

## Department of Planning and Budget 2019 Fiscal Impact Statement

**1. Bill Number:** HB1646

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

**2. Patron:** Bourne

**3. Committee:** Appropriations

**4. Title:** Virginia Preschool Initiative; enrollment, funding.

**5. Summary:** Permits any local school board to offer any slots in its Virginia Preschool Initiative program that remain unfilled by at-risk students after initial enrollment to students who reside in the school division and meet the age requirements but do not qualify as at-risk and to charge a fee for such enrollment. The bill permits any school board that charges a fee for such enrollment to use such fees for the purpose of meeting the required local match for its Virginia Preschool Initiative program.

**6. Budget Amendment Necessary:** Yes, Item 136 language amendment.

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

**8. Fiscal Implications:** Item 136.C.14.g. of HB1700, 2019 General Assembly Session, gives the Department of Education the authority to reassign unused Virginia Preschool Initiative (VPI) slots to school divisions that have utilized 100 percent of their calculated slots in the previous school year and have a waiting list for additional, unserved eligible children. Current budget language defines eligible children as “at-risk four-year-olds who are residents of Virginia and unserved by Head Start program funding” and “at-risk five-year-olds who are not eligible to attend kindergarten”. The language in HB1646 conflicts with existing eligibility criteria and reallocation guidance in the appropriation act. Furthermore, HB1646 gives local school divisions the authority to reassign unused VPI slots, whereas current budget language gives this authority to the Department of Education. A budget amendment would be required to allow localities to fill unused VPI slots in accordance with the provisions of this bill.

As written, it is not clear if the intent of this bill is to provide state support for the slots filled by non-at-risk children, or if the cost of such slots would be borne entirely by the locality and/or any fees charged by divisions. Assuming that these additional slots will be supported entirely by local funds and/or any fees charged for such slots, there is no anticipated state fiscal impact. Localities may incur costs to support these slots, such as additional teachers or classroom space. The bill does not provide any restrictions on the amount of fees that divisions may charge for these slots, so such fees could potentially cover any local costs resulting from the provisions of this bill.

If these additional slots receive state support, the additional state cost could reach \$25.0 million in fiscal year 2020. For budgeting purposes, the Department of Education assumes a VPI non-participation rate based upon historical statewide VPI slot usage data, and total state funding for the VPI program is prorated according to the non-participation rate. In HB1700, 2019 Session, the non-participation rate is 25.69 percent. If school divisions are allowed to fill VPI slots with students who are not considered at-risk, this could create more demand for slots and could reduce or eliminate the non-participation rate, which would increase state costs.

Additionally, HB1646 permits the school division to charge a fee for the non-at-risk student to attend preschool and use such fees for purposes of meeting required local match. In this scenario, the locality could receive a state payment for the VPI slot in addition to a fee to support that slot. The bill does not limit the size of the fee, which means that it could match or exceed the required local match for that slot.

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

**10. Technical Amendment Necessary:** No

**11. Other Comments:** None