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SENATE BILL NO. 1095**AMENDMENT IN THE NATURE OF A SUBSTITUTE**(Proposed by the Senate Committee on Finance
on January 29, 2019)

(Patrons Prior to Substitute—Senators Howell and Dunnavant [SB 1313])

*A BILL to amend the Code of Virginia by adding in Title 22.1 a chapter numbered 14.1, consisting of a section numbered 22.1-289.02, relating to early childhood care and education.***Be it enacted by the General Assembly of Virginia:****1. That the Code of Virginia is amended by adding in Title 22.1 a chapter numbered 14.1, consisting of a section numbered 22.1-289.02, as follows:****CHAPTER 14.1.****EARLY CHILDHOOD CARE AND EDUCATION.****§ 22.1-289.02. Early Childhood Innovation Fund; report.**

A. There is hereby created in the state treasury a special nonreverting fund to be known as the Early Childhood Innovation Fund, referred to in this section as "the Fund." The Fund shall be established on the books of the Comptroller. All funds appropriated for such purpose and any gifts, donations, grants, bequests, or other funds received on its behalf shall be paid into the state treasury and credited to the Fund. Interest earned on moneys in the Fund shall remain in the Fund and be credited to it. Any moneys remaining in the Fund, including interest thereon, at the end of each fiscal year shall not revert to the general fund but shall remain in the Fund. Moneys in the Fund shall be used solely for the purposes of awarding grants to successful applicants pursuant to this section. Expenditures and disbursements from the Fund shall be made by the State Treasurer on warrants issued by the Comptroller upon written request signed by the Superintendent of Public Instruction.

B. The Fund shall be used to facilitate regional public-private collaboration and to field test innovative strategies and evidence-based practices that support a robust system of comprehensive early childhood care and education services in order to deliver measurable school readiness outcomes and meet regional workforce support needs. The Fund shall be used to incentivize and encourage coordination among public and private early childhood care and education programs and to build capacity, quality, and expertise in fully utilizing and leveraging all available funding streams. Priority shall be given to applicants who commit to pursuing models of local governance that (i) promote the successful public-private delivery of early childhood care and education services that both increase school readiness and support working families; (ii) demonstrate efficient integration of public and private funds and innovative financing strategies; (iii) utilize incentives to stabilize and bolster the capacity of private sector early childhood care and education providers; (iv) leverage private and philanthropic resources to implement venture fund strategies; and (v) demonstrate impact on and value to the region's workforce and economy from grant activities.

C. The Virginia Early Childhood Foundation shall administer a request for proposal process to invite community applicants to respond with localized innovations and approaches to a public-private early childhood care and education system of services.

D. Grants shall be awarded by the Virginia Early Childhood Foundation, in consultation with the Department of Education and the regional Virginia Growth and Opportunity Boards. The Foundation shall notify the Department and regional Virginia Growth and Opportunity Boards of grant recipients.

E. In order to provide program flexibility and maximize local innovation, pursuant to a plan of innovation, grant recipients shall be exempted from selected regulatory provisions and be permitted to adopt alternative policies to meet the diverse needs of their community. Upon the request of any grant recipient and pursuant to a plan of innovation, other relevant state agencies and boards may grant additional waivers from agency or board regulations and guidelines, as deemed appropriate. Nothing in this subsection shall be construed to permit individuals or entities other than grant recipients to request and receive waivers pursuant to this subsection.

F. The Virginia Early Childhood Foundation shall annually report on grantee progress and any waiver received pursuant to subsection E to the Chairmen of the House Committees on Appropriations and Education and the Senate Committees on Education and Health and Finance.

2. That the Superintendent of Public Instruction and the Commissioner of Social Services shall convene a stakeholder group to consider the development of a statewide unified public-private system for early childhood care and education in the Commonwealth. The stakeholder group shall include affected state and local agencies and divisions; early childhood education and before and after school providers representing licensed, religious-exempt, private and independent, and Head Start early education programs; and other stakeholders identified by the Superintendent of Public Instruction or the Commissioner of Social Services. The stakeholder group shall (i) consult with

60 the School Readiness Committee on its study of early childhood care and education systems of
61 other states and evaluate the advantages and disadvantages of these potential models; (ii) develop
62 a plan for the Commonwealth to implement the various models that incorporate policy-making,
63 funding, governance, oversight, and accountability, with a planned implementation date of July 1,
64 2021, and work with the Department of Planning and Budget to consider the fiscal implications of
65 each model considered; (iii) ensure that any potential early childhood system focuses on the health,
66 safety, and well-being of children, ensures access for low-income children, and includes
67 developmentally appropriate education with a goal of kindergarten readiness; (iv) review and
68 consider the recommendations of the Joint Legislative Audit and Review Commission in its 2017
69 report entitled "Improving Virginia's Early Childhood Development Programs"; (v) evaluate the
70 effectiveness of current early childhood programs, especially the Child Care and Development
71 Block Grant, in providing access to quality services for low-income families and at-risk children,
72 and determine whether such families and children may be better served through other models
73 being considered for a unified early child care and education system; (vi) make a recommendation
74 as to the model determined to be the most appropriate for the Commonwealth; (vii) ensure that
75 any plan for a unified early child care and education system preserves current protections for
76 private and religious-exempt programs; and (viii) submit to the Joint Subcommittee on the
77 Virginia Preschool Initiative an interim report by August 15, 2019, for review and feedback, and a
78 final report by October 1, 2019.

79 3. That the Department of Education and the Department of Social Services shall conduct at least
80 four public hearings across the Commonwealth to seek public input on the development of a plan
81 for a unified early childhood care and education system.

82 4. That the Superintendent of Public Instruction and the Commissioner of Social Services shall
83 collaborate to develop a uniform quality rating and improvement system with required
84 participation by publicly funded early childhood education programs and voluntary participation
85 by privately funded providers. No private provider shall be required to participate in the uniform
86 quality rating system. The Superintendent of Public Instruction shall update the Joint
87 Subcommittee on the Virginia Preschool Initiative no later than October 15, 2019, on the
88 development of the uniform quality rating and improvement system and provide a plan, with a
89 timeline, for implementation.