

HOUSE BILL NO. 419

AMENDMENT IN THE NATURE OF A SUBSTITUTE

(Proposed by the House Committee on Appropriations

on _____)

(Patron Prior to Substitute--Delegate Bulova)

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

Be it enacted by the General Assembly of Virginia:

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

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

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

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