

Department of Planning and Budget

2017 Fiscal Impact Statement

1. Bill Number: HB1690

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: Dudenhefer

3. Committee: Education

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 (VPI). The bill also removes the requirement that state funds received through the VPI program shall be used to supplement, not supplant, any local funds currently provided for preschool programs within the locality.

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 in order to qualify for grants under the Virginia Preschool Initiative (VPI) and removes the requirement that state funds received through the VPI program shall be used to supplement, not supplant, any local funds currently provided for preschool programs within the locality. 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 \$6,125 for each VPI slot. Consequently, the only funding provided would be the state's share, based on the composite index for each locality, of \$6,125 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 \$42.5 million in FY 2018.

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: No

11. Other Comments: None