

1 HOUSE BILL NO. 419  
 2 AMENDMENT IN THE NATURE OF A SUBSTITUTE  
 3 (Proposed by the House Committee on Appropriations  
 4 on \_\_\_\_\_)  
 5 (Patron Prior to Substitute--Delegate Bulova)

6 A BILL to amend and reenact § 22.1-289.03 of the Code of Virginia, relating to early childhood care and  
 7 education system; need-based and demand-based funding; educator incentive; nonreverting fund  
 8 to capture unspent early childhood care and education funding balances.

9 **Be it enacted by the General Assembly of Virginia:**

10 **1. That § 22.1-289.03 of the Code of Virginia is amended and reenacted as follows:**

11 **§ 22.1-289.03. Early childhood care and education system; establishment; need-based and**  
 12 **demand-based funding, educator incentive, and nonreverting fund for early childhood care and**  
 13 **education sites.**

14 A. The Board shall establish a statewide unified public-private system for early childhood care and  
 15 education in the Commonwealth to ensure that every child has the opportunity to enter kindergarten  
 16 healthy and ready to learn. Such system shall be administered by the Board, the Superintendent, and the  
 17 Department and shall be formed, implemented, and sustained through a structure that engages and  
 18 leverages both state-level authority and regional-level public-private partnership assets.

19 B. It is the intent of the General Assembly that the system established pursuant to subsection A  
 20 shall (i) provide families with coordinated access for referral to early childhood education programs, (ii)  
 21 provide families with easy-to-understand information about the quality of publicly funded early childhood  
 22 care and education programs, (iii) establish expectations for the continuous improvement of early  
 23 childhood care and education programs, and (iv) establish shared expectations for early childhood care  
 24 and education programs among the Department of Education, the Department of Social Services, local  
 25 school divisions, and state and regional stakeholders.

26 C. The system established pursuant to subsection A shall consist of a combination of programs  
27 offered through (i) the Virginia Preschool Initiative, pursuant to § 22.1-289.09, or any other school-based  
28 early childhood care and education program; (ii) licensed programs, pursuant to Article 3 (§ 22.1-289.010  
29 et seq.); and (iii) unlicensed programs, pursuant to Article 4 (§ 22.1-289.030 et seq.).

30 D. To address family demand and preferences for affordable, high-quality early childhood care  
31 and education services, state general funds that support the provision of services to families at early  
32 childhood care and education sites shall be provided as specified in the general appropriation act. Each  
33 year, no later than December 1, the Department shall report to the Governor, the Chairmen of the House  
34 Committee on Appropriations, the House Committee on Education, the Senate Committee on Education  
35 and Health, and the Senate Committee on Finance and Appropriations the projected general funds needed  
36 for the upcoming two fiscal years in order to (i) maintain the current number of slots, (ii) increase the  
37 number of slots using a growth rate differential based on enrollment and parent demand growth in prior  
38 biennia, and (iii) increase the number of slots to fully accommodate parent demand and eliminate waitlists.  
39 Such projected general funds to meet such needs shall be based on:

40 1. An annual per-child cost determined through re-benchmarking for the Virginia Preschool  
41 Initiative;

42 2. An annual per-child cost based on the Department's federally approved alternative cost  
43 methodology for the Mixed Delivery Program;

44 3. An annual per-child cost based on the Department's federally approved alternative cost  
45 methodology for the Child Care Subsidy Program, which program shall be open to each child who is under  
46 the age of 13 in each family for as long as:

47 a. The family's income does not exceed 85 percent of the state median income;

48 b. The family includes at least one child who is five years of age or younger and has not started  
49 kindergarten; and

50 c. The family meets all other eligibility requirements;

51 4. Current program eligibility criteria; and

52 5. Maximization of regularly recurring federal funding including federal funding provided for the  
53 Child Care Subsidy Program, Early Head Start, or Head Start, or pursuant to Part B of the federal  
54 Individuals with Disabilities Education Act, 20 U.S.C. § 1411 et seq.

55 No later than May 15 before each upcoming year, each regional entity established by the Board  
56 pursuant to subsection D of § 22.1-289.05 shall indicate the number of slots needed in the region for the  
57 Mixed Delivery Program, each local school division shall indicate the number of slots needed in the local  
58 school division for the Virginia Preschool Initiative, and each locality shall indicate the number of slots  
59 needed in the locality for the Child Care Subsidy Program. The Department shall reallocate slots with  
60 available funding as determined pursuant to this subsection no later than July 1. Following fall enrollment  
61 periods, the Department shall make adjustments based on family preferences. In providing funding for  
62 slots pursuant to this subsection, all current-year state general funds shall be expended first. If waitlists  
63 for slots at early childhood care and education sites remain, available state general funds from prior years  
64 shall be used to address family demand and preferences.

65 E. To strengthen the quality of, attract new educators to, and reduce staffing shortages and turnover  
66 at early childhood care and education sites, there is hereby established an early childhood educator  
67 incentive program to be administered by the Department, hereinafter known as RecognizeB5, whereby a  
68 monetary incentive is provided to teachers who work directly with children for at least 30 hours per week  
69 at early childhood care and education sites that participate in the uniform measurement and improvement  
70 system established pursuant to subsection A of § 22.1-289.05 and known as VQB5, with the exception of  
71 teachers who are employed by local school boards. The Department shall base the distribution of funding  
72 pursuant to RecognizeB5 on the number of eligible teachers who provide services that address the actual  
73 data and growth rate differentials from the prior year. The Department shall submit to the General  
74 Assembly no later than December 1 of each year a report on the usage and impact of RecognizeB5 and  
75 any plans to phase out or otherwise transition RecognizeB5 based on its success in achieving the goals set  
76 forth in this subsection.

77 F. There is hereby created in the state treasury a special nonreverting fund to be known as the Early  
78 Childhood Care and Education Fund, referred to in this section as "the Fund." The Fund shall be

79 established on the books of the Comptroller. All funds appropriated for such purpose and any gifts,  
80 donations, grants, bequests, or other funds received on its behalf shall be paid into the state treasury and  
81 credited to the Fund. All balances of state general funds intended for the provision of services to families  
82 at early childhood care and education sites that are unspent at the end of each fiscal year shall not revert  
83 to the general fund but shall be paid into the state treasury and credited to the Fund. Interest earned on  
84 moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund,  
85 including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain  
86 in the Fund. Moneys in the Fund shall be used in the discretion of the Department solely for the purpose  
87 of providing early childhood care and education services within the system established pursuant to  
88 subsection A for children from birth to five years of age who have not yet entered kindergarten based on  
89 parent demand. Expenditures and disbursements from the Fund shall be made by the State Treasurer on  
90 warrants issued by the Comptroller upon written request signed by the Superintendent. The Superintendent  
91 shall include as part of the report on projected general fund needs required pursuant to subsection D an  
92 analysis of Fund revenues, distributions, and balances.

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