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Exempt Action: Final Regulation Agency Background Document

Agency name	State Board of Education
Virginia Administrative Code (VAC) Chapter citation(s)	8VAC20-790
VAC Chapter title(s)	Child Care Program
Action title	Changes to the Child Care Subsidy Program regulations to comply with items from the FY2026 Budget
Final agency action date	July 31, 2025
Date this document prepared	July 31, 2025

This information is required for executive branch review pursuant to Executive Order 19 (2022) (EO 19), any instructions or procedures issued by the Office of Regulatory Management (ORM) or the Department of Planning and Budget (DPB) pursuant to EO 19. In addition, this information is required by the Virginia Registrar of Regulations pursuant to the Virginia Register Act (§ 2.2-4100 et seq. of the Code of Virginia). Regulations must conform to the Regulations for Filing and Publishing Agency Regulations (1 VAC 7-10), and the *Form and Style Requirements for the Virginia Register of Regulations and Virginia Administrative Code*.

Brief Summary

Provide a brief summary (preferably no more than 2 or 3 paragraphs) of this regulatory change (i.e., new regulation, amendments to an existing regulation, or repeal of an existing regulation). Alert the reader to all substantive matters. If applicable, generally describe the existing regulation.

Virginia's FY26 Budget include two important policy shifts for the Child Care Subsidy Program (CCSP) that will help maximize state and federal funding for child care assistance:

1. Revising the family copayment scale such that most families will contribute 5% of family income, with no family paying more than 5% of income. Families below the poverty level will owe \$5/child monthly.
2. Limiting the amount of time that families are eligible for CCSP services while looking for work to 90 days, with up to one 90-day extension for extraordinary circumstances.

Collectively, these policy shifts will enable ~2,400 additional children to be served off waitlists in FY26. As of July 2025, the CCSP waitlist currently exceeds 13,000 children, including more than 8,000 birth-to-five children in working families.

In 2024, the Commission on Early Childhood Care and Education, which includes legislators, early childhood educators and administrators, business leaders, state and local government, and parents, produced policy recommendations to maximize state dollars and serve additional families. In its December 2024 report, the Commission recommended considering both policy shifts.

The proposed changes to the regulations will bring 8VAC20-790 (Child Care Program) into alignment with these directives in the budget.

Mandate and Impetus

Identify the mandate for this regulatory change and any other impetus that specifically prompted its initiation (e.g., new or modified mandate, internal staff review, petition for rulemaking, periodic review, or board decision). For purposes of executive branch review, “mandate” has the same meaning as defined in the ORM procedures, “a directive from the General Assembly, the federal government, or a court that requires that a regulation be promulgated, amended, or repealed in whole or part.”

Item 125.10 of the FY26 Virginia State Budget directs VDOE to make the following changes to copayments and family eligibility due to job search:

- 4. Family copayment rates for the 2024-2026 biennium fiscal year 2025 shall not exceed those that were in effect at the beginning of fiscal year 2024. Family copayment rates for fiscal year 2026 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 for the 2024-2026 biennium fiscal year 2025 shall not exceed those that were in effect at the beginning of fiscal year 2024. Parental work and job search requirements for fiscal year 2026 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.

VDOE is initiating this regulatory action to implement these statutorily required changes.

Statement of Final Agency Action

Provide a statement of the final action taken by the agency including: 1) the date the action was taken; 2) that the agency has “adopted final amendments” to the regulation; 3) the name of the agency taking the action; and 4) the title of the regulation. A suggested statement is, “On [insert date] the Board/Department of [insert name] adopted final amendments to the [title of regulation(s)].”

On July 31, 2025, the Board of Education adopted final amendments to 8VAC20-790 (Child Care Program)