollment period. A budget language amendment would be required allowing funds appropriated for a specific program to be reallocated to other programs.

The bill establishes a new non-general fund to be known as the Early Childhood Care and Education Fund. At this time, it is not possible to estimate what amounts may be deposited into the Fund. An amendment appropriating these funds to be used on early childhood services may be required.

9. Specific Agency or Political Subdivisions Affected: Department of Education, local school divisions

10. Technical Amendment Necessary: No

11. Other Comments: This bill is identical to SB54 as passed the Senate.