

Child Care

- Act 76 progress
- CCDF changes

February 2025

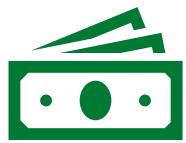
Janet McLaughlin

**Deputy Commissioner,
Department for Children and
Families - Child Development
Division**



Act 76: Child Care Law of 2023

Invests additional ~\$125M annually to address access and affordability for families as well as quality and viability for providers in early childhood education and afterschool programs.



Child Care Subsidy

Changes impacting the Child Care Financial Assistance Program (CCFAP)



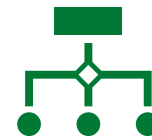
Quality, Capacity and Inclusion

Reports, resources, regulatory changes to support full and equitable participation



Funding

.44% payroll tax shared between employers and employees into Child Care Contribution Special Fund



Accountability and Administration

Monitoring of and resources for implementation



PreK-Related

Reports and planning related to PreK

CCFAP Eligibility

Expansion of Income Eligibility for Families

- ✓ Income eligibility increases to 400% FPL: 4/7/24
- ✓ \$0 weekly family share extends to 175% FPL: 4/7/24
- ✓ Income eligibility increases to 575% FPL: 10/6/24
- ❑ Update for 2025 FPL Guidelines (per Act 45 of 2021): 3/23/25

Adjustment of Other Eligibility Requirements

- ✓ Removed citizenship/immigration status as criteria.
- ✓ Streamlined process for families who are connected to refugee and asylum assistance.
- ✓ Expanded “education” service need to include those working on credentials beyond initial bachelor’s degree.
- ❑ Refined self-employment policy; aiming for 5/1/25

CCFAP Enhancements

- ✓ Additional \$2M annually for CCFAP eligibility specialists to Community Child Care Support Agencies.
- ✓ Online application launched on 9/7/2024.
 - ✓ Over 1,500 applications, about 33% of applications processed.
- ✓ Expanded CCFAP promotion and communication.
 - ✓ Initial outreach included press releases, newsletters/emails to parents and programs, Front Porch Forum posts in April, August, and October.
 - ✓ Paid promotion began early 2025 with social, digital, streaming, and broadcast.



❑ Digital toolkit shared plus posters and brochures to be mailed in March 2025.

Child Care Financial Assistance Participation over Time

Average Number of Children Receiving CCFAP, SFY 2017-2025*

*SFY 2025- Represents July-December 2024 Data



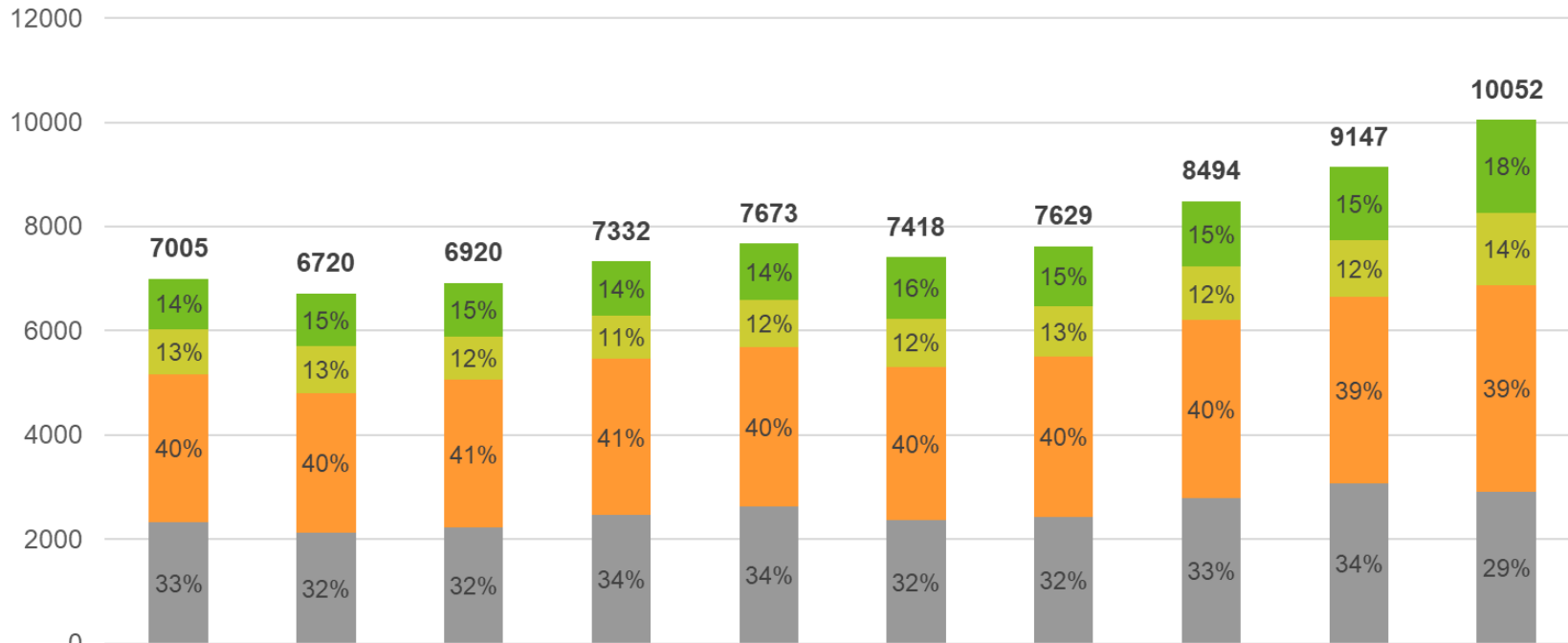
CCFAP participation has increased significantly from previous years.

CCFAP participation has recovered from the COVID-related drops.

Children Served by Child Care Financial Assistance

July 2023 to December 2024

Average Number of Children Participating in CCFAP by Age Group SFY- Q1-2023-Q2-2025



	SFY 23 Q1	SFY 23 Q2	SFY 23 Q3	SFY 23 Q4	SFY 24 Q1	SFY 24 Q2	SFY 24 Q3	SFY 24 Q4	SFY 25 Q1	SFY 25 Q2
Infant	969	1019	1025	1037	1082	1180	1160	1266	1398	1791
Toddler	881	896	840	830	897	924	962	1022	1100	1386
Preschool	2826	2676	2839	3008	3067	2953	3076	3411	3584	3962
School	2330	2129	2216	2458	2627	2361	2431	2796	3065	2913
Total Children	7005	6720	6920	7332	7673	7418	7629	8494	9147	10052

42% increase in the average number of children participating in Child Care Financial Assistance, comparing SFY23 Q2 to SFY25 Q2.

Infants and toddlers show the greatest increase in participation, 85% and 57% respectively, since Act 76 implemented.

CCFAP Rates

State Reimbursements to Child Care Programs

In 2023:

- ✓ CCFAP capped rates now have higher base rates: 7/2/23
- ✓ CCFAP rates no longer tied to programs' STARS ratings: 7/2/23
- ✓ Pay all programs at CCFAP state rates: 12/17/23
- ✓ Increase CCFAP state rates by 35%: 12/17/23

In 2024:

- ✓ For Family Child Care Homes: Increase CCFAP state rates by 50% of difference between family child care and center-based program state rates: 6/29/24

[Current CCFAP State Rates](#)

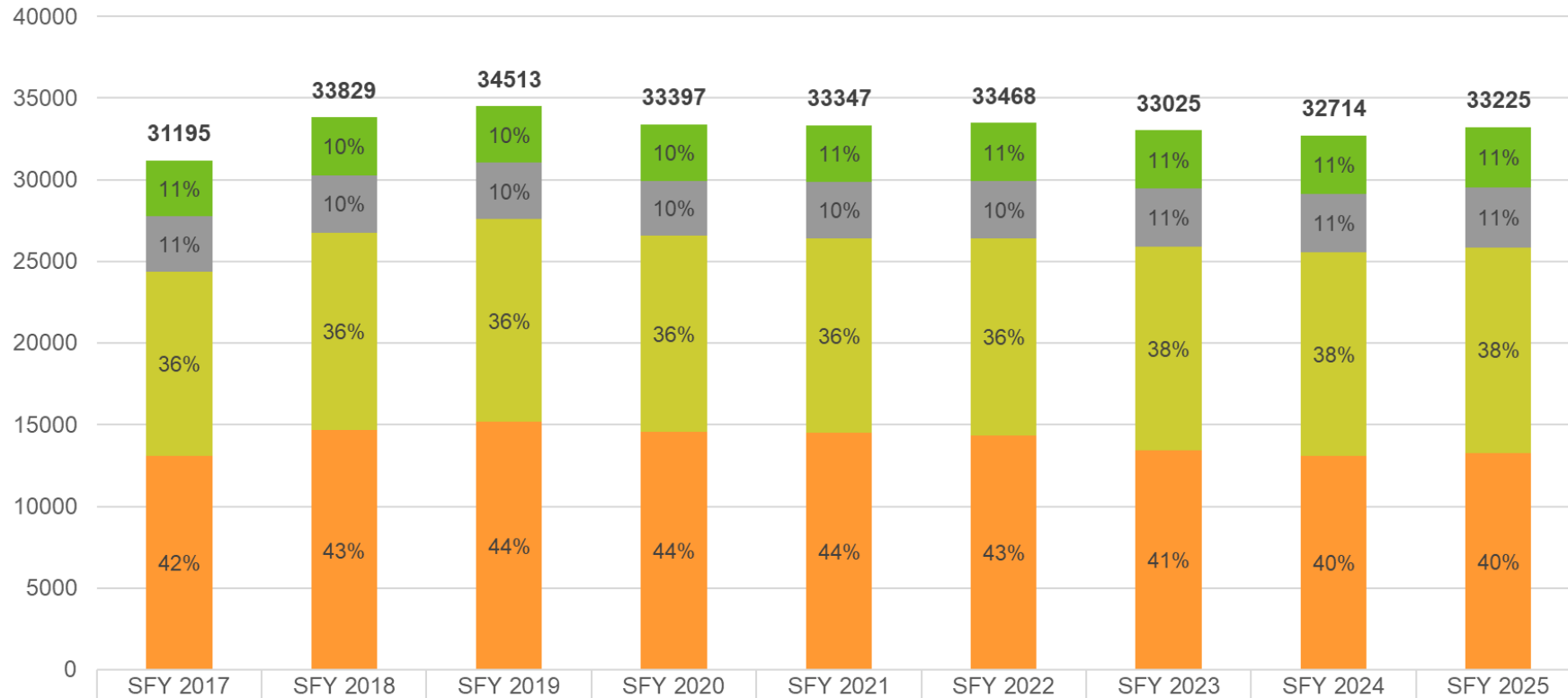
Direct Payments to Programs

- ✓ **One-time Act 76 Readiness Payment Program**
 - \$21M distributed to over 750 providers/programs willing to accept CCFAP from September 2023 and April 2024
- **In 2024 and beyond, \$10M Quality and Capacity Incentive Program** for programs accepting CCFAP, designed with stakeholder input in 2024
 - ✓ Increased and refined financial incentives for renewing on increasing STARS
 - ✓ Increased one-time bonuses for staff who increase professional credential
 - ✓ New bonus for programs that achieve Specialized status, demonstrating expertise and willingness to serve children with higher needs
 - ❑ Developing annual incentive payment that recognizes quality, priority populations

Child Care Capacity (Slots) in Vermont Over Time

Total Child Care Capacity, by Age of Children, SFY 2017-2025*

*SFY 2025- Represents July-December 2024 Data



The number of licensed child care spaces declined slowly from SFY2019 through SFY2024.

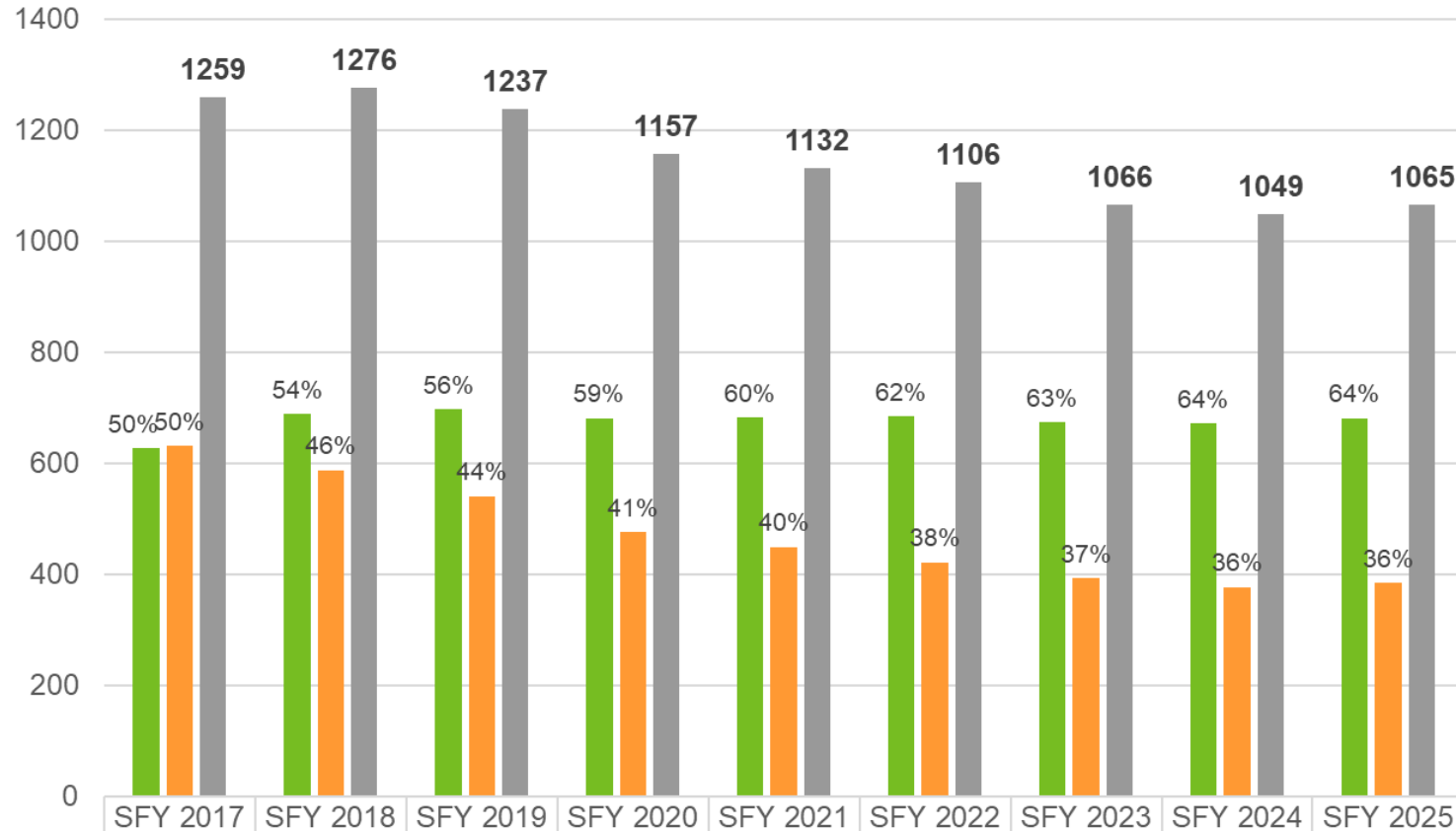
In the first six months of SFY25, the net increase in licensed child care spaces is 511.

	SFY 2017	SFY 2018	SFY 2019	SFY 2020	SFY 2021	SFY 2022	SFY 2023	SFY 2024	SFY 2025
■ Infant Capacity	3421	3538	3474	3467	3508	3549	3563	3609	3706
■ Toddler Capacity	3379	3518	3448	3342	3404	3513	3562	3517	3649
■ Preschool Capacity	11287	12123	12415	12023	11915	12076	12456	12510	12583
■ School Age Capacity	13108	14650	15176	14566	14520	14330	13445	13078	13287
Total Capacity- All Providers	31195	33829	34513	33397	33347	33468	33025	32714	33225

Child Care Programs in Vermont Over Time

Average Number of Providers, SFY 2017-2025*

*SFY 2025- Represents July-December 2024 Data



■ Licensed Provider	628	689	697	681	683	685	673	672	681
■ Registered Home	631	587	541	476	449	422	393	377	385
■ Total Providers	1259	1276	1237	1157	1132	1106	1066	1049	1065

The mix of child care programs has changed over last nine years.

The number of licensed child care programs has remained fairly steady over the last nine years.

The number of registered family child care homes has declined significantly, in line with national trends.

In the last twelve months, more family child care homes opened than closed for the first time in many years.

Other Act 76 required changes

- ✓ Programs can no longer accept application and waitlist fees for children eligible for CCFAP and must reimburse on those fees for children who are later found to be eligible at that time
- ✓ Regulated child care providers must make their tuition rates publicly available.
- ✓ Child care programs receiving CCFAP must provide ownership disclosure.
 - Updated forms and applications to implement each of these.
- ✓ CCFAP to be paid on enrollment and attendance categories to be minimized.
 - New policy developed, shared for feedback, refined and implemented.
 - Initial limit of 30 child absence days has caused worry; less than 1% of children reach that limit and extensions are provided.
 - Will need to change again based on federal changes.
- ✓ All regulated child care programs are prohibited from exceeding cap for annual tuition rate increases.
 - Cap is variable based on an index; it was 7.2% in FY24, estimating 6.1% for FY26.
 - In effect from July 2023 to May 2024 temporary repeal. Back into effect July 1, 2025.
 - Difficult for programs to plan ahead; impacts established programs rather than new ones.
 - Difficult for CDD to monitor and enforce given complexity of child care rate setting.

Reports required by Act 76

2024

- ✓ Improvements to the **background check** process: 1/15/24 (Vermont Crime Information Center with CDD and AOE)
 - [January 2024 report](#) – No major improvements without significant staff and technology
 - In November 2025, CDD and VCIC held two-day process mapping to identify ways to improve
- ✓ Recommendations for mechanisms to inform **future CCFAP adjustments** of both state rates and weekly family share: 1/15/24 (CDD, JFO)
 - CDD commissioned and submitted [this analysis](#) in January 2024
 - New Cost Modeling analysis completed by First Children’s Finance in January 2025, shared today
- ✓ Streamline and improve effectiveness of **Special Accommodation Grants**: 7/1/24 (CDD)
 - [September 2024 report](#) – Outlined program expansions and process improvements, including longer timeline; continued concern re: payment terms, availability of specialized services
 - Currently funded largely with federal PDGB-5 grant

2025

- ☐ Report on **possible reorganization of DCF** to increase responsiveness and elevate status of early childhood services within AHS, in alignment with a similar report from AOE: 11/1/25 (AHS with AOE)



 First Children's Finance

Vermont Cost Modeling Report

Report on the Cost of Providing Child Care in Vermont to
the Department for Children and Families

January 2025

Anne McSweeney, Ellen Nikodym, Amanda Saillant

CDD commissioned this report to model the cost of quality child care in Vermont on an ongoing basis.

- Model uses “best available” data and makes assumptions about “typical” programs. These need to be validated with additional Vermont input this year.
- Both “current” and “aspirational” wages modeled.
- Model looks at both sufficiency of CCFAP reimbursement rates and financial viability for programs.

Select initial findings:

- “Important signs of progress on fiscal health”
- CCFAP reimbursement rates support modeled costs for some program types and some ages.
- Current CCFAP rates reflect market-driven pattern in which preschool classrooms subsidize infant/toddler classrooms.

More Info on Act 76

[Act 76 \(H.217\) | Department for Children and Families
\(vermont.gov\)](#)

- Summary and Status chart
- Related memos
- Related links
- FAQs

Overview of updated federal Child Care Development Fund Final Rule

The 2024 Child Care and Development Fund (CCDF) Final Rule updates regulations (45 CFR Part 98) to help working families afford child care and broadly support child care quality and accessibility in communities. New policies included in this rule are designed to:

- Lower child care costs for families
- Improve payments to child care providers
- Increase child care options for families
- Make enrollment easier and faster for families

The rule was announced in March 2024 and went into effect in April 2024. Vermont was already in compliance with many elements. Some elements built into 2025-2027 State Plan. CDD has requested waiver for some elements until August 2026.

Changes needed to CCFAP to come into compliance with CCDF by August 2026

CDD and the DCF BO are working to develop plans for these four elements:

1. Prospective payments to providers
2. Payment by enrollment to providers (using federal definition)
3. “Some” grants or contracts for child care services to support infants and toddlers, children with disabilities, and underserved areas
4. 7% cap on parent co-pays (only required for those eligible for federal support, under 85% SMI which is ~300% FPL)

Plans come into compliance with CCDF by August 2026

Currently:

- Initial legislative language update in motion. (H.248)
- Developing an RFP to hire a vendor to conduct initial research and analysis.
- Taking steps to hire an additional limited service staff member with new federal \$ for Child Care (from December 2024 ARA) to lead this effort.

Work will include:

- Research on supply, demand, needs, other state's approaches
- Analysis and recommendation of models for prospective payment, enrollment, grants/contacts, and 7% cap on family share
- Implementing necessary changes to CDDIS and DCF payment processes
- Updating program policies and CCFAP rules
- Communicating changes to programs and families