

Overview of Proposed Budgets for Public Education

SB 29 (Governor's Amendments to 2022-2024 Budget)

SB 30 (Governor's 2024-2026 Budget)

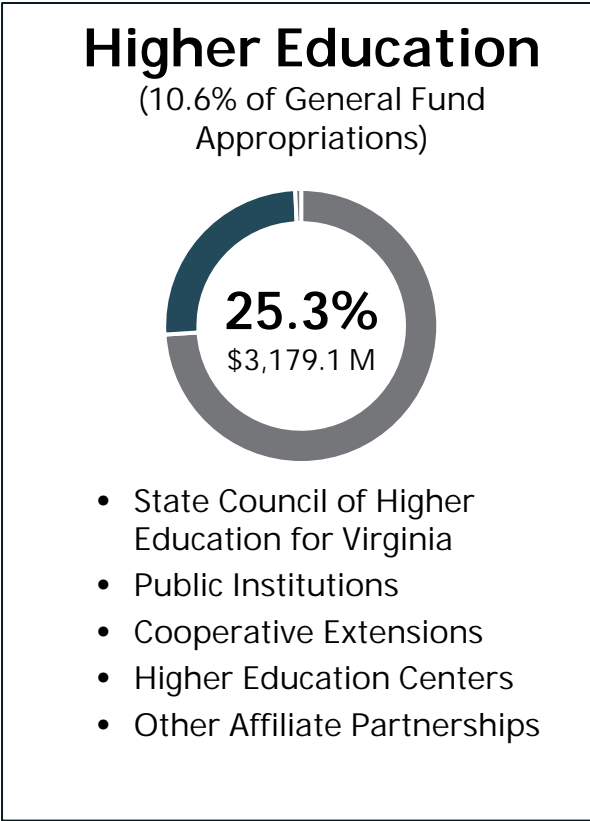
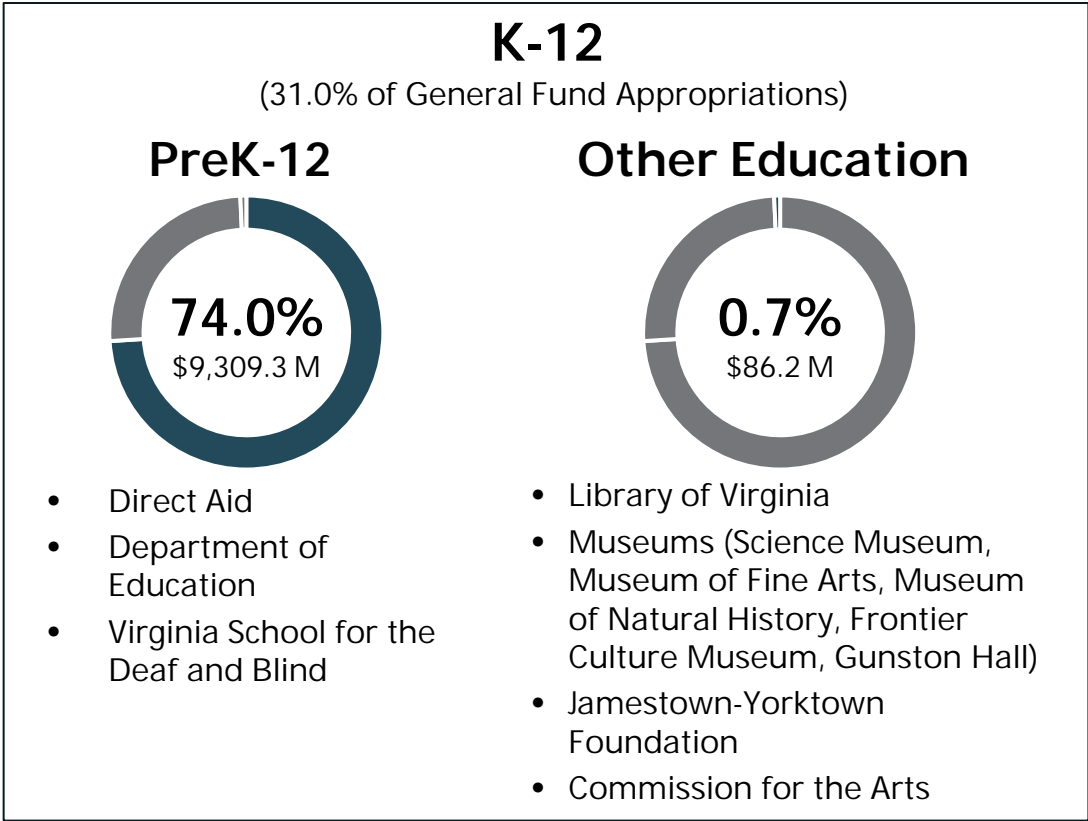
Education Subcommittee

January 16, 2024

Outline

- K-12 Background
- Overview of Introduced Budgets
 - Rebenchmarking, Salaries, and Sales Tax and Lottery Forecasts
 - Early Childhood Care and Education

General Fund Support for Education Totaled \$12.6 Billion in FY 2024



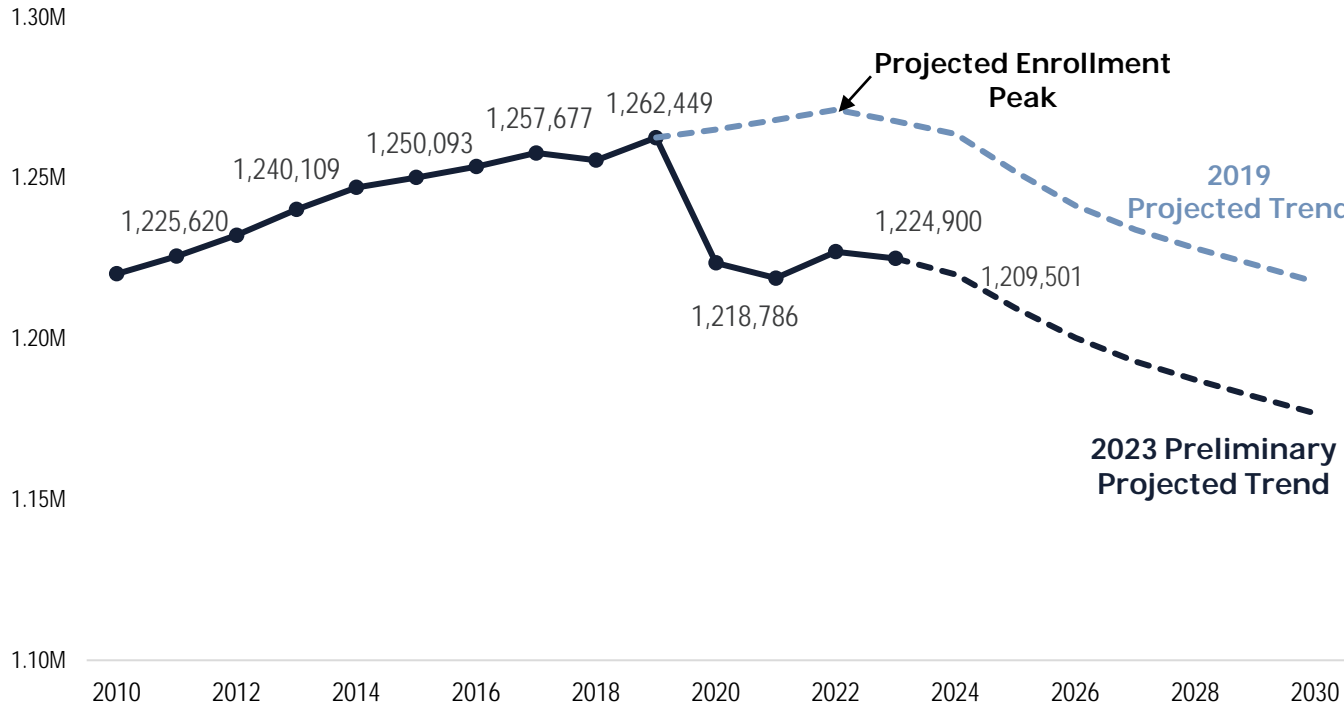
Funding for PreK-12 Grew by 68.2% Over the Last 10 Years

Agency Title	FY 2014 (\$ in millions)			FY 2024 (\$ in millions)				% Change Total FY 2014–FY 2024	Avg. Ann. Total % Change FY 2014–FY 2024
	GF	NGF	Total	GF	NGF	Total	FTEs		
Direct Aid to Public Education	\$5,214.3	\$1,600.8	\$6,815.1	\$9,215.0	\$1,981.0	\$11,196.0	-	64.3%	6.4%
Dept. of Education, Central Office Operations*	51.2	39.9	91.0	81.6	344.3	425.9	517.0	367.8%	36.8%
Virginia School for the Deaf and the Blind	10.3	0.9	11.2	11.9	1.3	13.3	185.5	19.0%	1.9%
Secretary of Education	0.8	-	0.8	0.8	-	0.8	5	-6.5%	-0.6%
Total	\$5,276.6	\$1,641.5	\$6,918.1	\$9,309.3	\$3,326.8	\$11,636.0	707.5	68.2%	6.8%

*Growth in Central Office Operations are largely a result of the move of Early Childhood from the Department of Social Services to the Department of Education.

Source: Department of Planning and Budget, Expendwise, Appropriated Expenditures for FY 2014. Chapter 1, 2023 Special Session I for FY 2024.

Enrollments - Public School (K-12) Increased Slightly After the Pandemic but is Expected to Decline through 2030



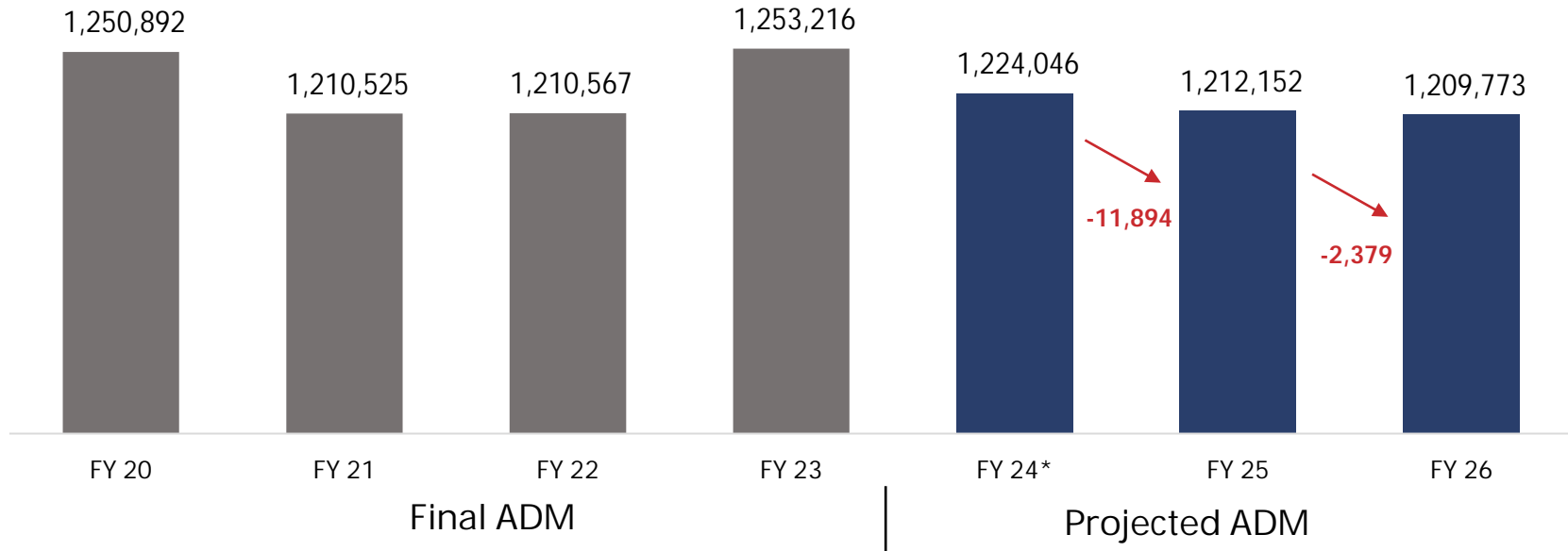
Source: VDOE, Fall Membership Reports; UVA Weldon Cooper K-12 Enrollment Projections. Data accessed November 7, 2023.

- Pre-COVID Growth (2010-2019):**
 Prior to 2020, K-12 fall enrollment grew an average of 0.3 percent annually.
- COVID Decline (2019-2021):**
 - Enrollments declined by 43,663 from 2019 to 2021.

 - Families opting to homeschool students increased 37 percent and enrollment in private schools increased 11 percent.
- Partial COVID Recovery (2022):**
 Enrollments increased by 8,202 from 2021 to 2022.
- Projected Enrollment Decline (2023-2030)** In 2023, enrollments declined by 2,000 students over the prior year. Additional declines are expected through 2030.

K-12 Enrollments Expected to Decline Over the Next Biennium

Average Daily Membership (ADM)

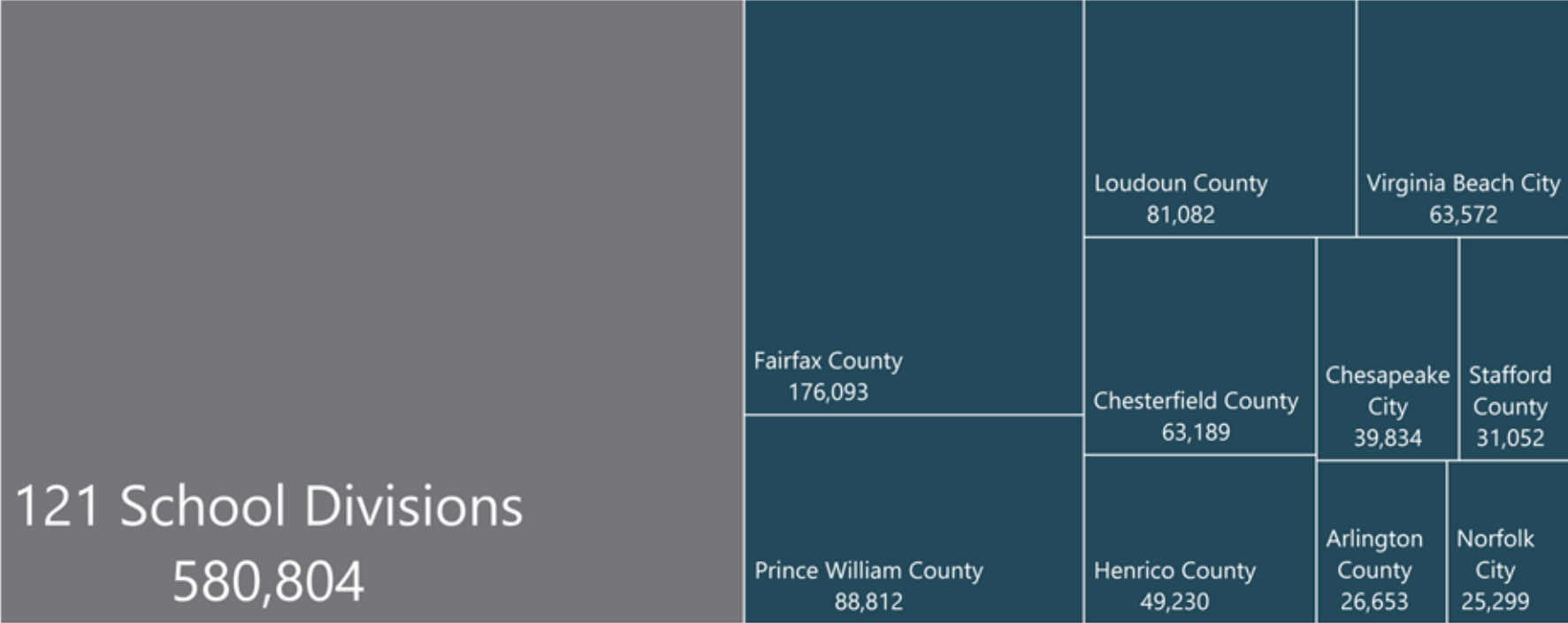


*The FY 2024 ADM is based on the original projection and was used in rebenchmarking calculations. SB 29 has an updated projection of 1,214,475 students.

Source: Virginia Department of Education, 2019-2023 Average Daily Membership (K-12) and projected ADM from SB 30 of the Governor's Introduced Budget.

Ten Divisions Enroll Half of K-12 Students

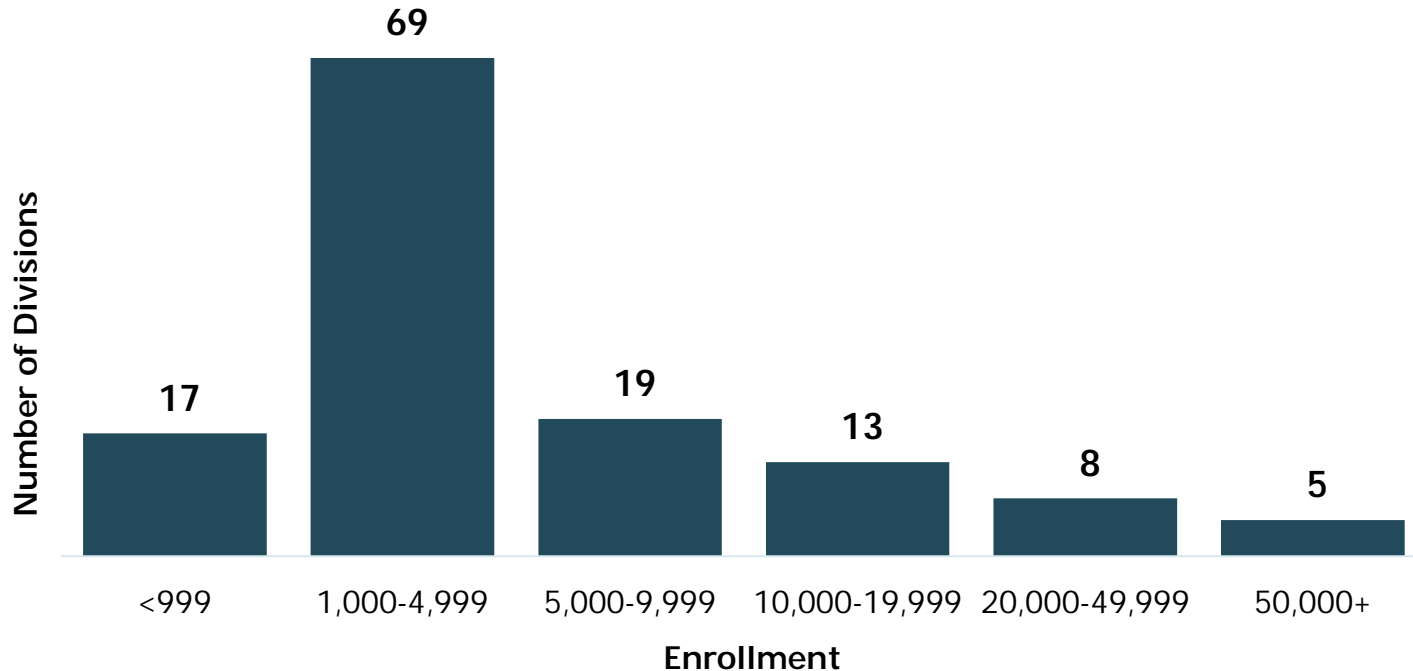
In Fall 2023, 10 school divisions enrolled 53 percent of Virginia’s K-12 students.



Source: VDOE, Fall Membership Reports. Data accessed November 2023.

Virginia's Divisions Vary Greatly in Size

In Fall 2023, the median school division enrolled 3,637 students with 86 divisions enrolling less than 5,000 students.



Source: VDOE, Fall Membership Reports. Data accessed November 2023.

PreK-12 Investments Grew Significantly Over the Last Biennium

Direct Aid (\$ in millions GF only)	FY 2023	FY 2024	Total
Base Budget (FY 2022)	\$7,311.6	\$7,311.6	
Less FY 2022 One-Time Spending	(127.3)	(127.3)	(254.6)
Rebenchmarking Updates	90.8	172.9	263.7
Technical Changes (updated after rebenchmarking)	121.5	131.6	253.0
Ongoing Policy Changes	653.5	1,110.8	1,764.3
One-Time Investments	<u>1,093.9</u>	<u>615.4</u>	<u>1,709.3</u>
Total Additional Investments*	\$1,832.4	\$1,903.5	\$3,735.9
Updated Base Funding	\$9,144.0	\$9,215.1	
% Increase from Prior Year (with one-time funding)	25.1%	20.8%	
% Increase from Prior Year (with one-time funding removed)	8.9%	15.2%	

Note: Some totals do not add due to rounding.

Recent Investments Focused on Salaries, Support Positions, Reading Specialists, At-Risk Students, and Other One-time Investments

Direct Aid (\$ in millions)	FY 2023	FY 2024	Total
Ongoing Select Policy Changes			
Salary Increases (5% FY 2023, 5% FY 2024 +2% Jan. 2024)	\$223.4	\$558.8	\$782.2
Support Positions (20 per 1,000 students FY 2023; 24 per 1,000 FY 2024)	109.4	314.6	424.0
At-Risk Add On Support (increase from 24% to 36%)	71.1	74.2	145.3
K-3 Reading Specialists (Virginia Literacy Act)	30.8	31.7	62.5
Early Childhood Care and Education	13.0	28.1	41.1
One-Time Investments			
School Construction (various programs)	\$800.0	\$0.0	\$800.0
Flexible Per Pupil Funding (learning loss recovery, implementation of Virginia Literacy Act, operational support)	0.0	418.3	418.3
Hold Harmless: Rebenchmarking Affected by COVID-19	177.1	177.4	354.5
College Laboratory Schools	100.0	0.0	100.0
Other One-Time Funding (safety & security grants and other initiatives)	16.8	19.7	36.5

Federal COVID Relief Funds Remain Available through September 2024

School Divisions have spent 72.8% of Elementary and Secondary School Emergency Relief Funds (ESSER).

Division ESSER Reimbursements by Categories Dec. 27, 2023				
(\$ in millions)	ESSER I	ESSER II	ESSER III	Total
Total Allocation	\$214.7	\$845.4	\$1,899.9	\$2,960.0
Total Reimbursements	214.5	845.4	1,093.9	2,153.7
Reimbursements as % of ESSER Award	~100.0%	~100.0%	57.6%	72.8%
Amount Remaining	\$0.2	\$0.0	\$806.0	\$806.3
Deadline to Obligate Funds	9/30/2022	9/30/2023	9/30/2024	

Note: ESSER III requires 20% of divisions' formula funds be reserved to address learning loss.
 Source: VDOE ESSER Funds Allocation Dashboard. Accessed Jan 4, 2024.

Direct Aid - Majority of Appropriations Are Provided through the Standards of Quality Funding Framework

State Direct Aid to Public Education	FY 2024 (GF \$ in millions)	% of Direct Aid
1. Standards of Quality (SOQ) Accounts Basic Aid (\$3.8B), Sales Tax (\$1.8B), Textbooks, Career & Technical Education (CTE)/Gifted/Special Ed/Intervention, VRS/Social Security/Group Life, English as a Second Language, Remedial Summer School	\$7,307.2	77.8%
2. Other Incentive Accounts (generally optional to locals with required match) Compensation Supplement (\$597.5M), Rebenchmarking Hold Harmless (\$177.4M) Governor's Schools (\$24.4M), Math/Reading Instructional Specialists, Special Education Regional Tuition, School Breakfast	1,098.4	11.7%
3. Lottery Proceeds-Funded Accounts Regional Special and Alt. Ed, K-3 Class Size, Preschool, At-Risk Add-On, Algebra Readiness, Early Intervention Reading, Project Graduation, CTE Equipment, School Breakfast	855.4	9.1%
4. Categorical Accounts (generally required by federal or state law) Special Ed State Operated Programs (\$47.8M), Adult Education, School Lunch	57.2	0.6%
5. Supplemental Accounts (often goes to entities other than school divisions) Early Childhood Initiatives (\$20.9M), Extended School Year Grants (\$7.8M), National Board Certification Bonuses (\$5.4M), Teacher Recruitment & Retention Grant Programs (\$2.1M), Teach for America (\$0.5M), Communities in Schools, Project Discovery, Jobs for Virginia Graduates, CTE Resource Center, Regional Consortia	\$79.3	0.8%
	\$9,397.5	100%

Overview of Governor's Introduced Budget

SB 29 Direct Aid: Proposed Amendments

- SB 29 includes a net reduction of \$282.6 million GF and a net increase of \$89.5 million NGF in Direct Aid.

GF Actions for FY 2024 (\$ in millions)	FY 2024
Update Average Daily Membership (ADM) projections based on actual Fall 2023 Membership data	(\$58.7)
Update categorical programs	0.9
Update distributions for school age population based on the latest Weldon Cooper Center estimate	0.1
Update enrollment data for English as a Second Language	(4.0)
Update Fall Membership in Direct Aid program formula	(0.8)
Update Incentive Programs	(37.2)
Update Lottery proceeds for public education	(89.5)
Update Lottery supported programs	(18.6)
Update Remedial Summer School Program Participation	(2.7)
Update sales tax revenues for public education	(71.4)
Update supplemental education programs	(0.6)
Total	(\$282.6)

Note: Column totals may not sum due to rounding

Overview of Public Education in SB 30

- The introduced budget proposes net increases totaling \$174.0 million GF and \$686.0 million NGF over the biennium. Major spending amendments include:
 - \$412.1 million GF over the biennium to support families in the Child Care Subsidy Program with state funding once federal funding becomes unavailable;
 - \$535.0 million NGF from the Literary Fund and \$115.0 million GF over the biennium in support of teacher retirement contributions and unfunded liabilities;
 - Reduction of \$229.0 million GF due to elimination of the supplemental GF payment on sales tax on food;
 - \$30.0 million GF each year for the College Partnership Laboratory Schools Fund;
 - \$61.2 million GF to support the expansion of the reading specialist staffing standard;
 - \$53.0 million GF the first year to support a 1% bonus for instructional and support positions;
 - \$122.8 million GF the second year to support a 2% raise for instructional and support positions; and
 - \$40.0 million GF across the biennium for the Department of Education to enter into a new state assessment contract.
- Rebenchmarking costs of \$969.0 million GF across the biennium are also reflected. After removing one-time funds provided in the prior biennium, costs result in a net reduction of \$204.6 million GF.

SB 30 Direct Aid: Proposed Amendments

GF Actions for the 2024-2026 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Rebenchmarking, Technical Updates, or Removal of One-Time Items	(\$115.7)	(\$88.9)	(\$204.6)
1% Bonus for Instructional and Support Positions in FY 2025	53.0	0.0	53.0
2% Salary Increase for Instructional and Support Positions in FY 2026	0.0	122.8	122.8
Teacher Retirement (Supplants \$150.0 M GF with NGF from Literary Fund)	(150.0)	(150.0)	(300.0)
Reduce Teacher Retirement Unfunded Liabilities (Additional \$235.0 M from Literary Fund)	115.0	0.0	115.0
Support Expanded Reading Specialist Staffing Standard	30.5	30.7	61.2
Eliminate Supplemental Payment in Lieu of Sales Tax on Food & Personal Hygiene Products	(114.5)	(114.5)	(229.0)
Update Sales Tax Revenues for Base Expansion	23.9	61.8	85.7
Increase Funding for College Partnership Laboratory Schools	30.0	30.0	60.0
Diploma Plus Grants	20.0	20.0	40.0
Redirect VPI and Early Childhood Education Nonparticipation to Early Childhood	(53.0)	(53.7)	(106.7)
Remove Cap on Supplementary Basic Aid Payments (Rappahannock School Division)	1.8	1.7	3.5
Supplemental Support for Accomack and Northampton	0.8	0.8	1.6
Total	(\$158.2)	(\$139.3)	(\$297.5)

Note: Row and column totals may not sum due to rounding

SB 30 Direct Aid: Proposed Amendments

NGF Actions for the 2024-2026 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Teacher Retirement (Supplants \$150.0 M GF with NGF from Literary Fund)	\$150.0	\$150.0	\$300.0
Reduce Unfunded Liabilities for Teacher Retirement (Literary Fund)	235.0	0.0	235.0
School Construction Fund (NGF from Casino Gambling Proceeds)	<u>80.0</u>	<u>80.0</u>	<u>160.0</u>
Total	\$465.0	\$230.0	\$695.0

Note: Row and column totals may not sum due to rounding

SB 30 Direct Aid: Overview

(\$ in millions)*	FY 2025		FY 2026	
	GF	NGF	GF	NGF
Base (Chapter 1, 2023 Special Session I)	\$9,215.0	\$1,981.0	\$9,215.0	\$1,981.0
Net Change	(156.4)	462.8	(138.1)	227.8
SB 30, as Introduced	\$9,058.6	\$2,443.8	\$9,076.9	\$2,208.8
% Change Over Prior Year	(1.7%)	23.4%	(1.5%)	11.5%

*Does not include funding changes for the Department of Education, Virginia School for the Deaf and Blind, and Secretary of Education.

Note: Row and column totals may not sum due to rounding

SB 30 Supplemental Education: Proposed Amendments

GF Actions for the 2024-2026 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Increase Communities in Schools Funding	\$0.5	\$0.5	\$1.0
Increase Vision Screening Grant Funding	0.2	0.2	0.4
Reach Virginia	0.6	0.0	0.6
Virginia Holocaust Museum	0.3	0.1	0.4
Dual Enrollment Credentials (transferred from SCHEV)	0.1	0.1	0.2
Grow Your Own Teacher Program (transferred from SCHEV)	0.2	0.2	0.4
Total	\$1.9	\$1.1	\$3.0

Note: Row and column totals may not sum due to rounding

SB 30 Department of Education: Proposed Amendments

GF Actions for the 2024-2026 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Develop New State Assessment System	\$25.0	\$15.0	\$40.0
Right Size the Office of School Quality	(1.9)	(1.9)	(3.8)
Maintain Teacher Licensure System	0.4	0.4	0.8
Continue Child Care Subsidy Program After Federal Funding Ends	174.3	237.8	412.1
Support Student Access to Mental Health Services	7.2	7.2	14.4
Establish Chief School Mental Health Officer	0.2	0.2	0.4
Total	\$205.2	\$258.7	\$463.9

NGF Actions for the 2024-2026 Biennium (\$ in millions)	FY 2025	FY 2026	Total
Continue Child Care Subsidy Program After Federal Funding Ends	\$39.0	\$0.0	\$39.0
Align NGF Appropriation with Estimated Revenue (Virtual Virginia)	(21.8)	(21.8)	(43.6)
Total	\$17.2	(\$21.8)	(\$4.6)

Note: Row and column totals may not sum due to rounding

Direct Aid to Public Education – Language Amendments

- **Clarify language directing allocation of Alternative Education slots.** Specifies that the Department of Education should prorate application requests for alternative education slots based on the total number of slots available.
- **Increase utilization of teacher scholarship funds supporting dual enrollment credentialing.** Raises the maximum award and expands eligibility for a grant program for teachers pursuing credentials to teach career and technical education courses.
- **Early Childhood.** Several language amendments provided in Early Childhood section of this presentation.

Language Amendments, Continued

Secretary of Education

- **Develop report on teacher compensation.** Directs the Secretary of Education to convene a workgroup to make recommendations on (1) the regional, comparative, and differentiated pay analysis and definition that competitive compensation should vary across the Commonwealth to reflect regional differences, role, types, competitive degree opportunities, and teacher responsibilities; (2) how teacher pay impacts student achievement; and (3) the criteria, implementation plan, and best practices of a teacher compensation model that includes student outcomes.

Department of Education

- **Provide flexibility for child care staff-to-children ratios.** Continues flexibility for the Superintendent of Public Instruction to change staff-to-child ratios and group sizes for licensed child care centers that participate in the Child Care Subsidy Program.

Other Education

- **Virginia Commission for the Arts.** Allow general fund carryforward and reappropriation of unexpended funds.

Rebenchmarking, Salaries, and Sales Tax and Lottery Forecasts

Standards of Quality (SOQ) Funding Framework: Three Components

(used for rebenchmarking and estimating costs)

1. STAFFING

How many positions are needed to meet quantified minimum standards?

Staffing ratios
× Student enrollment

Number of staff needed

2. COSTS

What is the cost of meeting the staffing requirements and associated costs?

of staff needed × Compensation costs = Cost of staff

Student enrollment × Other assumptions = Other costs

Cost of staff
+ Other costs

Total SOQ funding obligation

3. SHARE

How are costs shared between the state and localities?

SOQ funding obligation
× Local composite index

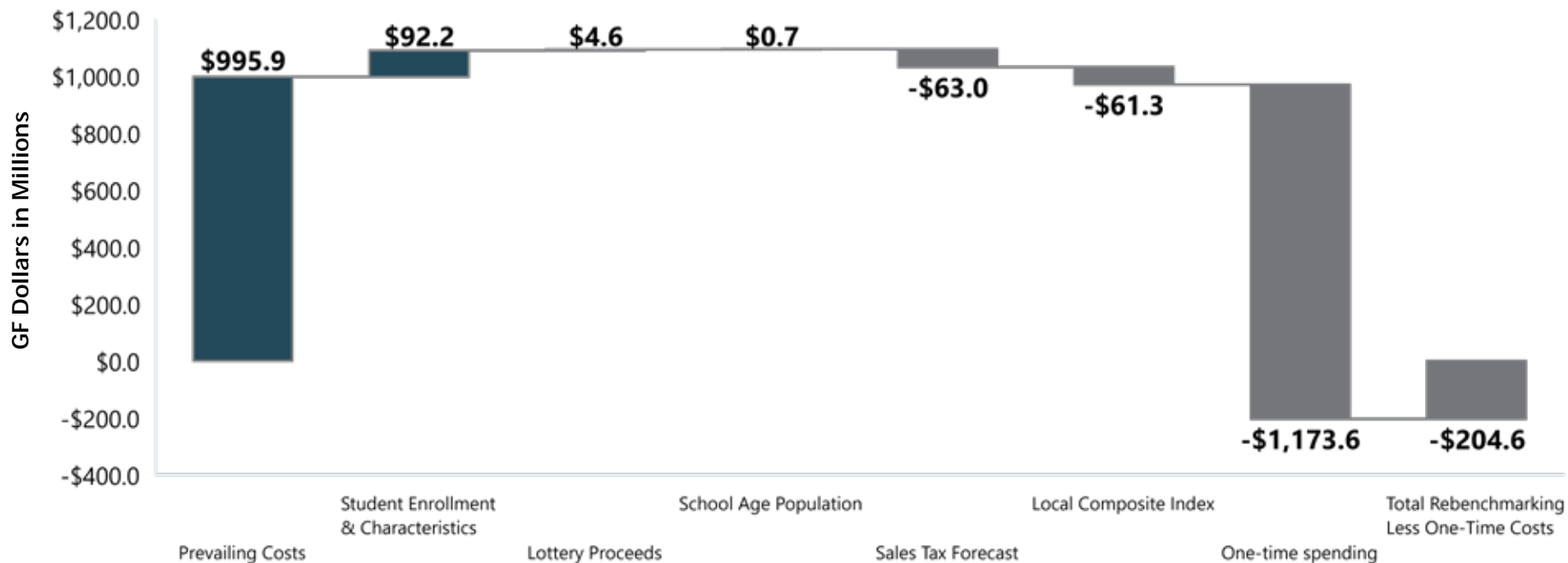
State & Local SOQ funding

Rebenchmarking Costs Total \$969.0 million GF, but are Largely Offset by Removing One-Time Costs from Previous Base

(\$ in millions)	FY 2025	FY 2026	Total
Update Student and Enrollment Characteristics	\$55.3	\$36.9	\$92.2
Update Prevailing Cost Data	490.9	504.9	995.9
Update Local Composite Index	(30.8)	(30.5)	(61.3)
Update Lottery Proceeds Projection (offset GF)	2.3	2.3	4.6
Update School Age Population	0.4	0.4	0.7
Update Sales Tax Forecast	<u>(47.0)</u>	<u>(16.0)</u>	<u>(63.0)</u>
Subtotal Rebenchmarking and Technical Updates	\$471.1	\$497.9	\$969.0
Remove One-time Investments in FY 2024 (COVID Hold Harmless, Flexible One-time and Other Funding)	<u>(586.8)</u>	<u>(586.8)</u>	<u>(1,173.6)</u>
Total Rebenchmarking Less One-time Costs	(\$115.7)	(\$88.9)	(\$204.6)

Non-Personnel and Personnel Related Costs Drove the Majority of Rebenchmarking Increases, but One-Time Investments in FY 2024 Help Offset these Costs

2024-2026 rebenchmarking costs increased by \$969.0 million over the biennium.

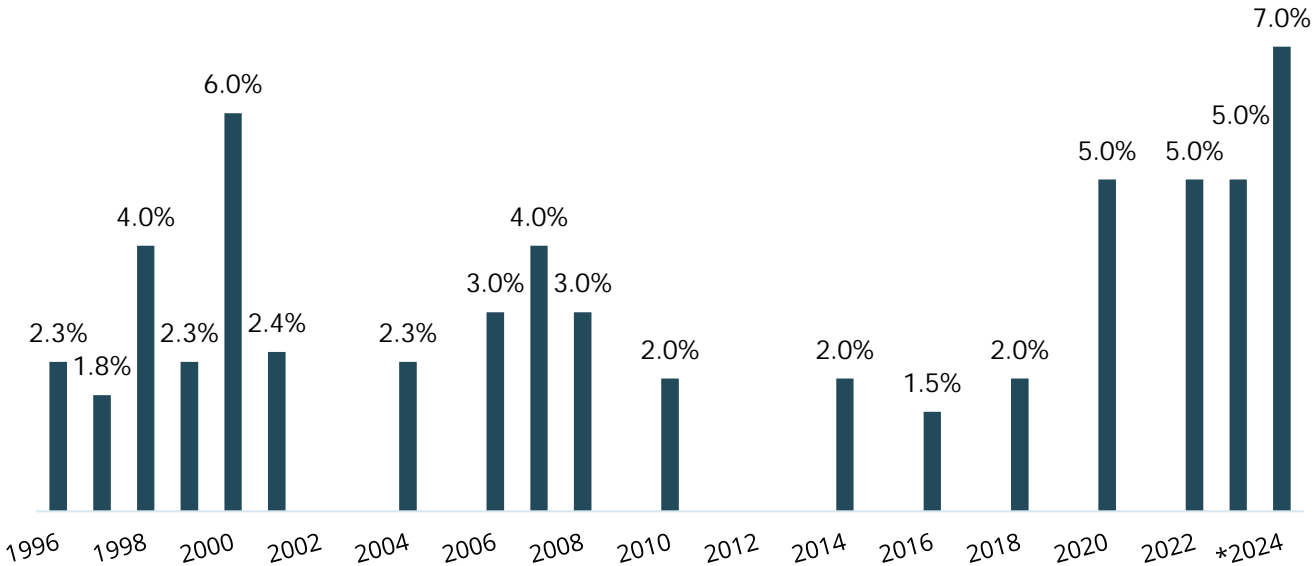


Key Drivers of Rebenchmarking Costs for the Biennium

- Rebenchmarking in the 2022-2024 biennium used FY 2020 data, which was missing a quarter year of non-personnel expenditures.
 - The budget included a hold harmless in both years for non-personnel, transportation, and special education counts as a result.
- Rebenchmarking in the 2024-2026 biennium uses FY 2022 data, which has large increases from inflation, wage growth, and staffing challenges.
- Also, the number of students that require additional support (free lunch, special education, and English language learners) grew in FY 2022, which impacts 2024-2026 costs.

The State has Funded Seven Salary Increases Over the Last 10 Years for School Divisions

State Funded Salary Increases Provided to School Divisions
FY 1996 – FY 2024



- From FY 1996 to 2004, the state funded salary increase for teachers every year except in FY 2002 and 2003.
- Between FY 2020 and FY 2024, the state funded three five percent salary increases and a seven percent increase, representing the largest consecutive increase over the last 20 years.
- The amounts funded in the Appropriation Act for salary increases reflect the state's share of the increase.

*FY 2024 salary increase included a 5% increase on July 1, 2023 and a 2% salary increase on January 1, 2024
Source: VDOE presentation to the Board of Education, 2018 <http://www.doe.virginia.gov/boe/meetings/2018/work-session/09-sep/overview-of-virginia-k12-funding-formulas.pptx>. FY 2020-FY 2024 data based on appropriation acts.

2024-2026 Funded Instructional Position Salaries

	2022-2024	2024-2026	% Change
Elementary Level			
Teachers	\$53,996	\$61,514	13.9%
Assistant Principals	\$75,432	\$84,990	12.7%
Principals	\$93,869	\$105,277	12.2%
Secondary Level			
Teachers	\$56,977	\$65,655	15.2%
Assistant Principals	\$81,093	\$91,978	13.4%
Principals	\$102,844	\$115,271	12.1%
Instructional Aides	\$21,304	\$24,673	15.8%

Note: Language includes a recommendation for the Secretary of Education to convene a workgroup to study competitive teacher pay.

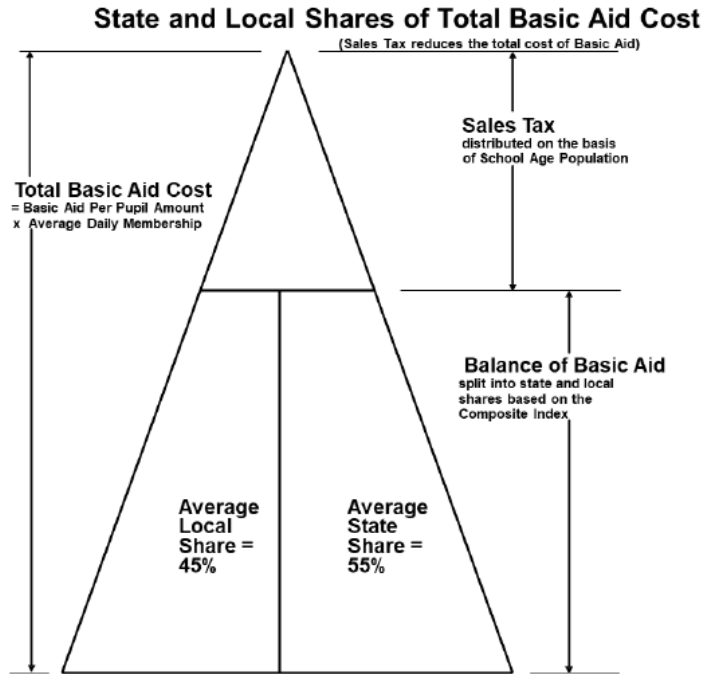
Lottery Revenue Forecast

Lottery Proceeds (\$ in Millions)	FY 2024	FY 2025	FY 2026
Chapter 1, 2023 Special Session I*	\$850.8	\$850.8	\$850.8
Projected Lottery Proceeds (SB29/SB30)	<u>944.7</u>	<u>852.9</u>	<u>852.9</u>
Net Impact Compared for Chapter 1, FY 2024	\$93.9	\$2.9	\$2.9

*Includes \$86.2 million in FY 2023 residual lottery profits.

- Revenues from Lottery Proceeds (NGF) offset GF for Direct Aid by \$2.9 million in FY 2025 and FY 2026 compared to Chapter 1, 2023 Special Session I in FY 2024.

Sales Tax Contributions to K-12



Note: State and local shares will vary by locality based on each locality's composite index.

- State sales tax dedicated to K-12 education (1.125%) offsets the total cost of Basic Aid.
- For each \$1.00 increase in K-12 sales tax, the total Basic Aid cost decreases by a like amount. Therefore, the state spends \$0.55 less and localities spend \$0.45 less to cover Basic Aid costs.
- For each \$1.00 decrease in K-12 sales tax, the total Basic Aid cost increases by a like amount. Therefore, when sales tax declines, the state is required to spend an additional \$0.55 and localities must spend an additional \$0.45 to cover Basic Aid costs.

Sales and Use Tax Proposals: K-12 Impact

(\$ in millions)	FY 2025	FY 2026
K-12 Sales Tax: Expand Base for Digital Products & Taxable Services	\$53.6	\$138.9
Basic Aid Offset *	<u>(29.7)</u>	<u>(77.0)</u>
Net Impact of Sales Tax Policy Changes	\$23.9	\$61.9
Policy: Remove Supplemental Payments in Lieu of Grocery Tax	(\$257.2)	(\$257.2)
Basic Offset *	<u>\$142.6</u>	<u>\$142.6</u>
Net Impact of Remove Supplemental Payments in Lieu of Grocery Tax	(\$114.6)	(\$114.6)
Total Net Impact to Divisions (Tax-Related Policy Changes)	(\$90.7)	(\$52.7)

* For every \$1.00 decrease in K-12 sales tax, the total Basic Aid cost increases by a like amount. Therefore, when sales tax declines, the state is required to spend an additional \$0.55 and, on average, localities must spend an additional \$0.45 to cover Basic Aid costs (varies based on a division's local composite index).

Literary Fund Forecast

(\$ in millions)	FY 2024	FY 2025	FY 2026
Revenue Sources:			
Unclaimed Property	\$200.0	\$150.0	\$150.0
Fines, Fees, and Forfeitures	36.1	34.4	32.6
Unclaimed Lottery Prizes	16.2	15.1	15.7
Loan Payments to Literary Fund	3.8	3.4	23.2
Interest Revenue	35.9	20.0	27.2
Total	\$292.0	\$222.8	\$248.8
Expenditure Allocations:			
Teacher Retirement	\$0.0	\$150.0	\$150.0
One-Time Teacher Retirement Deposit	0.0	235.0	0.0
Technology Equipment Debt Service	63.5	65.4	67.4
School Security Grants Debt Service	2.6	2.7	2.8
Total	\$66.1	\$453.1*	\$220.2
Funds Available for Construction Loans	\$400.0	\$0.0	\$0.0

*Expenditures are higher due to carryover of FY 2024 funds.

Early Childhood Care and Education

Early Childhood Care and Education is Provided through Four Programs

Program	# of Children Served FY 2023	Typical Dosage	Family Expectation	Setting
Virginia Preschool Initiative (VPI)	22,290 (92% are 4-year-olds)	990 hours/year	Child or family at risk; free to family; <u>not</u> connected to parental work status	Primarily schools and some child day centers
Mixed Delivery Preschool Grant Program (MDG)	2,142 (87% are 3-and 4-year-olds)	Full-day, full year (~2,600 hours/year)	Child or family at risk; free to family; <u>not</u> connected to parental work status	Child day centers and family day homes
Early Head Start (EHS) and Head Start (HS)	13,766 (80% are 3-and 4-year-olds)	1,380 hours/year (EHS) 1,020 hours/year (HS)	Household income up to 130% FPL; free to family; <u>not</u> connected to parental work status	Schools, child day centers, and family day homes
Child Care Subsidy Program (CCSP)	37,249 (58% are under age 5)	Up to full-day, full year (~2,600 hours/year)	Household income up to 85% SMI; family contribution of \$0-180 child/month; dependent on parental work status	Child day centers and family day homes

Source: VDOE presentation to Early Childhood Care and Education Commission on July 20, 2023.

Early Childhood Enrollments are Expected to Decline Beginning in FY 2025 as COVID Relief Funds Expire

	FY 2023	FY 2024*	FY 2025*	FY 2026*	Difference FY 2024 to FY 2025
Funding (\$ in millions)					
Childcare Subsidy Program	\$526.2	\$647.7	\$364.8	\$372.8	(\$282.9)
Mixed Delivery	26.3	41.1	10.0	10.3	(31.1)
Virginia Preschool Initiative (VPI)	181.8	195.1	200.9	206.9	5.8
Total	\$526.2	\$647.7	\$364.8	\$372.8	(\$319.8)
Children Served					
Childcare Subsidy Program	40,282	44,315	11,011	11,129	(33,304)
Mixed Delivery	2,060	2,500	631	650	(1,869)
Virginia Preschool Initiative (VPI)	22,022	23,337	22,893	23,579	(444)
Total	64,368	70,152	34,535	35,358	(35,617)

*FY 2023 Funding and children served reflect actual counts; FY 2024-2026 reflect projections (indicated by *).

Source: "VDOE Funding Landscape and Impact Chart," Presented at Virginia Commission on Early Childhood Care and Education, September 28, 2023.

Summary of Proposed Early Childhood Actions

GF Actions for the 2024-2026 Biennium (\$ in millions)	FY 2025	FY 2026
Virginia Preschool Initiative		
Remove 0.5000 LCI Cap in VPI Formula	(\$11.6)	(\$11.7)
Update VPI Nonparticipation Rate to Reflect Projected Utilization	(56.1)	(56.8)
Reduce VPI Expansion Appropriation to Reflect Projected Utilization	(12.0)	(12.0)
VECF Mixed Delivery		
Maintain Slots After Expiration of Federal Relief	26.8	26.8
Child Care Subsidy Program		
Maintain Slots Following Federal Child Care Relief Expiration	212.3	237.8
Offset Costs with Remaining ARPA SLFR Funds	(39.0)	0.0
Digital Wallets		
Establish Digital Wallet Platform	1.0	0.0
Total	\$121.2	\$184.1

Language also proposes that any remaining SLFR funds that are available at on June 30, 2024 may be transferred the Child Care Subsidy Program to ensure funds are obligated by December 30, 2024.

Note: Row and column totals may not sum due to rounding

Early Childhood Proposed Language

Mixed Delivery

- **Unused funds.** Language states that funds provided to the Virginia Early Childhood Foundation (VECF) shall be based on actual utilization and any funds not needed may be transferred to support additional demand for the Child Care Subsidy Program or the Virginia Preschool Initiative.
- **Participants.** Changes ages served under the program from only three- and four-year olds to expand to children from birth through five-years old.
- **Reporting and Waitlist.** Creates a process to annually measure and report unmet parental demand and preference, including establishment of waitlists.
- **Attendance, Parental Workforce Requirements, and Co-Payments.** Implements attendance requirements, parental workforce activity requirements, and initiates family co-payments aligned with the Child Care Subsidy Program.
- **Department of Education Review.** Recommends the Department of Education, by July 1, 2025, review the efficacy of the Mixed Delivery program, and propose a conclusion to the program including mechanisms to transition children sustainably into other child care programs.

Early Childhood Proposed Language

Virginia Preschool Initiative

- **Unused Funds.** Directs savings identified through the nonparticipation forecast in future biennia shall be directed to the Child Care Subsidy Program.
- **Reporting.** Requires implementation of processes to annually measure and report unmet parental demand and preference, including establishment of waitlists.
- **Local Composite Index Cap.** This removes the cap on the maximum local share of funding for VPI slots and now requires the LCI to be applied to VPI program consistent to all other Direct Aid funding.

Child Care Subsidy Program

- **Carryover of Unused Funds.** Requires that the unused general fund portion is carried forward for the same purpose in the following year.
- **Reporting and Waitlists.** Directs the Department of Education to establish, at the local level, annual targets for the number of children served with available funds and to ensure localities have waitlist processes in the event available funding exceeds demand.
- **COVID Relief Funds Redirected if Unused Balances.** Language also proposes that any remaining State Local Fiscal Recovery funds that are available at on June 30, 2024 may be transferred to the Child Care Subsidy Program to ensure funds are obligated by December 30, 2024.

Other Education

Other Education – FY 2024

(\$ in millions)	FY 2024 GF	FY 2024 NGF	Total
Frontier Culture Museum	\$2.7	0.8	\$3.5
Gunston Hall	\$1.0	0.2	\$1.2
Jamestown-Yorktown Foundation	\$12.7	\$9.1	\$21.8
Library of Virginia	\$41.9	\$9.3	\$51.2
Science Museum of Virginia	\$6.3	\$5.6	\$11.8
Virginia Museum of Natural History	\$3.2	\$0.6	\$3.8
Virginia Commission for the Arts	\$6.2	\$0.8	\$7.0
Virginia Museum of Fine Arts	\$12.2	\$32.9	\$45.1
Total	\$86.2	\$59.3	\$145.4

Note: Row and column totals may not sum due to rounding

Other Education

- There are no new general fund investments in other education.
- There is a proposed increase of \$0.3 million NGF in each year of the biennium for a research associate position at the Virginia Museum of Natural History (National Science Foundation grant).
- A language only amendment is proposed for the Virginia Commission for the Arts, allowing for unused general fund appropriations to be carried forward and reappropriated for grants and operations.