

Department of Planning and Budget 2021 Fiscal Impact Statement

1. **Bill Number:** HB2086

House of Origin Introduced Substitute Engrossed
Second House In Committee Substitute Enrolled

2. **Patron:** McGuire

3. **Committee:** Health, Welfare and Institutions

4. **Title:** Child care providers; background checks; portability.

5. **Summary:** Exempts prospective employees and volunteers of certain child welfare agencies from statutory background check requirements where the individual completed a background check within the previous five years, provided that (i) such background check was conducted after July 1, 2017; (ii) the results of such background check indicated that the individual had not been convicted of any barrier crime and was not the subject of a founded complaint of child abuse or neglect; and (iii) the individual is an employee or volunteer of any child welfare agency that is subject to background check requirements or has been separated from such employment or volunteer position for not more than 180 days. The bill requires such child welfare agencies, prior to hiring or allowing to volunteer any individual without the completion of a background check, to obtain written certification from the Department of Education that such individual satisfies all such requirements and is eligible to serve as an employee or volunteer at the child welfare agency. The bill also directs the Department of Education (the Department) to establish a two-year pilot program for the purpose of stabilizing and improving the quality of services provided in the Commonwealth's child care industry. The bill provides that under the pilot program a fixed sum of funds, based on the number of children served and certain other factors, will be disbursed to participating child care providers who agree to meet higher standards of quality and care, as determined by the Department. The bill requires the Department to report to the Governor and the General Assembly no later than December 1 of each year of the pilot program certain information set forth in the bill. The bill also requires the Department, in collaboration with the School Readiness Committee, to (a) identify and analyze financing strategies that can be used to support the systemic costs of high-quality child care services, ensure equitable compensation for child care staff, and better prepare children for kindergarten and (b) analyze the effectiveness of using a cost-of-quality modeling system for the child care subsidy program. The bill requires the Department to report its findings to the Governor and the General Assembly no later than December 1, 2021.

6. **Budget Amendment Necessary:** No

7. **Fiscal Impact Estimates:** Preliminary, see Item 8.

8. **Fiscal Implications:** Pursuant to a Memorandum of Agreement between the Virginia Department of Education (VDOE) and the Virginia Department of Social Services (VDSS),

following the transition of child care licensing function to VDOE on July 1, 2021, VDOE will contract with VDSS's Office of Background Investigations to perform mandatory background check investigations for the child care field.

There will be costs associated with implementation of the background check portability provisions, specifically implementing automated processes and developing and launching a provider portal. VDOE and VDSS estimate the total cost to be \$500,000, which would be covered by federal funds.

There will also be costs associated with piloting contract models. VDOE anticipates contracting 1,000 slots per year at a rate of \$12,000, or \$24 million over 2 years. This and any associated administrative costs would also be covered by federal funds.

9. Specific Agency or Political Subdivisions Affected: Department of Education, Department of Social Services

10. Technical Amendment Necessary: No

11. Other Comments: This bill is similar to SB1316.