

## Department of Planning and Budget 2016 Fiscal Impact Statement

**1. Bill Number:** HB242

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

**2. Patron:** Lingamfelter

**3. Committee:** Appropriations

**4. Title:** Virginia Preschool Initiative; local matching funds.

**5. Summary:** Removes the requirement for local governing bodies to commit to providing the required matching funds in order to qualify for grants under the Virginia Preschool Initiative.

**6. Budget Amendment Necessary:** Yes, Item 139.

**7. Fiscal Impact Estimates:** Preliminary. See Item 8.

**8. Fiscal Implications:** The proposed legislation seeks to remove the requirement that local governing bodies provide local matching funds for the Virginia Preschool Initiative (VPI).

Most of the requirements that this bill proposes to remove from the Code of Virginia are also set out with additional detail in the appropriation act. Corresponding budget amendments would be necessary for this bill to have any effect.

This bill does not require the state to pay the full cost of \$6,000 for each VPI slot. Consequently, the only funding provided would be the state's share, based on the composite index for each locality, of \$6,000 per slot. Localities would have the option to provide additional funding. In such a scenario, the Department of Education estimates the loss of required local spending to be approximately \$43.0 million in FY17 and \$43.4 million in FY18.

For budgeting purposes, the Department of Education assumes a 25.43 percent non-participation rate, projecting that localities will not fill over a quarter of available VPI program slots. If school divisions receive their current state funding for VPI but they do not receive local matching funds, the non-participation rate may increase.

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

**10. Technical Amendment Necessary:** None.

**11. Other Comments:** None.