



Date: Wednesday, February 18, 2026

To: Representative Theresa Wood, Chair, House Committee on Human Services

From: Emilie Tenenbaum, Executive Director, Let's Grow Kids Action Network

Re: Child Care and the Governor's Proposed SFY2027 State Budget

Let's Grow Kids Action Network (LGKAN) deeply appreciates you and your committee's thoughtful work and leadership to transform Vermont's child care and early childhood education system. Since the passage of Act 76 of 2023, new public investment has expanded the child care system to serve 50% more families than before Act 76, with close to 10,000 families in total receiving support statewide.

But as your committee knows, progress is not guaranteed. Vermont must continue to protect child care funding to increase access and affordability, strengthen and support the early childhood education workforce, and address early childhood educator fingerprinting and background delays.

In order to address these system needs, the Legislature **must continue to be vigilant in ensuring that the significant investments of Act 76 achieve the goals and impact the Legislature intended. Vermont's future depends on what you do next.**

In order to fully realize the potential of Act 76, LGKAN and our partners at the Vermont Association for the Education of Young Children (VTAEYC) have identified the following needs as priorities for this legislative session.

Protect Child Care Funding:

- When Act 76 passed, the funding for transforming the child care system was allocated from two primary sources: \$50 million in additional ongoing base funding from the state's General Fund, and dedicated funding generated by the new Child Care Contribution (payroll tax) through the Child Care Contribution Special Fund. The Legislature has since reiterated that the use of both of these funds is key to the construction of Act 76 funding. Over the last two fiscal years, revenue from the Special Fund has been used to offset other budget pressures

and reduce the General Fund allocation for child care. As you are aware, these decisions were made based on preliminary estimates from state economists regarding Special Fund performance. However, Special Fund revenue is significantly lower than those initial projections, and it is critical that the State stop relying on Special Fund dollars to offset other expenses and fully fund child care at no less than SFY2024 levels to ensure children, families, communities, early childhood educators, and our economy do not face setbacks in the progress made through Act 76.

- Last year, thanks to concerted advocacy by your committee, the final state budget contained key language reiterating the state's commitment to fully funding child care financial assistance as envisioned in Act 76. Section 318.1 of last year's budget bill specifically stated:

(a) It is the intent of the General Assembly that the fiscal year 2026 reduction of the General Fund appropriation to the Department for Children and Families for the Child Care Financial Assistance Program in Sec. B.318 of this act shall not occur in future fiscal years and that, in future fiscal years, the appropriation from the General Fund to the Department for Children and Families for the Child Care Financial Assistance Program shall be not less than the appropriation from the General Fund to the Department for Children and Families for the Child Care Financial Assistance Program in 2024 Acts and Resolves No. 113 as passed by the General Assembly.

- Please ensure that child care base funding in the FY27 budget mirrors the funding included for Act 76 in the SFY24 budget.

Increase Child Care Access and Affordability:

- It is critical that the state continue to invest in increasing access to child care and improve family affordability. The SFY2027 budget must protect investments in child care capacity development efforts. The Governor is proposing a \$100,000 cut to capacity grants that fund new or expanding programs serving infants and toddlers. The budget documents state that funds may be backfilled by federal funds *if available*. Although we are finally seeing a promising trend in child care capacity in Vermont, we are still well short of the spaces needed to meet likely demand, especially for our youngest children. Please ensure that full funding is available for increasing child care capacity.
- It is likewise crucial to continue allocating resources to ensure that all families can afford child care. Please include sufficient funding to increase Child Care Financial Assistance Program (CCFAP) income eligibility from 575% of federal

poverty level to 600%, especially as more and more families face economic hardship in these challenging times.

- Additionally, the SFY2027 budget must include sufficient funding for the agencies that make it possible for families to access CCFAP. Eligibility Specialists at Child Care Community Support Agencies play a key role in supporting families to apply for CCFAP and in processing applications. The Governor's Recommended FY27 Budget includes a \$100,000 reduction in funding for the contracts between the state and these agencies, even as some of them struggle with revenue shortfalls and staffing vacancies. Please restore the \$100,000 in funding so that the Child Care Community Support Agencies have the resources they need to support efficient, accurate access to CCFAP.

Strengthen the Early Childhood Educator Workforce:

- Thanks to your committee's leadership, Vermont has developed a strong network of supports for early childhood educators, including scholarships, grants, bonuses, student loan repayment assistance, and youth and adult apprenticeship programs. We are asking you and your committee to recommend fully funding these programs in the SFY2027 budget.
- We are also asking you to support legislation to establish professional recognition for early childhood educators in non-public child care settings, as outlined in the ECE Profession Bill (S.206). The bill, which is moving through the Senate now, includes funding estimates that will need to be accounted for in the SFY2027 budget.

Address Vermont's Fingerprinting and Background Check Delays:

As your committee has heard, early childhood educators continue to face challenges in obtaining timely fingerprinting and background checks. We understand that the Administration has indicated that there is a federal grant that will supply some resources to address the fingerprinting and background check backlog that currently plagues our ECE workforce. We request that your committee pay careful attention to this issue and advocate that sufficient funds are allocated. This may require additional state funds.

Thank you for your continued dedication to Vermont's children, families, early childhood educators, and communities, and for ensuring that Vermont is able to fully realize the promises of Act 76.

Topic	Governor's Budget	DCF Ups and Downs reference	LGKAN Recommendation
Child Care Special Fund Shortfall	Move \$6.2M in costs to GF from SF	603500	Ensure full SFY24 funding levels for CCFAP from the General Fund
Child Care Eligibility Agreement Efficiencies	\$100,000 cut to eligibility specialists	603605	Ensure that eligibility specialists are properly resourced to support families and process applications
Child Care Capacity Grants	\$100,000 cut	603617	Ensure full funding for these grants to increase child care capacity for infants and toddlers, where the state continues to see significant gaps
CCFAP eligibility	Level funded		Increase eligibility from 575% to 600% FPL
Fingerprinting and background checks	No funding in budget		Establish whether additional State funds are required and allocate in budget if needed
ECE Workforce - scholarships, grants, bonuses, student loan repayment assistance, and youth and adult apprenticeship programs	DCF budget book contains \$831,964 decrease in capacity and quality grants but it is unclear which grants are cut		Ensure that budget reflects level funding or increases for these key programs