2026 Special Session I

Budget Bill - HB30 (Introduced)

Bill Order » Office of Education » Item 126

Direct Aid to Public Education

Item 126	First Year - FY2027	Second Year - FY2028
Early Childhood Care and Education Programs (17600)	**$691,911,494**	**$695,022,764**
Early Childhood Care and Education Programs (17601)	$691,911,494	$695,022,764
Fund Sources:		
General	$547,241,170	$546,012,330
Federal Trust	$144,670,324	$149,010,434

Authority: Early Childhood Care and Education: Title 22.1, Chapter 14, Code of Virginia; P.L. 113-186, Federal Code

A. Out of this appropriation, $547,241,170 the first year and $546,012,330 the second year from the general fund is provided to support Early Childhood Care and Education Programs as provided below.

Program	**FY 2027**	**FY 2028**
Child Care Subsidy Program		
Birth to Five		
General Fund	$290,119,093	$286,742,923
Federal CCDF	$112,538,990	$115,915,160
TANF/VIEW &Fee for Service (GF appropriated through Department of Social Services)	$22,433,170	$22,433,170
School Age		
General Fund	$47,368,917	$46,404,977
Federal CCDF	$32,131,334	$33,095,274
TANF/VIEW &Fee for Service (GF appropriated through Department of Social Services)	$4,431,501	$4,431,501
CCSP Total	**$509,023,005**	**$509,023,005**
Mixed Delivery Grant Program		
General Fund	$38,837,720	$38,837,720
Virginia Preschool Initiative		

General Fund: Four Year Olds	$137,798,520	$140,909,790
General Fund: VPI Expansion	$33,116,920	$33,116,920
VPI Total	**$170,915,440**	**$174,026,710**
Total General Fund	**$547,241,170**	**$546,012,330**

B. Child Care Subsidy Program

1. The Department of Education and the Department of Social Services shall determine the amount of nongeneral funds to be transferred to the Department of Social Services to address costs associated with administration of the Child Care and Development Fund each year from amounts appropriated in Item 117. Additionally, the Department of Education and the Department of Social Services shall determine the amount of general and nongeneral funds to be transferred to the Department of Social Services to support the budgeted slots in the Child Care Subsidy Program from amounts appropriated in this Item.

2. Allocations for birth to five and school age children are intended as estimates only. The Department of Education is authorized to reallocate funds within the Child Care Subsidy Program as needed.

3. Notwithstanding 8VAC-20-790, the Department of Education shall establish an annual target at the local level for the number of children that may be served by available funds and ensure that each locality has mechanisms in place for maintaining waitlists if family demand exceeds the targets.

4. Family copayment rates shall be $5 per month for households whose income is below 100% of the federal poverty level and up to 5% of annual income for all other households with no household exceeding 5% of their income.

5. Parental work and job search requirements shall include a time limit of 90 days for job search. Households are eligible for up to one extension for extraordinary circumstances, which shall be defined and tracked by the Department of Education.

6. The Department of Education shall revise attendance requirements for the Child Care Subsidy Program, subject to review by the Early Childhood Care and Education Commission, to ensure participating children fully benefit and maximization of available resources.

C. Mixed Delivery Grant Program

1. A Mixed-Delivery initiative is established to support public-private delivery of early learning services for birth to five-year-old children. Programs must provide full-day or half-day services. The Department of Education is authorized to prorate payment for this program so as not to exceed available appropriation. Actual funding provided to the Virginia Early Childhood Foundation shall be based on the actual use of allocated slots. Lead agencies shall report to the Virginia Early Childhood Foundation on actual use of allocated slots, and any funds allocated but not used on the actual provision of early childhood services shall be returned to the Department of Education.

a) The Department of Education shall establish academic standards that are in accordance with appropriate preparation for students to be ready to successfully enter kindergarten. These standards shall be established in such a manner as to be measurable for student achievement and success. Students shall be required to be evaluated in the fall and in the spring by each participating provider and grantees must certify that the Virginia Preschool Initiative standards are followed in order to receive the funding for quality preschool education and criteria for the

service components. Such standards shall align with the Virginia Standards of Learning for Kindergarten.

b) The Department of Education shall require and ensure that all participating classrooms have the quality of their teacher-child interactions assessed through a rigorous and research-based observation instrument in accordance with the statewide measurement and improvement system VQB5.

c) Any locality that desires to participate in this grant program must submit a proposal each year to the Virginia Early Childhood Foundation. The application must be submitted by May 15 to align with the Virginia Preschool Initiative timeline. Each application shall identify a lead agency for this program within the locality. The lead agency shall be responsible for developing a local plan for the delivery of quality preschool services to at-risk birth to five-year-old children in private settings that demonstrates the coordination of resources in an effort to serve the greatest number of at-risk children.

d) The proposal must demonstrate: (i) coordination with all parties necessary for the successful delivery of comprehensive services, including schools, child care providers, local social services agencies, Head Start, local health departments, and other groups identified by the lead agency, (ii) a plan for supporting inclusive practices for children with identified special needs, (iii) a plan to transition the Mixed-Delivery local model into a sustainable program, and (iv) a mechanism for annually measuring and reporting unmet parental demand and preference, including establishing waitlists.

e) Local plans must indicate the number of at-risk children to be served, and the eligibility criteria for participation in this program shall be consistent with the economic and educational risk factors stated in the current program guidelines that are specific to: (i) family income at or below 200 percent of federal poverty guidelines, (ii) homelessness, (iii) student's parents or guardians are school dropouts, or (iv) children with disabilities or delays who are eligible for special education services under the Individuals with Disabilities Education Act, regardless of household income. Up to 15 percent of slots may be filled based on locally established eligibility criteria so as to meet the unique needs of at-risk children in the community. Localities that can demonstrate that more than 15 percent of slots are needed to meet the needs of at-risk children in their community may apply for a waiver from the Superintendent of Public Instruction to use a larger percentage of their slots. Localities must demonstrate that increasing eligibility will enable the maximization of federal funds and will not have a negative impact on access for other individuals currently being served.

f) Notwithstanding any provisions of § 22.1-299, Code of Virginia, and in order to achieve the priorities of the Joint Subcommittee on Early Childhood Care and Education for exploring the feasibility of and barriers to mixed delivery preschool systems in Virginia, recipients of a Mixed-Delivery Preschool grant shall be provided maximum flexibility within their respective local initiative in order to fully implement the associated goals and objectives of Mixed-Delivery Models. Recipients of a Mixed-Delivery Preschool grant and divisions participating in such grant activities shall be exempted from all regulatory and statutory provisions related to teacher licensure requirements and qualifications when paid by public funds within the confines of the Mixed-Delivery Preschool initiative.

g) Children served by the Mixed-Delivery initiative shall be assigned student identification numbers as provided in § 22.1-287.03 B of the Code of Virginia to evaluate program outcomes and to permit comparison with Virginia Preschool Initiative outcomes.

h) Mixed-Delivery providers shall provide information to the Department of Education as necessary to fulfill the reporting requirement established.

2. Providers in the program may collect copayments from participating families. Such copayments shall be based on the same schedule provided for the Child Care Subsidy Program.

3. Parental work and job search requirements shall be the same as required for the Child Care Subsidy Program.

4. The Department of Education, in consultation with the Virginia Early Childhood Foundation and subject to review by the Early Childhood Care and Education Commission, shall revise attendance requirements for the Mixed-Delivery initiative to ensure participating children fully benefit and maximization of available resources.

D. Virginia Preschool Initiative

1.a. Funds shall be disbursed by the Department of Education to schools and community-based organizations to provide quality preschool programs for at-risk four-year-olds who are residents of Virginia and unserved by Head Start program funding and for at-risk five-year-olds who are not eligible to attend kindergarten, or who did not have access to a sufficient preschool experience and whose families request preschool as the most appropriate placement. Final Virginia Preschool Initiative placement decisions for eligible children shall be based on family and program leader input.

b. These state funds and required local matching funds shall be used to provide programs for at-risk four-year-old children, which include quality preschool education, health services, social services, parental involvement and transportation. It shall be the policy of the Commonwealth that state funds and required local matching funds for the Virginia Preschool Initiative not be used for capital outlay, not be used to supplant any Head Start federal funds provided for local early education programs, and not be used until the local Head Start grantee certifies that all local Head Start slots are filled. Programs must provide full-day or half-day and, at least, school-year services.

c. The Department of Education shall establish academic standards that are in accordance with appropriate preparation for students to be ready to successfully enter kindergarten. These standards shall be established in such a manner as to be measurable for student achievement and success. Students shall be required to be evaluated in the fall and in the spring by each participating school division and the school divisions must certify that the Virginia Preschool Initiative program follows the established standards in order to receive the funding for quality preschool education and criteria for the service components. Such standards shall align with the Virginia Standards of Learning for Kindergarten.

d. The Department of Education shall revise attendance requirements for the Virginia Preschool Initiative, subject to review by the Early Childhood Care and Education Commission, to ensure participating children fully benefit and maximization of available resources.

e.(i) Grants shall be distributed based on an allocation formula providing the state share of a $10,722 per pupil grant in the first year and a $10,722 per pupil grant in the second year for 100 percent of the unserved at-risk four-year-olds in each locality for a full-day program. Grants to half-day programs shall be funded based on the state share of $5,361 in the first year and $5,361 in the second year per unserved at-risk four-year-old in each locality.

For Planning District Eight localities, grants shall be distributed based on an allocation formula providing the state share of a $11,488 per pupil grant in the first year and a $11,488 per pupil grant in the second year for 100 percent of the unserved at-risk four-year-olds in each locality for a full-day program; grants to half-day programs for these localities shall be funded based on the state share of $5,744 in the first year and $5,744 in the second year per unserved at-risk four-year-old in each locality.

For the counties of Stafford, Fauquier, Spotsylvania, Clarke, Warren, Frederick, and Culpeper and the Cities of Fredericksburg and Winchester, grants shall be distributed based on an allocation formula providing the state share of a $10,913 per pupil grant in the first year and a $10,913 per pupil grant in the second year for 100 percent of the unserved at-risk four-year-olds in each locality for a full-day program; grants to half-day programs for these localities shall be funded based on the state share of $5,456.50 in the first year and $5,456.50 in the second year per unserved at-risk four-year-old in each locality.

The number of unserved at-risk four-year-olds in each locality shall be based on the projected number of kindergarten students, updated once each biennium for the Governor's introduced biennial budget. The

Department of Education shall biennially rebenchmark the Virginia Preschool Initiative per pupil amounts using a formula similar to the current formula supporting public K-12 education in Virginia.

For slots filled as of September 30 each year, grants shall be based on the state share of 100 percent of the per pupil amount for a full-day or half-day program. For slots filled between October 1 and December 31 each year, grants shall be based on the state share of the per pupil amount for a full-day or half-day program prorated for the portion of the school year each child is served. Following the Department of Education's fall student record collection each year, the Department shall project the number of additional slots that may be filled between October 1 and December 31 each year. The Department of Education is authorized to prorate state funding for slots filled between October 1 and December 31 each year if demand exceeds available appropriation.

(ii) VPI Expansion funds are provided to serve at-risk three-year-olds who are residents of Virginia and unserved by Head Start funding using criteria determined by the Department of Education and subject to available appropriation. Localities may apply to participate by May 15 each year and shall be selected on a competitive basis. Localities shall be required to: (i) demonstrate broad stakeholder support, (ii) track outcomes for participating children, (iii) demonstrate how they will maximize federal and state funds to preserve existing birth to five slots, including certifying that all local Head Start slots are filled, (iv) support inclusive practices of children with identified special needs, and (v) collaborate among the school division, local department of social services, programs accepting child care subsidy payments, and providers for Head Start, private child care, and early childhood special education and early intervention programs. Localities that meet the following characteristics shall be prioritized for participation: (i) communities with limited child care options; (ii) programs serving children in private, mixed-delivery settings; or (iii) communities that demonstrate full support of public and private providers. Grants shall be distributed based on an allocation formula providing the state share of the per pupil amounts as provided for four-year old slots.

(iii) Full-day programs shall operate for a minimum of five and one-half instructional hours, excluding breaks for meals, and half-day programs shall operate for a minimum of three hours of classroom instructional time per day, excluding breaks for lunch. Virginia Preschool Initiative programs may include unstructured recreational time that is intended to develop teamwork, social skills, and overall physical fitness in any calculation of total instructional time, provided that such unstructured recreational time does not exceed 15 percent of total instructional time or teaching hours. No additional state funding is provided for programs operating greater than three hours per day but less than five and one-half hours per day. In determining the state and local shares of funding, the composite index of local ability-to-pay is capped at 0.5000.

(iv) For new programs in the first year of implementation only, programs operating less than a full school year shall receive state funds on a fractional basis determined by the pro-rata portion of a school year program provided. In determining the prorated state funds to be received, a school year shall be 180 days or 990 teaching hours.

(v) To ensure children with special needs have equitable opportunity to enter kindergarten ready, all Virginia Preschool Initiative programs are expected to be inclusive of children with disabilities. Specifically, programs shall meet or exceed a target inclusion rate, such that 10 percent of all children participating in the Virginia Preschool Initiative are children with disabilities, defined as those with an Individualized Education Plan, and are served in inclusive classrooms that include children who do not have an Individualized Education Plan. A program that is unable to meet this target shall provide reasons a 10 percent inclusion rate was not achieved in the given school year in its annual comprehensive report.

2.a. Any locality that desires to participate in this grant program must submit a proposal through its chief administrator (county administrator or city manager) by May 15 of each year. The chief administrator, in conjunction with the school superintendent, shall identify a lead agency for this program within the locality. The lead agency shall be responsible for developing a local plan for the delivery of quality preschool services to at-risk children, which demonstrates the coordination of resources and the combination of funding streams in an effort to serve the greatest number of at-risk four-year-old children and, if applicable, to serve at-risk three-year-old

children. The plan shall also include a mechanism for annually measuring and reporting unmet parental demand and preference, including establishing waitlists.

b. The proposal must demonstrate coordination with all parties necessary for the successful delivery of comprehensive services, including the schools, child care providers, local social services agency, Head Start, local health department, and other groups identified by the lead agency. The proposal must identify which entities were consulted and how the locality will ensure that federal funds are preserved and maximized including demonstrating compliance with Title I of the federal Elementary and Secondary Education Act to ensure that a Local Educational Agency receiving Title I funding coordinates with Head Start programs and other early learning programs receiving federal funds by developing Memorandums of Understanding with such agencies to coordinate services. The proposal must also demonstrate a plan for supporting inclusive practices for children with identified special needs.

c. A local match, based on the composite index of local ability-to-pay, shall be required. For purposes of meeting the local match, localities may use local expenditures for existing qualifying programs, however, at least fifty percent of the local match will be cash and no more than fifty percent will be in-kind. In-kind contributions are defined as cash outlays that are made by the locality that benefit the program but are not directly charged to the program. The value of fixed assets cannot be considered as an in-kind contribution. Philanthropic or other private funds may be contributed to the locality to be appropriated in their local budget and then utilized as local match. Localities shall also continue to pursue and coordinate other funding sources, including child care subsidies. Funds received through this program must be used to supplement, not supplant, any funds currently provided for programs within the locality. However, in the event a locality is unable to continue the previous level of support to programs for at-risk four-year-olds from Title I of the federal Elementary and Secondary Education Act (ESEA), the state and local funds provided in this grants program may be used to continue services to these Title I students. Such inability may occur due to adjustments to the allocation formula in the reauthorization of ESEA as the Every Student Succeeds Act of 2015, or due to a percentage reduction in a locality's Title I allocation in a particular year. Any locality so affected shall provide written evidence to the Superintendent of Public Instruction and request his approval to continue the services to Title I students.

3. Local plans must provide clear methods of service coordination for the purpose of reducing the per child cost for the service, increasing the number of at-risk children served and/or extending services for the entire year.

Examples of these include:

a. "Wraparound Services" - methods for combining funds such as child care subsidy dollars administered by local social service agencies with dollars for quality preschool education programs.

b. "Wrap-out Services" - methods for using grant funds to purchase quality preschool services to at-risk four-year-old children through an existing child care setting by purchasing comprehensive services within a setting which currently provides quality preschool education.

c. "Expansion of Service" - methods for using grant funds to purchase slots within existing programs, such as Head Start, which provides comprehensive services to at-risk three- and four-year-old children.

4. Local plans must indicate the number of at-risk four-year-old children to be served, and the eligibility criteria for participation in this program shall be consistent with the economic and educational risk factors stated in the current program guidelines that are specific to: (i) family income at or below 200 percent of federal poverty guidelines, (ii) homelessness, (iii) student's parents or guardians are school dropouts, or (iv) children with disabilities or delays who are eligible for special education services under the Individuals with Disabilities Education Act, regardless of household income. Up to 15 percent of a division's slots may be filled based on locally established eligibility criteria so as to meet the unique needs of at-risk children in the community. If applicable, local plans must also indicate the number of at-risk three-year-old children to be served using the same eligibility

criteria listed above. Localities that can demonstrate that more than 15 percent of slots are needed to meet the needs of at-risk children in their community may apply for a waiver from the Superintendent of Public Instruction to use a larger percentage of their slots. Localities must demonstrate that increasing eligibility will enable the maximization of federal funds and will not have a negative impact on access for other individuals currently being served.

5.a. The Department of Education shall provide technical assistance for the administration of this grant program to provide assistance to localities in developing a comprehensive, coordinated, quality preschool program that prepares all participants for kindergarten.

b. The Department shall provide interested localities with information on models for service delivery, methods of coordinating funding streams, such as funds to match federal IV-A child care dollars, to maximize funding without supplanting existing sources of funding for the provision of services to at-risk three- and four-year-old children. A priority for technical assistance in the design of programs shall be given to localities where the majority of the at-risk three- and four-year-old population is currently unserved.

6. VPI Expansion funds are provided to support Virginia Preschool Initiative slots to serve children on wait lists. In each year, unused grants distributed as provided in for four-year old slots shall be redistributed based on guidelines established by the Department of Education subject to the appropriation available for this purpose. Such guidelines shall provide the criteria used to redistribute grants and provide for the notification of grants redistribution to programs no later than July 1 of each year. The Department shall conduct this process annually, and the redistribution shall not affect the allocation formula for the subsequent year.

7.a. VPI Expansion funds are provided to support an add-on grant per child for approximately 2,000 children to incentivize mixed-delivery of services through private providers. These add-on grants are intended to provide funds to minimize the difference between the amount of the per-pupil grant allocation and the per-pupil cost to serve a child in a community-based or private provider setting. Recipients of the add-on grants will be encouraged to support classrooms that support inclusive practices of children with special needs. Localities shall indicate in their plans submitted pursuant to this Item how many of their Virginia Preschool Initiative slots will be provided in community-based or private provider settings to receive the add-on grant. Community-based providers that are recipients of Virginia Preschool Initiative grants shall be exempted from all regulatory and statutory provisions related to teacher licensure requirements and qualifications when paid by public funds within the confines of the Virginia Preschool Initiative community-add-on partnerships and provided that the provider meets the expectations of the statewide measurement and improvement system.

b. The amount of these add-on grants for community-based providers shall be informed by the Department of Education's methodology to estimate the actual cost of providing high-quality early childhood education services in community-based settings. This is not intended as a mandate to increase the individual amounts of these add-on grants or to increase the state appropriation supporting these add-on grants. The amount of the add-on grant plus the Virginia Preschool Initiative per pupil amount shall not exceed prevailing child care market rates in a particular region and shall align with Child Care Subsidy Program rates. The Department of Education is authorized to prorate payments for these add-on grants so as not to exceed the available appropriation.

8. VPI Expansion funds are provided to support increased Virginia Preschool Initiative teacher to student ratios and class sizes, as follows:

a. Any classroom that exceeds benchmarks set by the Board of Education shall be staffed as follows: (i) one teacher shall be provided for any class of ten students or less; (ii) if the enrollment in any class exceeds ten students but does not exceed 20, a full-time teacher's aide shall be assigned to the class; and (iii) the maximum class size shall be 20 students.

b. All other classrooms shall be staffed as follows: (i) one teacher shall be employed for any class of nine students

or less; (ii) if the enrollment in any class exceeds nine students but does not exceed 18, a full-time teacher's aide shall be assigned to the class; and (iii) the maximum class size shall be 18 students.

E. Any unexpended balance from funds provided in a previous biennium for the Small Family Day Home Provider Incentive Pilot Program shall be carried forward into subsequent fiscal years and used to support the pilot program until its expiration at the end of fiscal year 2029.

F. The Department of Education, in collaboration with the Department of Social Services, shall prepare and submit an annual report to the Governor and Chairs of the House Appropriations and Senate Finance and Appropriations Committees no later than December 15 each year. Such annual report shall include the following information:

1. All CCSP expenditures from the previous fiscal year, current grant balances and obligation and liquidation deadlines, as well as all anticipated spending for the current and two subsequent fiscal years. Identified spending should, at a minimum, be broken down by subsidies (mandated, discretionary and general fund), administrative costs, and quality efforts.

2. Certification from the Department that the maximum amount of federal funds were drawn down in the preceding fiscal year. Should the Department be unable to certify that maximum federal funds were drawn down, the Department shall identify strategies for Virginia to obtain the maximum amount of federal funds in the following fiscal year(s) as part of this plan.

3. The number of subsidies (mandate, discretionary and general fund) provided, by locality, the number of providers receiving subsidy funds, the overall number of child care providers, and the waitlist for services. This information should be provided the previous fiscal year, current fiscal year, and two subsequent fiscal years.

4. The recently completed CCDF annual report as required by the federal Office of Child Care.

5. For the Virginia Preschool Initiative and Mixed Delivery Programs, information detailing the use of state funds, including the number of calculated slots and funding allocated to each local program or provider, and the number of such slots that have been filled. Such information shall be aggregated in a manner to identify: (i) funding and the number of slots used to serve a student in a public school and non-public school setting; (ii) the number of three-year olds served; (iii) waitlist slots requested, offered, and provided; and (iv) the number of students served whose families are at or below 130 percent poverty, above 130 percent but at or below 200 percent of poverty, above 200 percent but at or below 350 percent of poverty, and above 350 percent of poverty.

6. For Virginia Preschool Initiative, a description of the programs' progress towards the target inclusion rate, such that 10 percent of all children enrolled in each program are children with disabilities, defined as those with an Individualized Education Plan. To compile this information, Virginia Preschool Initiative programs shall report the share of children with Individualized Education Plans in inclusive classrooms annually, and if the program's current inclusion rate falls below 10 percent, the program shall provide reasons a 10 percent inclusion rate was not achieved in the given school year and what actions the program could implement to increase its rate of inclusion in the next year.

7. Waitlist information for the CCSP, Mixed Delivery Program, and the Virginia Preschool Initiative, including an estimate of how many children on the waitlist could be served immediately if a slot became available based on eligibility and regional capacity.