

First Children's Finance

Testimony, Vermont House Human Services
April 23, 2025



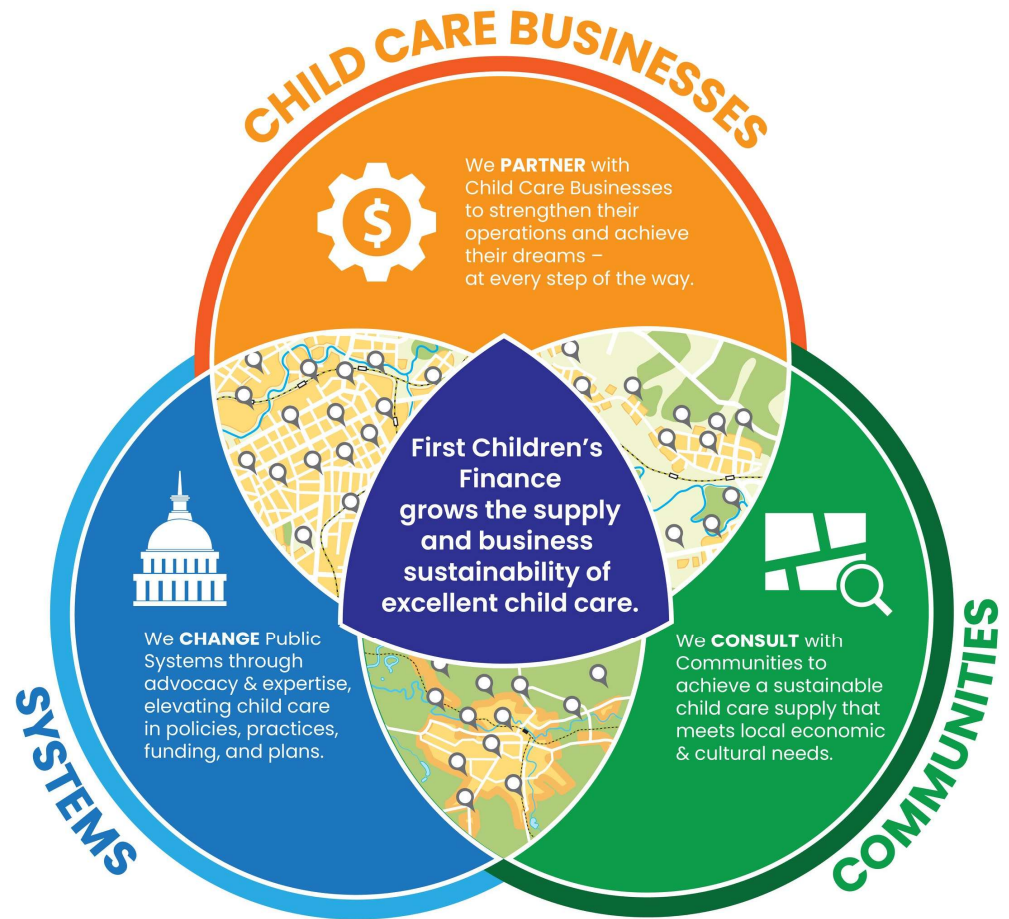


FCF Overview



What does First Children's Finance do?

Our mission is to increase the supply and business sustainability of excellent child care. We do this through business support and access to capital





Business Technical Assistance Program, 2023–2025

- FCF VT now has staff of 7!
- Led 78 business trainings with 717 participants
- 147 child care clients received one on one assistance
- 63 financial analyses and/or business models developed
- 3 years of annual surveys
- Monthly newsletter with 50%+ open rate
- Host and manage www.sharedservicesvt.org, a platform of national and statewide shared resources for child care



Infant/Toddler Capacity Building Grant Program, Fall 2023–Spring 2025

- **\$3,130,000 awarded (with about \$325,000 left to award in May 2025)**
- **112 projects awarded funding (with about 15–20 more expected in May 2025)**
- **751 new spaces came online in 2024 and 225 new spaces so far in 2025, with about 800 more committed for 2025**
 - New centers, such as Salisbury Family Center and ONE Arts at Blue Cross Blue Shield campus
 - Expanded centers, such as KidSavvy and The Learning Tree
 - Business transitions, such as Pitter Patter, EJ's Kids Club and Montpelier Children's House
 - New family child care, such as Tysea Kurjiaka and Starr Gutierrez
 - Family child care expanded to centers, such as SPARK Academy and Bambino University



First Children's Finance national resources

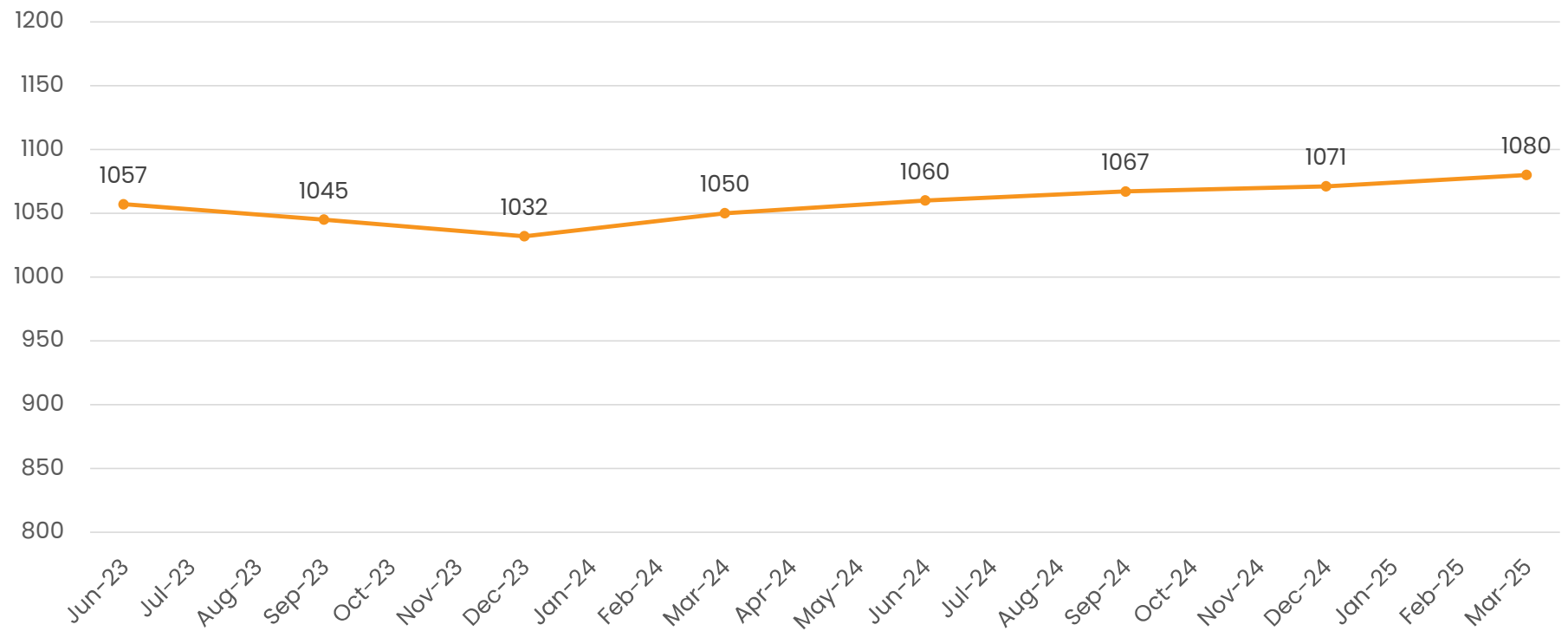
- **National Systems Team completed the Vermont Cost Modeling Report in early 2025 and will update the models for 2025**
- **Loan Program (CDFI) made its first loan in Vermont to a family child care expanding to licensed family child care (after the owner received a grant to start up her family child care)**



State of Vermont Child Care Programs and Capacity Data

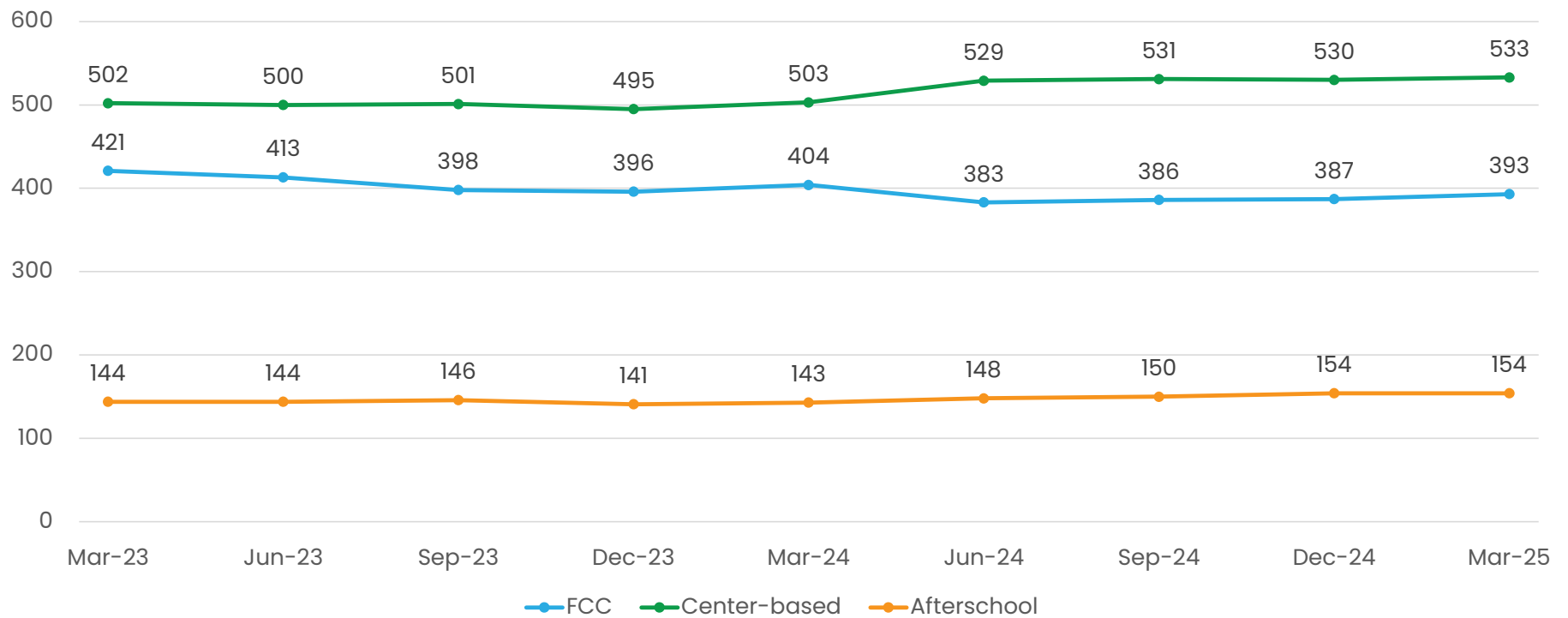


Number of regulated programs since Act 76 enacted



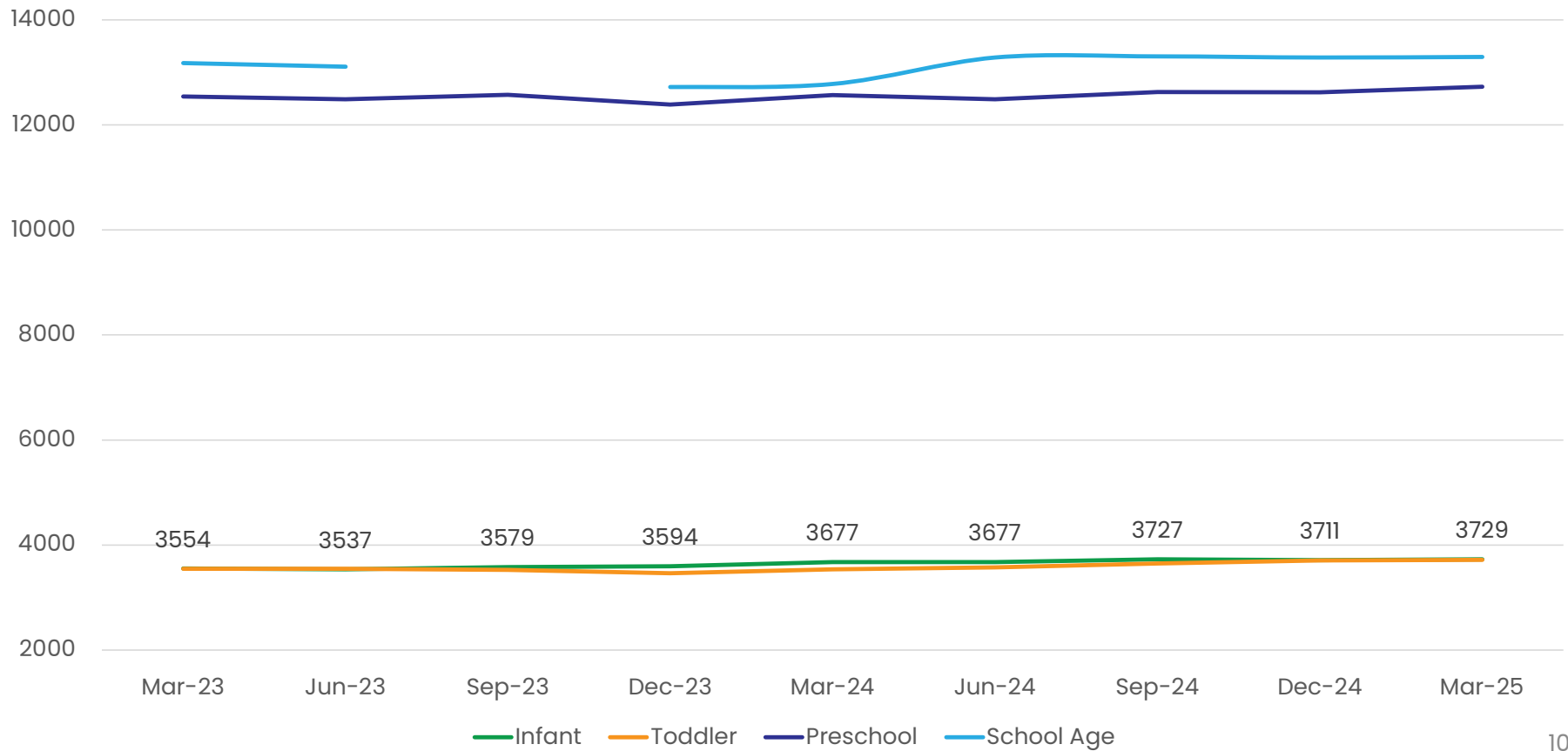


Number of programs, by program type, 2023-2024



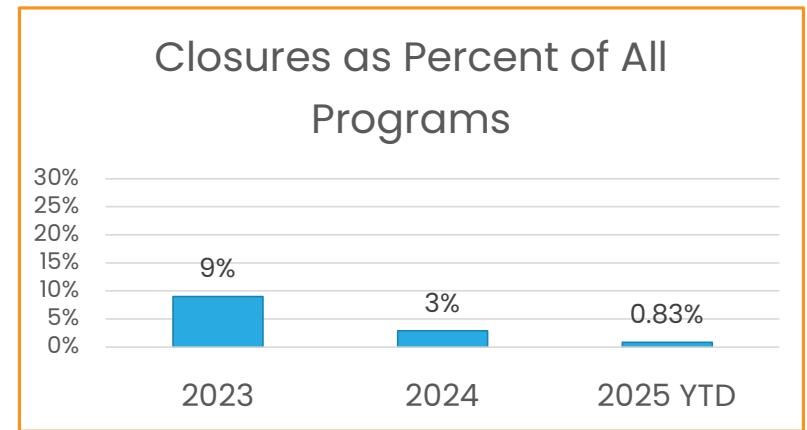
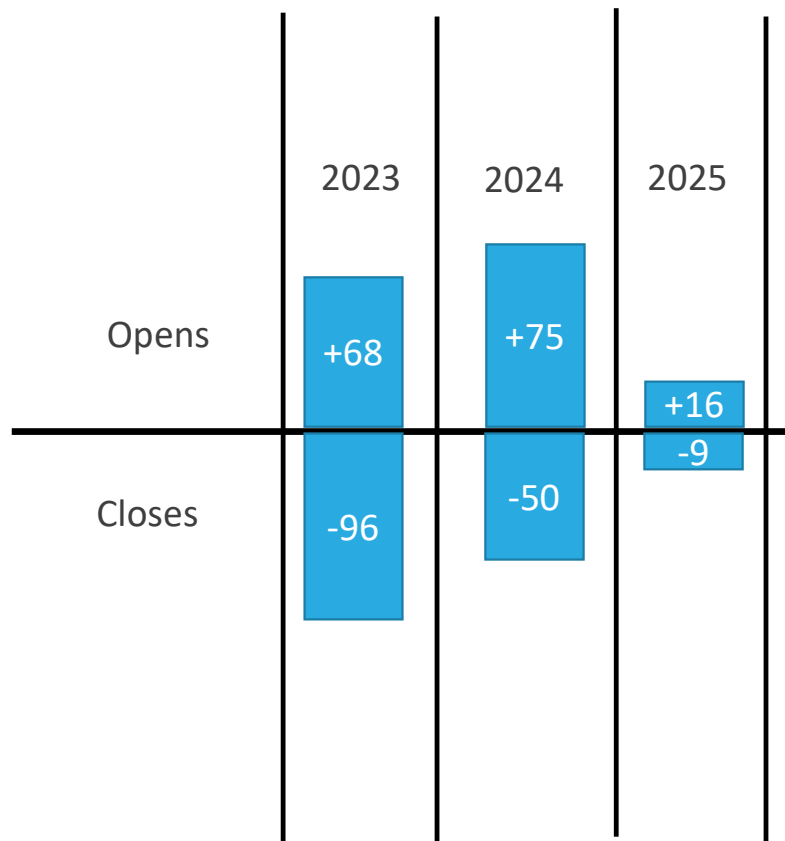


Licensed capacity, March 2023 – March 2025, by age group





Opens and Closures of Regulated Child Care, 2023–2025





Results of 2025 Child Care Business Survey



How the respondents compare to the child care sector

2025

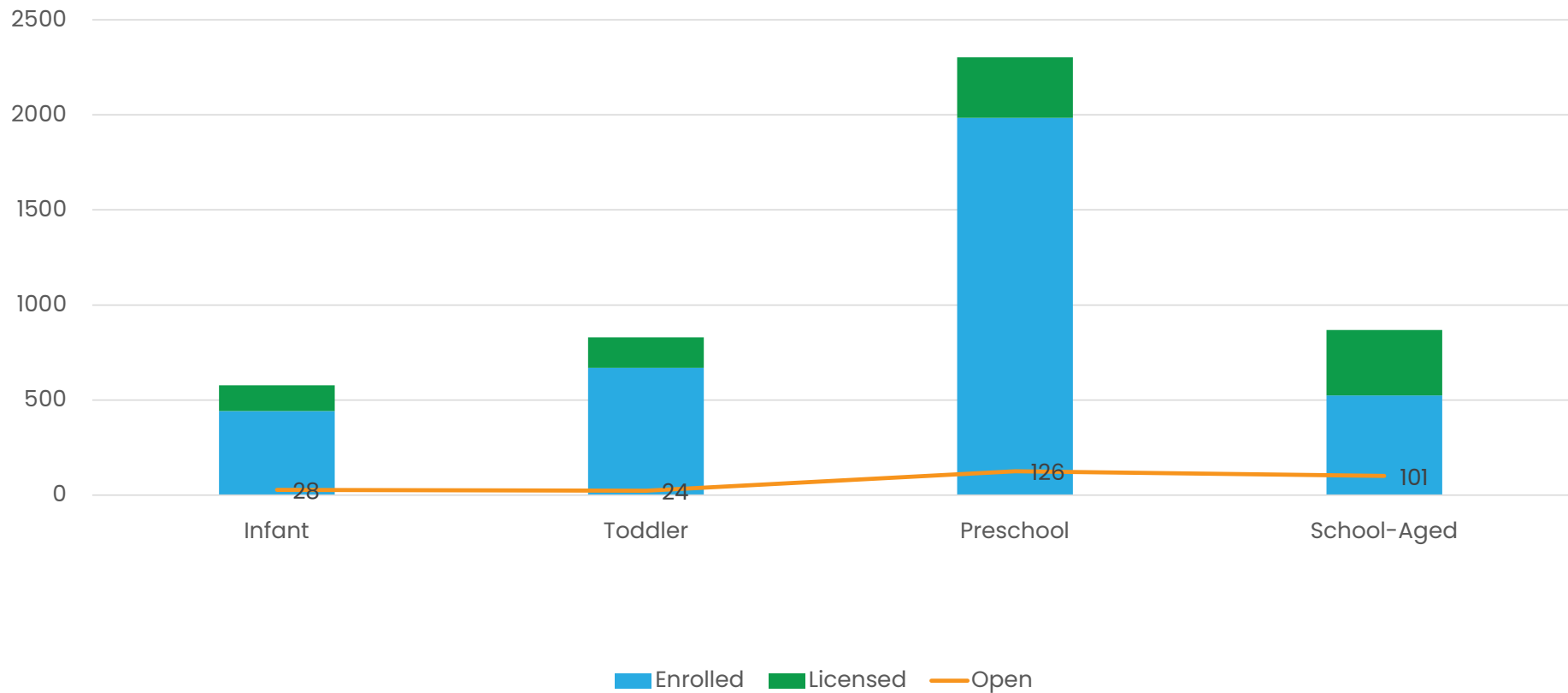
| | Survey responses | Regulated programs in Vermont | Percent of population in survey |
|-------------------|------------------|-------------------------------|---------------------------------|
| Total | 219 | 1071 | 20% |
| Afterschool | 6 | 154 | 4% |
| Centers | 102 | 530 | 19% |
| Family Child Care | 111 | 387 | 29% |

Regulated programs in Vermont as of 12/31/2024

| | Survey responses | Regulated programs in Vermont | Percent of population in survey |
|------------|------------------|-------------------------------|---------------------------------|
| Total | 219 | 1071 | 20% |
| Addison | 13 | 66 | 20% |
| Bennington | 8 | 63 | 13% |
| Caledonia | 8 | 75 | 11% |
| Chittenden | 30 | 216 | 14% |
| Essex | 1 | 10 | 10% |
| Franklin | 25 | 89 | 28% |
| Grand Isle | 1 | 9 | 11% |
| Lamoille | 5 | 42 | 12% |
| Orange | 8 | 59 | 14% |
| Orleans | 7 | 62 | 11% |
| Rutland | 16 | 106 | 15% |
| Washington | 14 | 100 | 14% |
| Windham | 12 | 69 | 17% |
| Windsor | 12 | 105 | 11% |

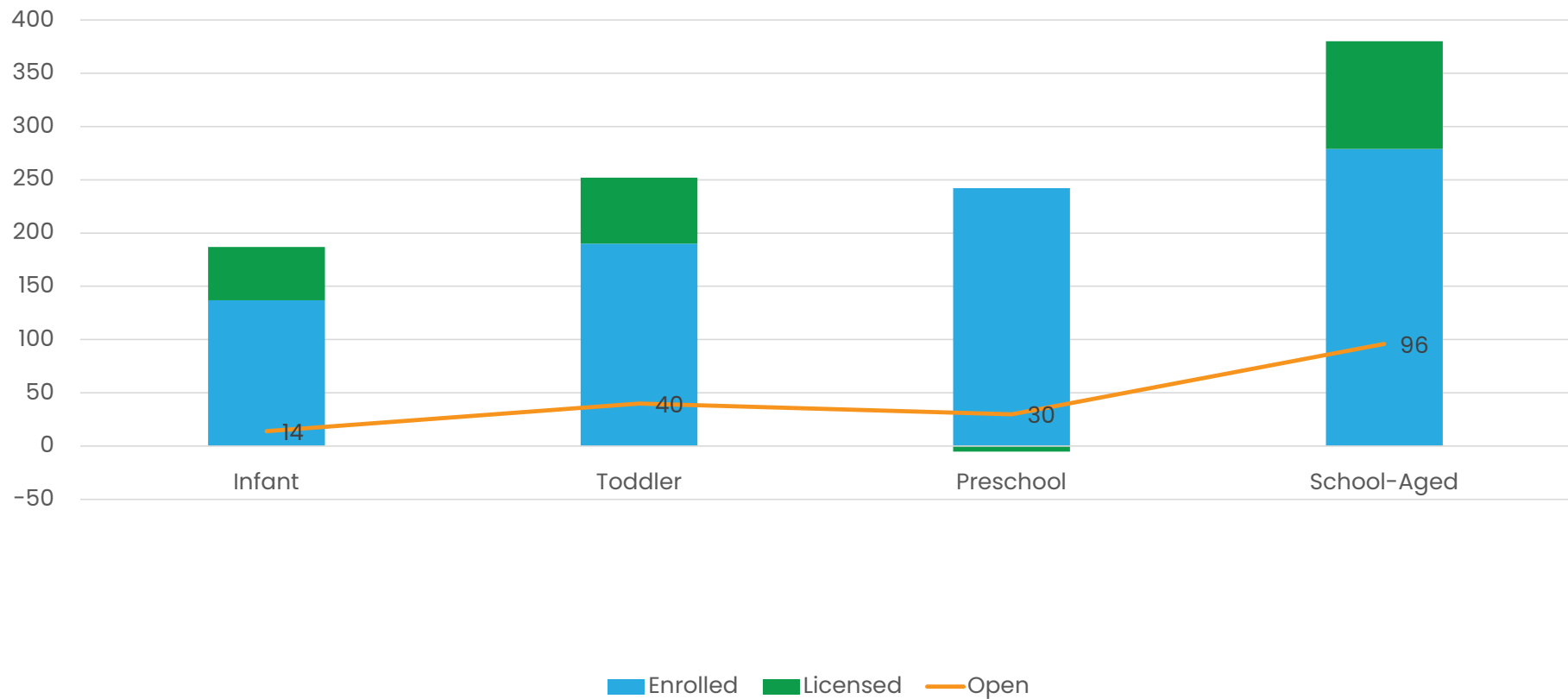


Child Care Centers, Enrollment, n=108





Family Child Care, Enrollment, n=111





Overall Enrollment

| | 2025 | 2024 | 2023 |
|------------|------------------------------|------------------------------|------------------------------|
| | % of licensed that are empty | % of licensed that are empty | % of licensed that are empty |
| Infant | 24% | 22% | 23% |
| Toddler | 20% | 17% | 15% |
| Preschool | 12% | 24% | 25% |
| School Age | 35% | 36% | 23% |

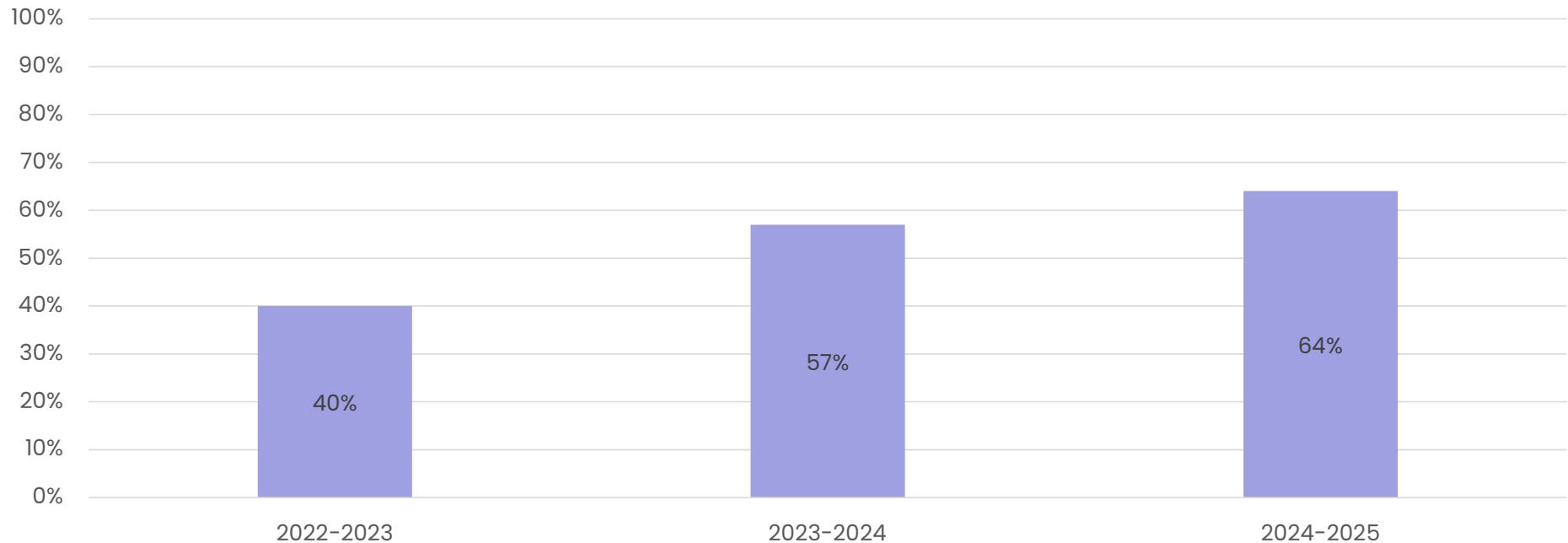
Reported open spaces, average per program

| | Infant | Toddler | Preschool | School Age |
|--------------|--------|---------|-----------|------------|
| 219 programs | 0.19 | 0.29 | 0.71 | 0.90 |

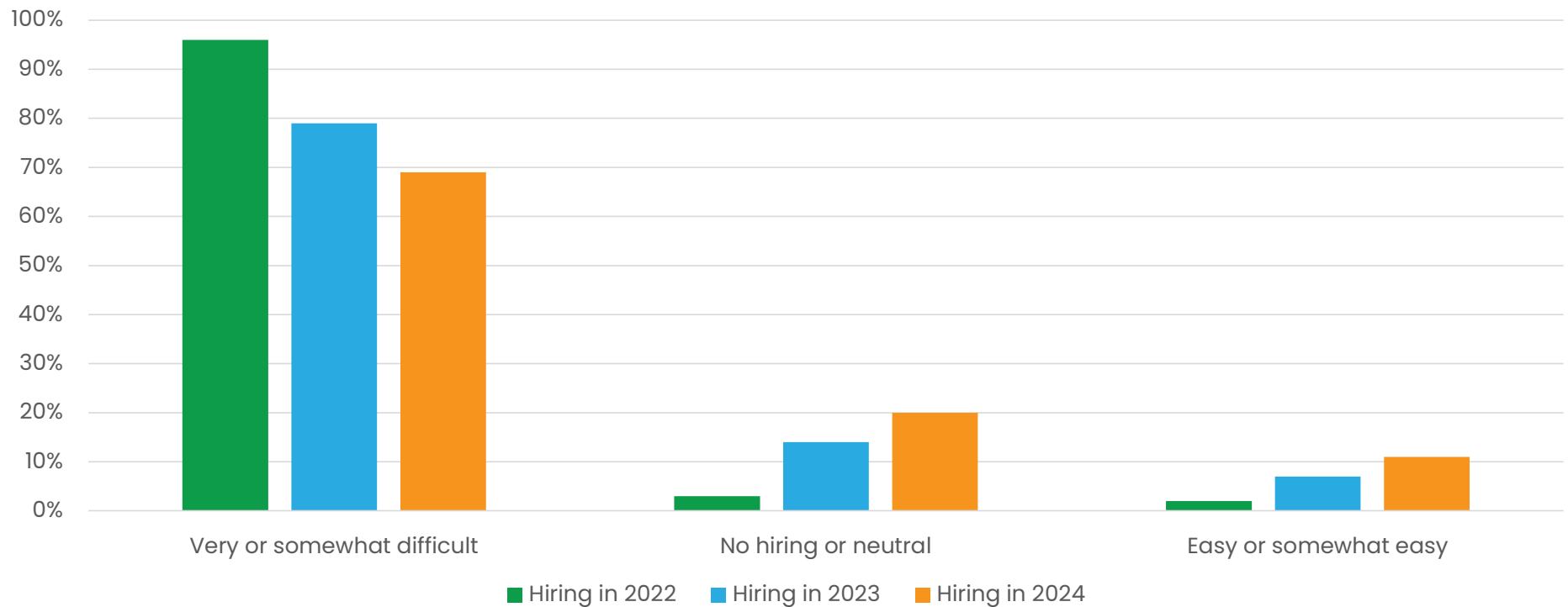


The percent reporting stable enrollment for the previous years continues to increase

Approximate percent describing “stable enrollment”



Hiring is still difficult, but continues to get easier (or be less needed)





Early Educator Compensation

Average of Highest and Lowest Hourly Teacher Wages

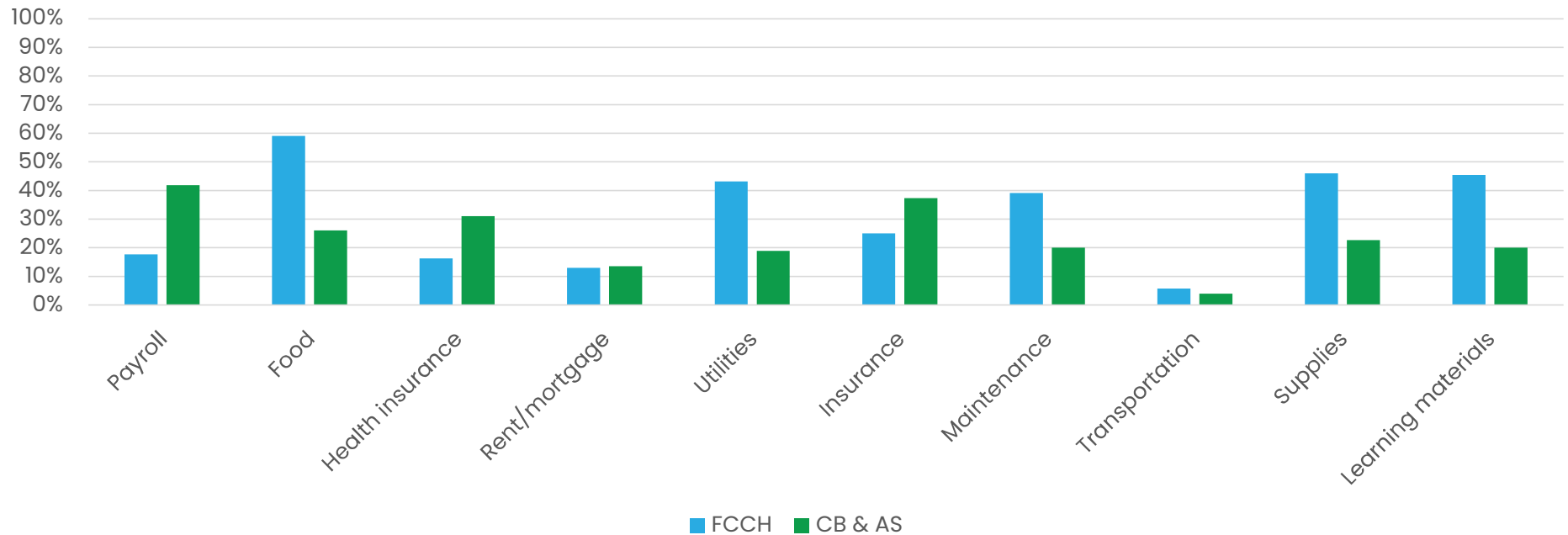
| | Teacher | Assistant Teacher |
|----------------------|---------|-------------------|
| Highest Average Wage | \$24.94 | \$20.05 |
| Lowest Average Wage | \$20.27 | \$17.84 |

- About half of child care employers offered health insurance (48%) and/or contributions to retirement (52%)
- Three-quarters offered a child care discount to employees (76%).



Many child care businesses experienced significant increases in operating expenses in 2024

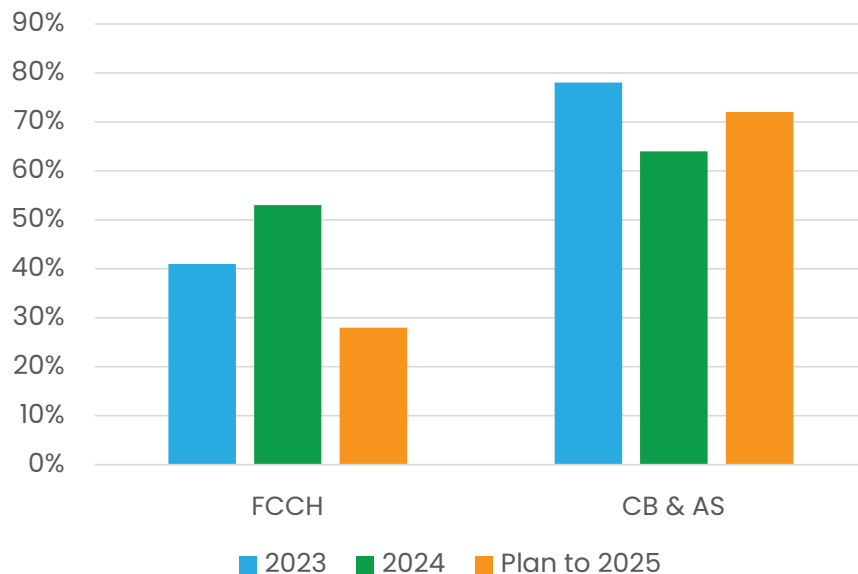
Percent who reported a significant increase in the expense category



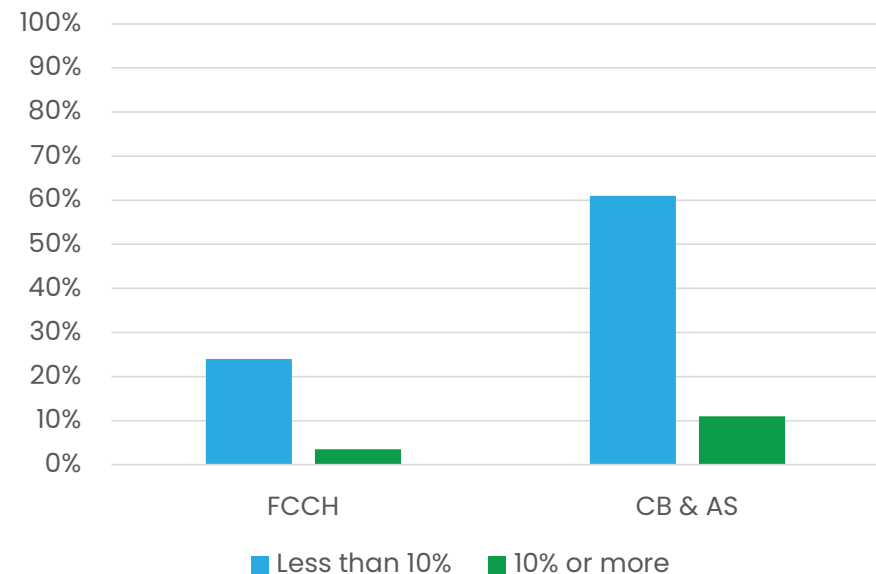


With significantly increased costs, some businesses expect to increase tuition rates

Programs increasing tuition over time



Amount of planned increase in tuition rate





Cost Modeling and Financial Analysis



Child Care Center, average expense budget, 2024*

| | Percent of Expenses |
|--|---------------------|
| Staffing Expenses | 77% |
| Classroom Staff | 57% |
| Non Classroom Staff | 20% |
| | |
| Occupancy Expenses | 10% |
| | |
| Quality Initiatives | 1% |
| | |
| Transportation | <1% |
| | |
| Legal & Professional Services | 3% |
| | |
| Program Operations | 6% |
| | |
| Other Expenses | 1% |
| | |
| Income Taxes | 1% |
| Finance Payments | 1% |

**From an analysis of 10 child care center's expense budgets in 2024*



Cost of Care Results

| Modeled Program | Net Revenue | Profit Margin |
|-----------------------|-------------|---------------|
| Small Registered FCCH | \$10,620 | 9% |
| Large Licensed FCCH | \$8,951 | 5% |
| Small Center | -\$133,591 | -17% |
| Medium Center | -\$82,310 | -6% |
| Large Center | \$223,362 | 10% |

[Full Report](#)

Cost of Care at Child Care Center

| Age Group | Small | Medium | Large |
|------------|----------|----------|----------|
| Infant | \$30,383 | \$27,865 | \$27,156 |
| Toddler | \$24,869 | \$22,848 | \$22,257 |
| Preschool | \$13,840 | \$12,813 | \$12,459 |
| School Age | \$12,559 | \$11,001 | \$7,667 |

Cost of Care at Family Child Care Home

| Age Group | Small Registered FCCH | Large Licensed FCCH |
|------------|-----------------------|---------------------|
| Age 0-5 | \$13,299 | \$15,319 |
| School Age | \$7,033 | \$8,101 |



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