



# First Children's Finance

Vermont

January 28, 2026

## Testimony to Vermont Senate Education Committee

For the record, my name is Erin Roche and I'm the Vermont Director of First Children's Finance. First, I want to thank this committee for inviting me here today – it is my privilege to share with you some of my work. And thank you for letting me join by Zoom – I'm not often in the statehouse and it is a bit of a trek from my home office in Addison County.

First Children's Finance is a national non-profit and the Vermont operation began 3 years ago this week. Our mission is to grow the supply and business sustainability of excellent child care. In Vermont, we do that through business training and consulting services as well as access to capital for child care entrepreneurs. We can also provide some guidance and consulting to Vermont employers and communities that wish to create or invest in child care for their employees or community members. We also conduct research and data analysis in service of our mission in Vermont. All of our services to child care in Vermont is offered at no charge through a grant from the State of Vermont. We also administer an infant/toddler capacity building grant program on behalf of the state.

The Vermont office of First Children's Finance has seven staff, all of whom live and work in Vermont. Fun fact: the seven of us live in six different counties! Four of the seven provide direct business training and consulting to child care businesses – two have a background in operating family child care homes, the other two have direct experience operating a child care center. My background is in community development and business sales, marketing and operations.

With all that in mind, I was asked to testify about why we are losing registered child care homes, the requirements for registered child care homes, the challenges of child care in rural Vermont, and possible solutions. I expect that Deputy Commissioner McLaughlin will speak to the requirements for registered child care homes and that is not my area of expertise. My testimony will focus on the number

of registered family homes, the supply and demand for child care in Vermont, and challenges and solutions for rural child care.

First, it's important to point out that [a report from Child Trends in August 2025](#) makes it clear that we have more family child care homes in Vermont than we did two years ago. The increase is small (3%) but it's important because we have been experiencing a decline in family child care homes for some time now and because this small increase seems related to the investments made by the state of Vermont in mid-2023 (Act 76, the child care law). As a recovering social scientist I understand that correlation is not causation and I'll be keeping an eye on this to see if this trend continues.

Second, I want to note that in Vermont we have Licensed Family Child Care Homes and Registered Family Child Care Homes – for shorthand we can consider these “large” and “small” family child care, though the differences are much more than the number of children they can care for. Both of them are based in the owner's home. I mention this because, based on my analysis of the state data of regulated child care, the growth that we see in the Child Trends report comes mainly from an increase in the number of “large” family child cares.

In summary, while Vermont had experienced a decline in the number of family child care homes over a number of years, that trend appears to have reversed or at least stalled.

Thinking more generally about availability of child care (not exclusive to family child care homes) in rural areas, it's helpful to remember that Vermont is a rural state with small pockets of more densely populated village centers (that would still be considered rural almost anywhere else). First Children's Finance recently completed [a report on the gap between the supply of and the demand for child care](#) in the state of Vermont. (you might have seen our press release in your inbox this morning – the timing really was coincidental!)

The report covers the whole state but it looks at it county by county and it also looks at it by age group of young children (infants, toddlers, preschoolers). I think you can see from the table and the graph on p. 8 and 9 respectively that access to child care is less different county by county than it is by age of child and that even in counties that have space for most of the toddlers and preschoolers who need it, full-time child care is still difficult to find anywhere in the state.

A couple of other points from the data in this report. We report that the gap between supply and demand has shrunk statewide by 1,992 spaces – it is important to note that some of that is due to 8% fewer young children in Vermont since this the 2024 report. The second point is that we also did some zip code analysis of a few employment center municipalities in the state and what we found is that many of these employment centers have more spaces than there are young children who reside there – suggesting that families from nearby smaller communities use the spaces in larger communities, likely because they commute there for work or school.

Another trend that we have noticed is consolidation in the industry. We see more multi-site centers and center expansions and we see evidence of family child care owners closing to start or work at a child care center. As a result even as there are fewer child care programs, there are more child care spaces than there were since the pandemic. And that's not just in large communities; it's happening in our rural towns as well.

That's the end of the data I have to share, now I would like to focus on challenges and possible solutions for rural child care and I will use some stories for the work FCF has been doing these past 3 years to illustrate my points. I didn't have time to get permission from the business owners to share their stories so I won't use their names, but each example is a specific situation.

When I mentioned the growth in family child care due to the "large" family child cares, there are some specific cases of our clients working with us to develop a business plan for a "large" family child care when they already operated a small one. In one case, we worked with the owner create the business plan and then secure financing for a major renovation of ground floor. This was so that the family child care was not operating in the same space that the family lived. In another related example, a client came to us for help starting a family child care home, but she wanted to convert a barn next to her house, rather than have it inside her family home. This seems to be a shift in preferences for these business owners (and maybe for families as well?) to keep their business separate from their home (even if it is a home based business). This makes both a challenge and a possible solution opportunity – "large" family child cares are an innovative approach to keep home-based care in rural communities.

I also mentioned the 8% decline in young children. This is important because historically people who start family child care homes do this because they have young children of their own. I am not a demographer, but it is my understanding that Vermont's population has been aging for sometime, and that is both we are living longer and having fewer children. So one reasonable explanation for fewer family child care homes is that there are fewer parents of young children. This is a challenge that is outside of my purview.

Related to the aging population, FCF recently analyzed owners of family child care homes and found that one-third of them have been in business at least 20 years. Caring for young children is demanding and as these business owners get older and their own children may be grown, their priorities may shift. One family child care owner went to work for a nearby center, another went to work as a consultant and a third went to work as an administrator as a school. Two former family child care operators closed their programs to open a single child care center together. This gave them the opportunity to work together, be able to take days off and potentially leave the heavy lifting (real and metaphorical) to younger staff. The challenge is the aging population will lead to family child cares closing. The solution may be to consider what will make a home-based business appealing to a younger generation and help them see child care as a path for their future.

One challenge that particularly affects younger adults who might be interested in starting a home-based business like child care is the lack and unaffordability of adequate housing. Having up to 6 young children and 4 school-aged children in your home suggests access to adequate available space (indoor and outdoor). If you rent your home, it requires landlord permission and might require some home improvements. Even if you own your own home, your homeowners association or neighborhood may prohibit home-based businesses or changes to local zoning may be needed. And let's face it, young adults right now are especially challenged to afford to buy a home. First Children's Finance [recently published a report](#) documenting innovative approaches to family child care and I believe that innovation is needed if we want to encourage more family child cares to start up (or keep from closing).

Another challenge that might sound a little crazy, but is absolutely true is that some family child cares are struggling (or closing) because they don't have enough children enrolled to stay in business. Whether it's due to family preferences in that

community or competition opening down the street, not every family child care is fully enrolled and these are business people who need to stay enrolled to stay in business. This doesn't happen very often, but it is important to keep track of supply/demand to help these entrepreneurs understand the opportunity. We also encourage them to adopt marketing strategies, like social media or signage.

The last thing, which is neither a challenge or a solution, that is important to note is that people who start family child cares are entrepreneurs. Some of them have big dreams. We worked with a person who wanted to start a family child care in rural southern Vermont and she told us from the beginning that her dream was to open her own child care center. The family child care was just a stepping stone to that. I am so proud of the work that my team did to support this entrepreneur, and we don't judge people for their dreams – we listen to them and help make them a reality. Even though it meant one less family child care home, it meant a dream come true for the entrepreneur and it meant more child care spaces available in that rural community.

Thank you again for your interest and your time today.