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**HOUSE BILL NO. 254**

Offered January 14, 2026

Prefiled January 8, 2026

*A BILL to amend the Code of Virginia by adding in Article 1 of Chapter 14.1 of Title 22.1 a section numbered 22.1-289.08:3, relating to early childhood care and education; Child Care Subsidy Program; income-based eligibility for assistance; development and implementation of phased reduction model.*

Patron—Glass

Committee Referral Pending

**Be it enacted by the General Assembly of Virginia:**

**1. That the Code of Virginia is amended by adding in Article 1 of Chapter 14.1 of Title 22.1 a section numbered 22.1-289.08:3 as follows:**

**§ 22.1-289.08:3. *Child Care Subsidy Program; income-based eligibility; development and implementation of phased reduction model.***

*A. To ensure that no family receiving assistance under the Child Care Subsidy Program (the Program) experiences a sudden loss of such assistance as a result of an increase in such family's maximum gross countable income amount beyond the initial eligibility limit, the Department shall develop and implement a phased reduction model providing for an assistance phase-out period for families that experience an income increase during which a family maintains eligibility for assistance but the assistance for which the family is eligible is incrementally reduced in proportion to the increase in income.*

*B. The phased reduction model developed and implemented pursuant to subsection A shall consist of incremental income tiers, with each increase in income tier corresponding to a proportional reduction in assistance for which a given family is eligible under the Program. The Department shall determine the number of incremental income tiers of which such phased reduction model shall consist and the percentage by which assistance shall be reduced per increase in income tier, provided that (i) such percentage shall not exceed a 10 percent reduction per increase in income tier, determined based on a family's income as a percentage of the federal poverty level or the state median income as determined by the Department and (ii) the first income tier for which a proportional reduction in assistance shall be applied under such phased reduction model shall correspond to the gross countable family income that exceeds by \$1 the maximum income eligibility limit established by the Department in the current Child Care and Development Fund Plan for Virginia approved by the U.S. Department of Health and Human Services.*

*C. The Board shall promulgate regulations for the development and implementation of the phased reduction model in accordance with the provisions of this section. In promulgating such regulations, the Board shall (i) ensure that the percentage by which assistance is reduced per income tier is incremental such that no family experiences a sudden loss in eligibility for assistance under the Program as a result of an increase in income; (ii) provide for an appeal of any incremental reduction in assistance for which a family is eligible under the phased reduction model; and (iii) include provisions providing certain adjustments in the phased reduction model for families with special circumstances, such as families that include a family member with a disability and families experiencing unexpected financial hardship.*

**2. That the Department of Education shall submit to the U.S. Department of Health and Human Services any amendments to the current Child Care and Development Fund Plan for Virginia, required pursuant to the Child Care and Development Block Grant Act (42 U.S.C. § 9857 et seq.), as are necessary to implement the provisions of this act.**