

26103195D

1 **HOUSE BILL NO. 254**

2 Offered January 14, 2026

3 Prefiled January 8, 2026

4 *A BILL to amend the Code of Virginia by adding in Article 1 of Chapter 14.1 of Title 22.1 a section numbered*  
5 *22.1-289.08:3, relating to early childhood care and education; Child Care Subsidy Program; income-*  
6 *based eligibility for assistance; development and implementation of phased reduction model.*

7 Patron—Glass

8 Committee Referral Pending

9 **Be it enacted by the General Assembly of Virginia:**10 **1. That the Code of Virginia is amended by adding in Article 1 of Chapter 14.1 of Title 22.1 a section**  
11 **numbered 22.1-289.08:3 as follows:**12 **§ 22.1-289.08:3. Child Care Subsidy Program; income-based eligibility; development and**  
13 **implementation of phased reduction model.**14 *A. To ensure that no family receiving assistance under the Child Care Subsidy Program (the Program)*  
15 *experiences a sudden loss of such assistance as a result of an increase in such family's maximum gross*  
16 *countable income amount beyond the initial eligibility limit, the Department shall develop and implement a*  
17 *phased reduction model providing for an assistance phase-out period for families that experience an income*  
18 *increase during which a family maintains eligibility for assistance but the assistance for which the family is*  
19 *eligible is incrementally reduced in proportion to the increase in income.*20 *B. The phased reduction model developed and implemented pursuant to subsection A shall consist of*  
21 *incremental income tiers, with each increase in income tier corresponding to a proportional reduction in*  
22 *assistance for which a given family is eligible under the Program. The Department shall determine the*  
23 *number of incremental income tiers of which such phased reduction model shall consist and the percentage*  
24 *by which assistance shall be reduced per increase in income tier, provided that (i) such percentage shall not*  
25 *exceed a 10 percent reduction per increase in income tier, determined based on a family's income as a*  
26 *percentage of the federal poverty level or the state median income as determined by the Department and (ii)*  
27 *the first income tier for which a proportional reduction in assistance shall be applied under such phased*  
28 *reduction model shall correspond to the gross countable family income that exceeds by \$1 the maximum*  
29 *income eligibility limit established by the Department in the current Child Care and Development Fund Plan*  
30 *for Virginia approved by the U.S. Department of Health and Human Services.*31 *C. The Board shall promulgate regulations for the development and implementation of the phased*  
32 *reduction model in accordance with the provisions of this section. In promulgating such regulations, the*  
33 *Board shall (i) ensure that the percentage by which assistance is reduced per income tier is incremental such*  
34 *that no family experiences a sudden loss in eligibility for assistance under the Program as a result of an*  
35 *increase in income; (ii) provide for an appeal of any incremental reduction in assistance for which a family is*  
36 *eligible under the phased reduction model; and (iii) include provisions providing certain adjustments in the*  
37 *phased reduction model for families with special circumstances, such as families that include a family*  
38 *member with a disability and families experiencing unexpected financial hardship.*39 **2. That the Department of Education shall submit to the U.S. Department of Health and Human**  
40 **Services any amendments to the current Child Care and Development Fund Plan for Virginia,**  
41 **required pursuant to the Child Care and Development Block Grant Act (42 U.S.C. § 9857 et seq.), as**  
42 **are necessary to implement the provisions of this act.**

INTRODUCED

HB254