

Less is more: Reforming childcare staffing regulation in Vermont

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Chair Birong, Vice Chair Hango, Ranking Member Waters Evans, and all distinguished members of the Vermont House Committee on Government Operations and Military Affairs, thank you for allowing me to comment on S.206.

I have a Ph.D. in economics and have spent nearly 20 years in academia before joining the Archbridge Institute full time. At the Archbridge Institute we are committed to lifting barriers to human flourishing. Rigid childcare regulations in Vermont are driving up prices and limiting access for working families. Unfortunately, Vermont residents are not getting many benefits from these regulations either.

The main takeaways of my comments are as follows:

1. According to Archbridge Institute research, Vermont has the most restrictive regulatory environment for childcare facilities in the nation.
2. Academic research links stringent regulation with higher prices and less choice, but finds little evidence of improvements in safety or quality.
3. Childcare regulatory reform is not a red or blue state issue. Vermont can look to both blue and red states for guidance on how to modernize its childcare facility regulations.

Why childcare regulation matters

According to data from the Economic Policy Institute, the annual cost for infant care in Vermont is \$18,836.¹ This makes Vermont the 12th most expensive state nationally. This is more than \$900 higher than in-state tuition at public Vermont universities.

¹ <https://www.epi.org/child-care-costs-in-the-united-states/>

High costs of childcare burden working families in Vermont and may keep parents— most often women— out of the labor market. Recent estimates by researchers at the US Census finds that a \$100 increase in childcare costs reduces a mother’s labor force participation rate by 0.4 percentage points.²

The regulatory environment in Vermont

In a national study published last month, the Archbridge Institute ranks Vermont 50th nationally with respect to the burden of its childcare regulations.³

Vermont’s maximum group size is consistently lower than every other state— this limits the capacity of childcare facilities, keeps new childcare facilities from entering the market, and also places undue financial pressure on childcare providers. Vermont also ranks near the bottom nationally with respect to child-to-staff ratios (49th), training requirements for center directors and lead teachers (45th), and education requirements for center directors and lead teachers (47th).

Generally speaking, Vermont’s regulations on childcare facilities are much more burdensome than the average state. Rightsizing childcare regulations does not need to be a red- or blue-state issue. Blue states like California and Hawaii have much less restrictive childcare regulations than Vermont.

Research on childcare regulation

Academic research establishes a clear connection between stricter childcare regulation and childcare cost. One published paper finds that states can lower costs for infant care by 9 to 20 percent (or up to \$1,890) by allowing an additional child per caregiver.⁴ Similarly, repealing rules that require a high school diploma for applicants could potentially reduce costs by between 25 and 46 percent (up to \$4,350) per infant and 22 to 40 percent per 4-year-old.

² <https://www2.census.gov/library/working-papers/2025/adrm/ces/CES-WP-25-25.pdf>

³ <https://www.archbridgeinstitute.org/state-childcare-regulations-index/>

⁴ https://digitalcommons.usu.edu/econ_facpubs/934/

Research also finds that tougher regulation is associated with fewer childcare providers and thus less choice and potentially longer waiter times for parents. More specifically, reducing the number of infants per caregiver by one child reduces the number of childcare facilities by more than 10%.⁵ In addition, adding an additional year of education for childcare facility directors reduces the number of childcare facilities by more than 3%.

With respect to quality and accidents, research consistently finds that staffing mandates have no meaningful effect on quality. Director education does seem to matter, but any additional education beyond high school is all that is necessary to make a difference in the number of accidents.⁶ Caution should be noted here, however, in that the safety gains are only accruing to wealthier families. Low-income families are found to be consistently worse off as a result of stringent regulations that drive them out of the market.

In summary, research shows a clear link between tougher regulation driving up cost and reducing access to childcare. With respect to safety and quality, there is some evidence that director education matters, but no evidence that staffing ratios make a meaningful difference. And tougher education disproportionately benefits wealthier families that already have more options. Low-income families bear the disproportionate cost of stringent regulation in the form of higher prices, fewer choices, and lower quality and safety for their children.

Reforming childcare regulation in Vermont

S.206 makes regulation for childcare facilities and home-based care more burdensome. The bill would add new licensing requirements for teachers in childcare facilities and home-based settings. A few clarifications are in order.

⁵ <https://www.aeaweb.org/articles?id=10.1257/aer.101.5.1775>

⁶ <https://www.nber.org/digest/jun01/child-care-regulations-yield-mixed-results>

First, occupational licensing does not increase supply. In fact, academic research has clearly shown that occupational licensing *reduces* supply. One published study finds that occupational licensing requirements reduce the supply of workers by as much as 27%.⁷

Occupational licensing has also been found to raise prices for consumers. An excellent comprehensive analysis from the Obama White House finds that licensing raises prices on average by as much as 13%.⁸

Finally, occupational licensing is a very costly and disruptive means of increasing professionalization. By reducing supply of professionals and raising service prices, many Vermont residents will be priced out of the market.

A more effective means of professionalization is to leave it to private accreditors. The state should not be mandating professionalization of childcare staff.

Occupational licensing is meant to protect consumers from harm. Occupational licensing is not the right regulatory tool from improving the professionalization of workers in the childcare industry.

I appreciate your consideration of my comments and I am happy to answer any follow up questions from the Committee.

⁷ <https://onlinelibrary.wiley.com/doi/abs/10.1111/bjir.12470>

⁸ https://obamawhitehouse.archives.gov/sites/default/files/docs/licensing_report_final_nonembargo.pdf