



Economic Impact Analysis Virginia Department of Planning and Budget

22 VAC 40-690 – Virginia Child Care Scholarship Program
Department of Social Services
September 28, 2007

Summary of the Proposed Amendments to Regulation

The Board of Social Services (Board) proposes to amend its child care scholarship program regulation. Specifically, the Board proposes to:

- 1) allow scholarship applicants to obtain applications from the private vendor that administers this program for the Department of Social Services (DSS),
- 2) give priority to applications for scholarship from individuals who already work in child care,
- 3) tighten restrictions on future scholarship monies for individuals who fail to complete or pass scholarship funded classes and
- 4) distribute written policies and procedures to all colleges and universities that participate in this scholarship program. These policies and procedures will replace written agreements that are currently required between DSS and colleges and university that have five or more scholarship recipients enrolled.

Result of Analysis

The benefits likely exceed the costs for all proposed changes.

Estimated Economic Impact

The Virginia Childcare Scholarship Program is a state funded program that offers educational grants to workers (and potential workers) in the field of early childhood education. Current regulation for this program requires potential grant recipients to obtain scholarship

applications from DSS. Currently applications are processed on a first-come, first-served basis until all available funds have been dispersed.

The Board proposes to allow interested individuals to receive applications from either DSS or DSS's designated third-party vendor. This change will give interested parties somewhat greater flexibility. Since DSS's third party vendor actually processes completed applications and disperses awarded funds, this change may also streamline the application process.

The Board also proposes to give precedence to applications submitted by current childcare workers. The Board believes that funds spent to educate those currently employed in the targeted field will lead to more skilled childcare workers, and therefore better quality childcare, more quickly than funds spent on individuals who might choose to work in this field at some point in the future. To the extent that more early childhood education is correlated with better childcare outcomes, this change may help the Board to use available funds more efficiently.

Under current regulation, colleges and universities that have five or more scholarship recipients enrolled must have a written agreement with DSS. This agreement outlines procedures these colleges and universities must follow for billing, verifying recipient's Virginia residency and providing final class grades to DSS. The Board proposes to eliminate the requirement for individualized agreements and instead distribute rules and procedures to all participating educational institutions. This change will ensure that all participating institutions know DSS's expectations and will also likely reduce costs for the institutions that currently are required to spend time and resources forming written agreements with DSS. DSS will likely incur some costs to distribute rules and procedures; these costs will likely be partially or completely offset, however, by the elimination of staff time spent to form individualized written agreements with educational institutions.

Current regulation allows scholarship recipients to fail to complete (or fail to pass) grant funded classes three times before they become ineligible for future scholarship funds. The Board proposes to reduce the number of times that recipients can fail to successfully complete classes, before funding is cut off, from three to one. At the same time, the Board proposes to add a provision to regulation that will allow recipients to repay the funds spent on classes that were not

successfully completed in order to restore future grant eligibility. DSS reports that scholarship applications inform recipients that they may also withdraw from approved classes without penalty so long as they withdraw in time for the scholarship program to receive a full refund. These changes will likely reduce the amount of program funding wasted due to non-completed classes and, so, will likely increase program efficiency. The Board may wish to include all rules pertaining to continued grant eligibility in this regulation as this will make it easier for grant recipients to find and understand what they must do to ensure future funding.

Businesses and Entities Affected

This proposed regulation will affect all recipients of Child Care Scholarship Program funds. Last year, this program funded approximately 4,000 early childhood education classes. There were, however, fewer than 4,000 grant recipients as recipients may take up to two grant funded classes per semester and may also receive grant funding during multiple semesters.

Localities Particularly Affected

No locality will be particularly affected by this proposed regulation.

Projected Impact on Employment

This proposed regulation will likely have no effect on employment in the Commonwealth.

Effects on the Use and Value of Private Property

The proposed regulation will likely have no effect on the use or value of private property.

Small Businesses: Costs and Other Effects

Small businesses in the Commonwealth are unlikely to incur any costs on account of this proposed regulation.

Small Businesses: Alternative Method that Minimizes Adverse Impact

Small businesses in the Commonwealth are unlikely to incur any costs on account of this proposed regulation.

Real Estate Development Costs

Affected entities will likely not incur any real estate development costs on account of the proposed regulation.

Legal Mandate

The Department of Planning and Budget (DPB) has analyzed the economic impact of this proposed regulation in accordance with Section 2.2-4007.H of the Administrative Process Act and Executive Order Number 36 (06). Section 2.2-4007.H requires that such economic impact analyses include, but need not be limited to, the projected number of businesses or other entities to whom the regulation would apply, the identity of any localities and types of businesses or other entities particularly affected, the projected number of persons and employment positions to be affected, the projected costs to affected businesses or entities to implement or comply with the regulation, and the impact on the use and value of private property. Further, if the proposed regulation has adverse effect on small businesses, Section 2.2-4007.H requires that such economic impact analyses include (i) an identification and estimate of the number of small businesses subject to the regulation; (ii) the projected reporting, recordkeeping, and other administrative costs required for small businesses to comply with the regulation, including the type of professional skills necessary for preparing required reports and other documents; (iii) a statement of the probable effect of the regulation on affected small businesses; and (iv) a description of any less intrusive or less costly alternative methods of achieving the purpose of the regulation. The analysis presented above represents DPB's best estimate of these economic impacts.