

# Early Care and Learning: Considerations

House Committee on Ways and Means

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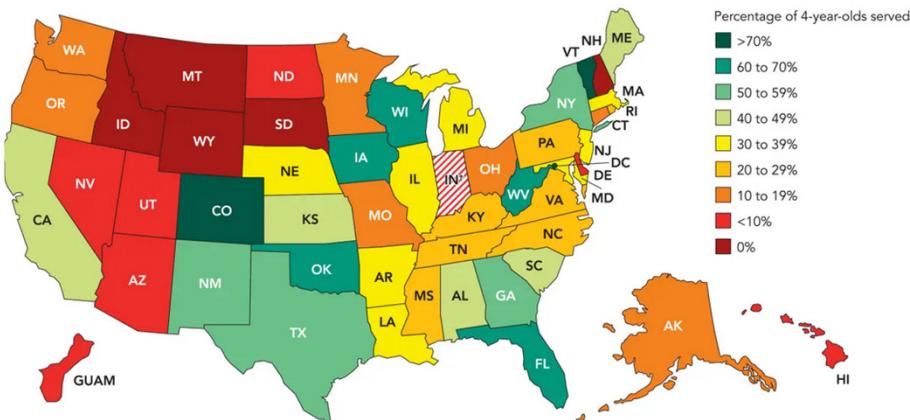


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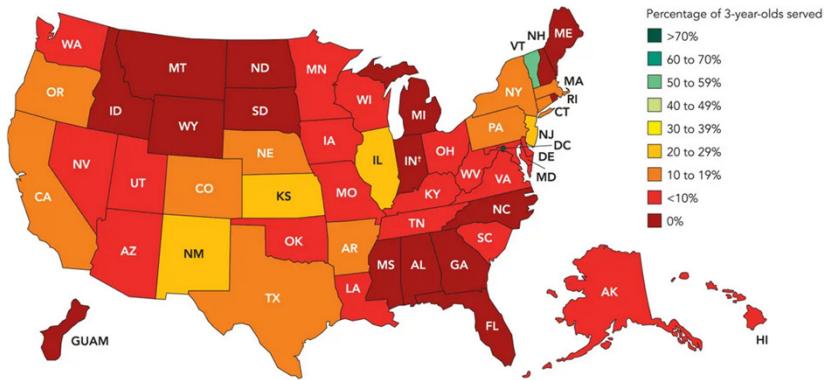
# Nationwide Access to PreK

FIGURE 6: ELEVEN STATES AND DC SERVE AT LEAST HALF OF 4-YEAR-OLDS IN STATE-FUNDED PRESCHOOL



Source: National Institute for Early Education Research – State of Preschool 2024 Yearbook

FIGURE 7: PRESCHOOL ACCESS FOR 3-YEAR-OLDS REMAINS LOW ALMOST EVERYWHERE, LAGGING BEHIND 4-YEAR-OLD ACCESS



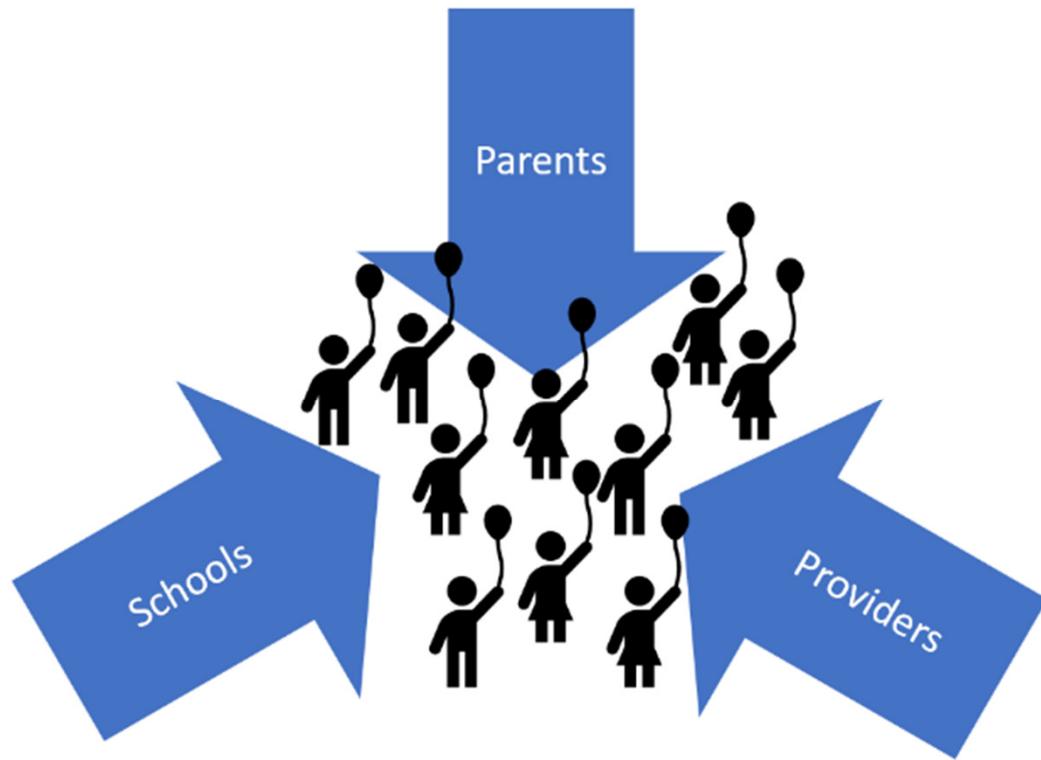
<sup>†</sup> Indiana's state-funded ECE program does not meet NIEER's definition of a state-funded preschool program because it has a parent work or education requirement for eligibility.

- According to the National Institute for Early Education Research, Vermont is 2<sup>nd</sup> in the country for access to preschool, despite ranking 13<sup>th</sup> for state \$/child enrolled
  - 76% of 4-year-olds are enrolled in Universal PreK
  - 58% of 3-year-olds are enrolled in Universal PreK



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# Disclaimer on Incentives

- Incentives presented are both general and academic
  - Act 73 required JFO to report on the “*financial incentives*” in the early care and learning system
    - However, money is not the only incentive in the system
    - Note, Special Education for this population was not analyzed
  - General: families and providers work together to find the right setting and cost of care
  - Providers want to meet the needs of families and the broader community
  - Theoretical: at the margins, sometimes programs don’t always benefit families
    - Not just a CCFAP/Universal PreK interaction – found throughout government policy (e.g., various benefit cliffs)
    - Not likely impacting many families

# Family Incentives

- In most cases, Universal PreK payments make child care cheaper for families
- However, at the margins, the structures of the Child Care Financial Assistance Program (CCFAP) and Universal PreK and how they work together can complicate family decision-making
  - Estimated weekly family shares (the maximum amount providers can charge families under CCFAP) can be higher than market rates
  - Universal PreK hours are subtracted from CCFAP certificates
    - For example, a family qualifies for 35 hours, but during the school year, 10 hours are covered through Universal PreK, which means the family drops to 25 hours for CCFAP, which equates to a part-time certificate

*Table 1: CCFAP Preschool Family Share  
2024 Median Market rate = \$325 per week; \$16,900 annual cost*

FPL	375%	400%	425%	450%	475%	500%	525%	550%	575%
Family Share	\$225	\$250	\$275	\$300	\$325	<b>\$350</b>	<b>\$375</b>	<b>\$400</b>	<b>\$425</b>

*Note: Cells in bold indicate where the CCEAP Family Share would exceed the statewide market rate*



# Provider Incentives

- Differences in revenue between different ages of classrooms means that preschool age students are the most economically viable to serve
- In some cases, and depending on how they structure their program, providers can receive both the CCFAP rate and the Universal PreK rate  
In other instances, they receive only the CCFAP rate
- Providers work with families to find the solution that works best for everyone



# Public Schools

- School districts consider what types of PreK programs work best for their communities
  - Districts consider whether other providers are meeting the needs of community, whether they can leverage existing infrastructure, etc.
  - They consider interaction between additional pupil counts and the cost of running a program
  - They consider generating revenue for extended programs, by contracting with private providers for afterschool care or receiving CCFAP to offset costs
- Schools have responded to these incentives in different ways and operate different PreK programs
  - St. Johnsbury SD
    - Full-day public school program for 4 –year-olds, tuitions 3-year-olds
  - Rutland City
    - Tuitions all students
  - Bennington-Rutland SU
    - Different offerings per school and school district
- Unfortunately, statewide data on PreK offerings by school district are not available at this time



# Disclaimer on Options – Goals

- First, what is the overall goal of the early care and learning system in Vermont? What does the General Assembly want to prioritize going forward?
  - Workforce development and support?
  - Kindergarten readiness?
  - Increasing participation the public school system?
  - Reducing costs on the Education Fund?
  - Other?
- Determining goals will clarify options



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# Options

- **Focus primarily on the Universal PreK weight and make limited changes if desired**
  - While there may need to be policy work to align Universal PreK with the foundation formula, the system could operate largely unaltered until education transformation has been further realized, and the new state of public education is established
- **Take a more comprehensive approach and evaluate programs and funding streams in-depth**
  - It is important to note that more comprehensive changes would likely introduce new incentives within the early care and learning policy ecosystem
- **Anything in between**
  - The General Assembly could make minor changes, address some incentives, or focus its policy work on any number of facets of the early care and learning system



# Option 1 – Money Follows the Student

- **Option 1:** Adopt a “money follows the student” policy similar to the tuition policy for independent schools
  - Advantage: equity in the amount of money providers receive for different students
    - If the current Universal PreK payment structure is maintained, home districts gain additional tax capacity for different weights, but send the statewide tuition rate to Universal PreK providers
      - Recall, tax capacity does *not* correspond with actual spending
    - It is not clear that districts are collecting comprehensive data on students, especially if they attend a prequalified private provider
  - Disadvantage: school districts would not be able to retain money for administration



# Option 2 – Prorate Weights

- **Option 2:** Prorate Universal PreK weights based on the number of hours provided, where schools' long-term weighted average daily membership (LTWADM) PreK count is based on the number of Universal PreK hours provided either in school or by private providers
- For example, a school district offering a full-day Universal PreK program would receive a weight of 0 (or no weight), but a Universal PreK program offering a half-day program would receive a weight of -0.50
  - Advantage: would better link the amount of the funding a school district provides with the amount of education provided
  - Disadvantages: would be administratively complicated, especially for providers outside of the student's home district



# Option 3 – Change UPK for CCFAP Calculations

- **Option 3:** Change how Universal PreK is counted when calculating CCFAP reimbursement
- Currently Universal PreK counts as care received for CCFAP – reducing the number of CCFAP hours a family qualifies for by 10
  - Advantage: would remove incentives found at the margins for some families
  - Disadvantage: Providers could receive funding for the same hours from both CCFAP and Universal PreK – different than how Universal PreK works for families who are not in CCFAP



# Takeaways

- The entire system is interconnected – it's hard to make changes to one aspect of the system without impacting everything else
  - Head Start programs use both CCFAP and Universal PreK funding
  - Increases or decreases in Universal PreK hours impact benefits received through CCFAP without making changes to that program
- Data are limited – hard to make informed changes
- Viewed nationally, the program is a success in terms of access and outcomes



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