

Report to The Vermont Legislature

REPORT ON ACT 76 MONITORING

In Accordance with No. 76, Section 19

Submitted to: House Committee on Human Services
House Committee on Education
Senate Committee on Health and Welfare
Senate Committee on Education
House Committee on Ways and Means

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Report Date: January 15, 2026

Legislative Language

No. 76

Sec. 19. § 4605. TECHNICAL ASSISTANCE; ACCOUNTABILITY In order to ensure the successful implementation of expanded child care, prekindergarten, and afterschool and summer care, Building Bright Futures shall be responsible for monitoring accountability, supporting stakeholders in collectively defining and measuring success, maximizing stakeholder engagement, and providing technical assistance to build capacity for the Department for Children and Families' Child Development Division and the Agency of Education. Specifically, Building Bright Futures shall:

- (1) ensure accountability through monitoring transitions over time and submitting a report with the results of this work on January 15 of each year to the House Committee on Human Services and to the Senate Committee on Health and Welfare; and
- (2) define and measure success of expanded child care, prekindergarten, and afterschool and summer care related to process, implementation, and outcomes using a continuous quality improvement framework and engage public, private, legislative, and family partners to develop benchmarks pertaining to:
 - (A) equitable access to high-quality child care;
 - (B) equitable access to high-quality prekindergarten;
 - (C) equitable access to high-quality afterschool and summer care;
 - (D) stability of the early child care education workforce; No. 76 Page 32 of 74
2023 VT LEG #371318 v.1
 - (E) workforce capacity and needs of the child care, prekindergarten, afterschool and summer care systems; and
 - (F) the impact of expanded child care, prekindergarten, and afterschool and summer care on a mixed-delivery system.

Executive Summary: Monitoring Act 76 in Vermont

2025: A Year of Delivery, Stabilization, and System-Building

In 2025, Vermont's early childhood system shifted from implementing Act 76's major policy changes to delivering those changes at full scale across the state.

This was the first full year in which all major Child Care Financial Assistance Program (CCFAP) changes were in effect statewide. During this period, the system successfully adapted to serve approximately 50% more families than prior to Act 76, representing a major increase in applications processed, eligibility determinations made, payments issued, and ongoing case management activity. At the same time, Vermont distributed \$2.7 million in Quality and Capacity Incentive Payments to 802 programs, strengthened quality infrastructure, and continued to build the financial and data systems needed to sustain this new level of access.

Across administrative data, partner reports, and statewide child care conversations, 2025 is widely described as a year in which Act 76 began delivering on its core promise: making child care more affordable for families and more financially stable for many programs.

Families consistently describe lower copays as a “game changer.” Providers report that more predictable revenue has enabled wage increases, benefit improvements, and new investments in quality. Awareness and participation in CCFAP are higher than at any point in the program’s history. Vermont has moved from a system designed for limited reach to one that is now operating as a broad-based public benefit.

Key Progress in 2025

1. Dramatically expanded access and affordability: Expanded eligibility and higher reimbursement rates are reaching families across the state. Nearly 12,000 children in almost 10,000 families are now determined eligible for CCFAP, and families report meaningful reductions in financial stress.

2. Stronger financial footing for many programs: Act 76 has improved revenue predictability, especially for programs serving CCFAP-enrolled children. Many providers report increased wages, reduced turnover, and new investments in quality and staffing.

3. Major investments in system capacity and infrastructure: In 2025, Vermont:

- Delivered a full QCIP cycle (\$2.7M to 802 programs)
- Launched a statewide CLASS database
- Continued development of workforce data and reporting
- Advanced cost-of-care modeling to support long-term rate setting and sustainability
- Expanded tools to support families and providers in navigating the system

4. A financing system that is functioning as intended: The Child Care Contribution payroll tax is now fully implemented and operating predictably. CCFAP spending is closely tracking budgeted levels (approximately 99% utilization), reflecting both strong demand and careful fiscal stewardship.

5. A growing culture of learning and continuous improvement: Through CDD's administrative CQI work, partnerships with Child Trends, First Children's Finance, and the Vermont Association for the Education of Young Children, and BBF's monitoring and convening role, Vermont is building a system that uses data, lived experience, and implementation feedback to refine policy in real time.

What Still Limits the System's Full Potential

Even with these gains, the system remains capacity-constrained.

- Workforce shortages continue to be the single largest barrier to expanding supply, especially for infant and toddler care and in certain regions.
- Administrative complexity, particularly related to enrollment-based reimbursement and UPK/CCFAP interaction, continues to create friction for providers and families.
- Uneven supply and access mean that while care is more affordable, it is still not always available where and when families need it.
- Workforce sustainability remains fragile, especially given burnout, long onboarding timelines, and limited access to benefits such as health insurance.

These are not signs of policy failure. They are the predictable challenges of scaling a public system rapidly in a field that was underbuilt and underfunded for decades.

Overall Assessment

Monitoring in 2025 shows a system that is functioning at scale and continuing to mature. Act 76 is widely viewed by families, providers, and partners as a significant and necessary investment that is already improving affordability for families and financial stability for many programs. As expected, building a system that is fully resilient, well-staffed, and consistently easy to navigate will require continued attention and time.

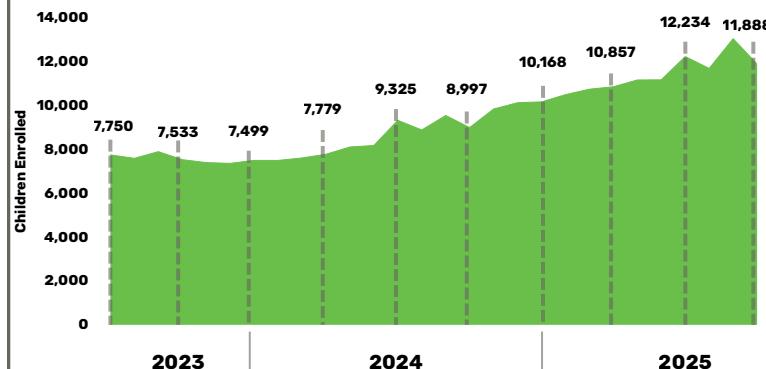
Overall, 2025 reflects a year of full-scale delivery, operational learning, and system-building. With sustained focus on workforce capacity, administrative refinement, and cross-agency coordination, Vermont is well positioned to continue strengthening implementation and translating Act 76's investments into durable, equitable outcomes for children and families.

Table of Contents

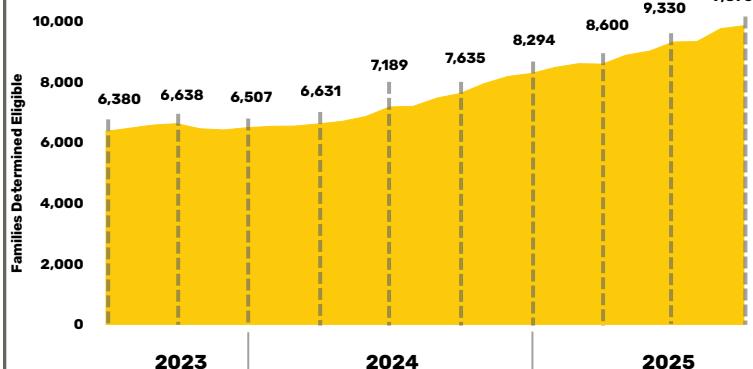
Legislative Language	2
Executive Summary: Monitoring Act 76 in Vermont	3
The State of Child Care in Vermont - Data Snapshot.....	6
Building Bright Futures' Role	10
Current Status of Implementation (January–December 2025)	10
CCFAP Rate and Tuition Policies	10
Quality and Capacity Incentive Program (QCIP)	11
Prekindergarten Education Provisions	11
Prekindergarten Education Implementation Committee (PEIC) Report (2024).....	11
Status of Statutory PreK Provisions.....	12
Joint Report on Elevating the Status of Early Childhood Education.....	12
Additional Act 76 and Related Reports	13
Financial Implementation: Child Care Contribution (Payroll Tax) and Program Spending	14
Payroll Tax Revenue Collection and Stability.....	15
Program Spending and Midyear Budget Position.....	16
Monitoring Implications	16
Summary of Implementation	17
Next Steps: Responsive Implementation and Continuous Quality Improvement	17
Child Development Division (CDD): Program Refinement and Administrative CQI	17
System Partners: Quality, Data, and Implementation Support	18
Quality Measurement and Improvement (VTAEYC and Partners).....	18
Financial Sustainability and Cost of Care (First Children's Finance and Partners)	19
Policy Implementation Research and Learning (Child Trends and Partners).....	19
How BBF's Monitoring Efforts Supported System CQI in 2025.....	20
Clarifying Prekindergarten Intent Versus Anticipated Change	20
Enrollment-Based Reimbursement: Implementation and Refinement	20
Surfacing System Barriers: Fingerprinting and Background Checks	21
Expanding Monitoring to Employer Perspectives	21
BBF Policy Recommendations as a Tool for Continued CQI	22
Monitoring Act 76 Through Select Indicators	22
Looking Ahead.....	22
Findings from Fall 2025 Child Care Conversations	23
Closing Reflection	27
Appendix: Partner-Reported Impacts and Findings.....	28

The State of Child Care in Vermont

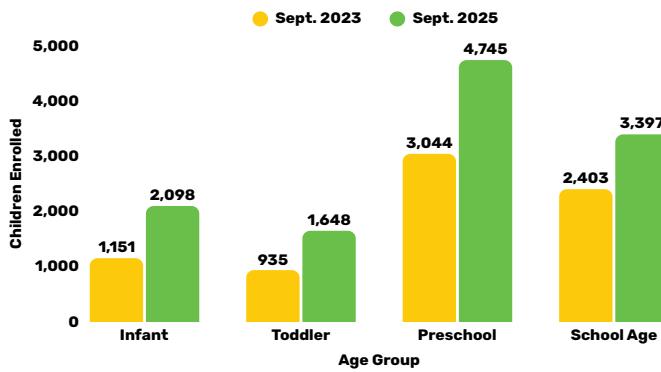
Children Enrolled in CCFAP, June 2023 – Sept. 2025¹



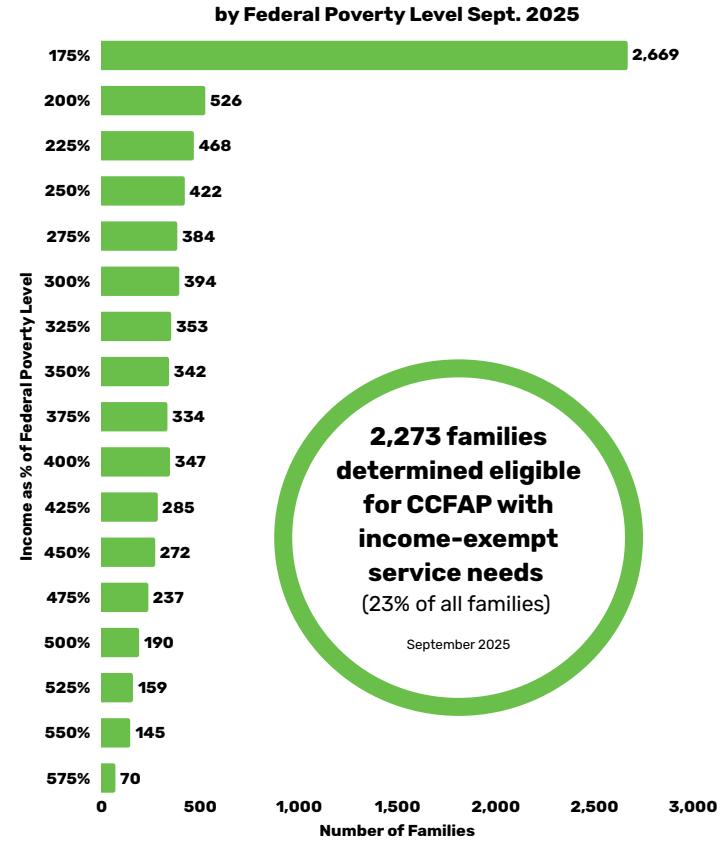
Families Determined Eligible for CCFAP June 2023 – Sept. 2025¹



Children Enrolled in CCFAP by Age Group Sept. 2023 vs. Sept. 2025¹



Families Determined Eligible for Financial Assistance With Income-Eligible Service Needs¹

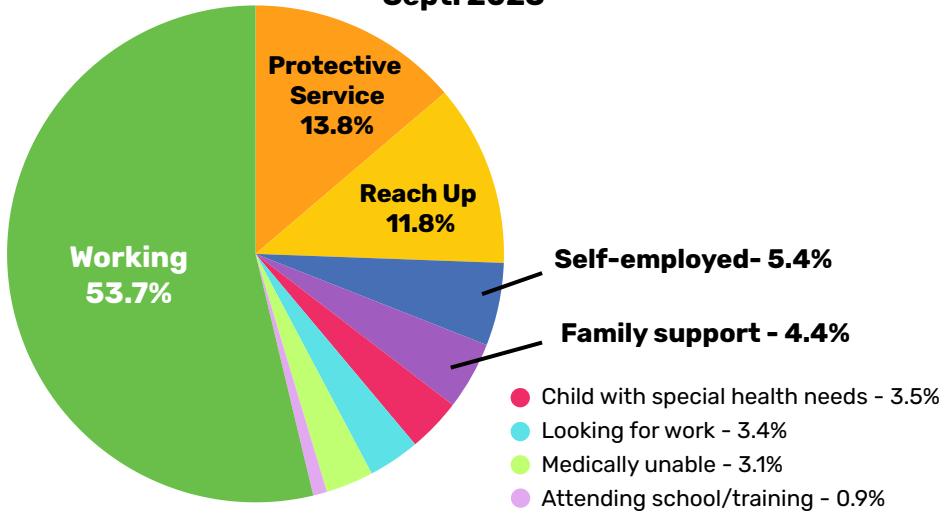


**\$2,275 per month
Child care cost
savings²**

For a family of two
adults and two children
with a household
income at 275% of the
FPL

Families Determined Eligible for CCFAP by Service Needs

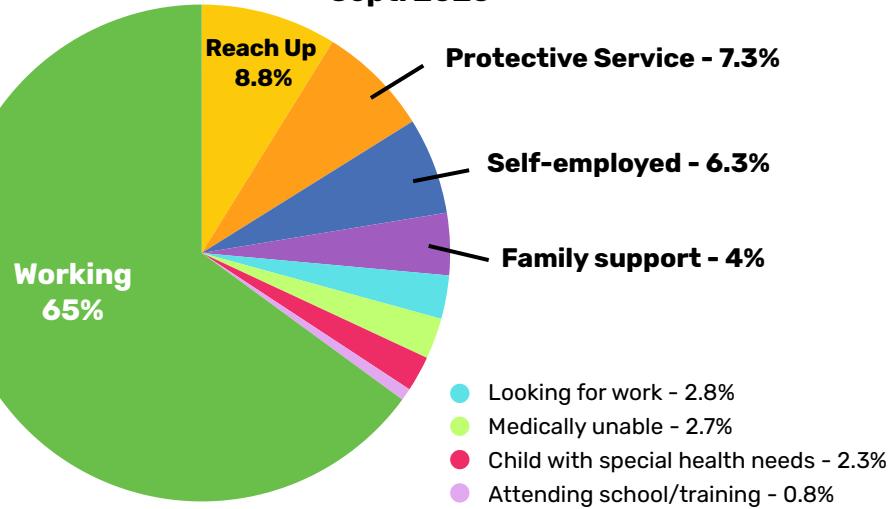
Sept. 2023¹



\$2.7 million in Quality and Capacity Incentive Payments to 802 programs¹

Families Determined Eligible for CCFAP by Service Needs

Sept. 2025¹

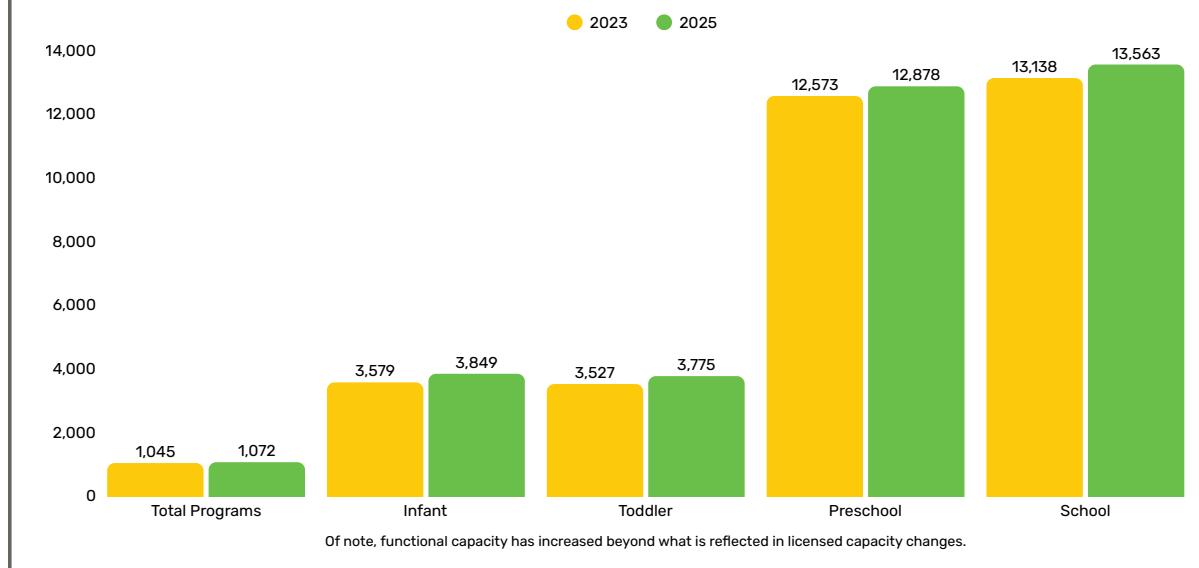


Vermont Child Care Contribution Payroll Tax Revenue by Quarter³

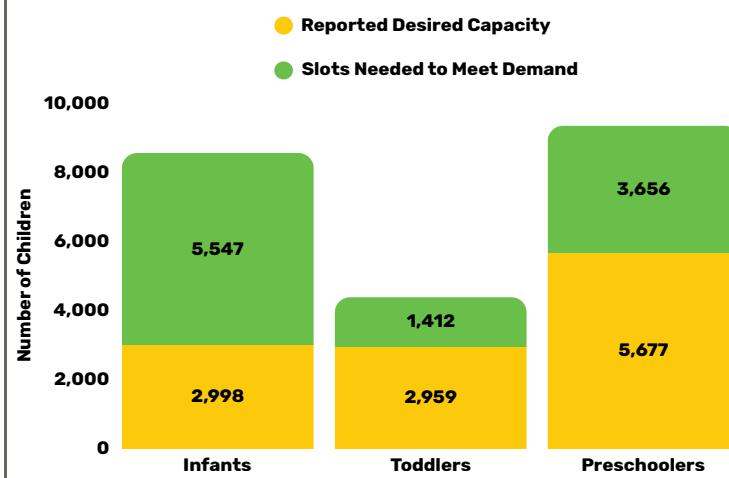
FY2026 Q2 amount reflects CCC revenue collected through 11/30/2025

	Q1 (Jul-Sep)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-Jun)	Total
FY 2025	\$74,392	\$17,912,842	\$21,003,974	\$20,408,189	\$59,399,397
FY 2026	\$20,121,397	\$19,964,397	Data Not Yet Available	Data Not Yet Available	\$40,226,771
Total					\$99,626,168

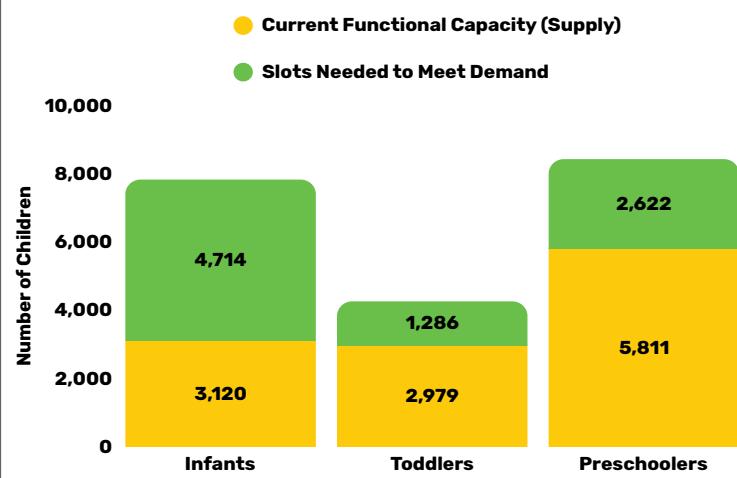
Licensed Child Care Programs & Capacity by Age, Sept. 2023 vs. Sept. 2025¹



Supply and Demand of Child Care by Age, Sept. 2023⁴



Supply and Demand of Child Care by Age, Sept. 2025⁵



+ 5.2%
individuals working in
regulated child care
settings⁶

Between December
2022 and 2024

+ 22.4%
individuals holding
verified associate,
bachelor's, master's,
or doctoral degrees⁶

Between December
2022 and 2024

Career Ladder Certificates Issued⁷

Level:	1	2	3A	3B	4	5	6	Total
FY 24	73	40	37	64	124	27	0	365
FY 25	107	59	58	88	115	28	1	456
% change	+47%	+48%	+57%	+38%	-7%	+4%	n/a	+25%

Program Director Credentials Issued⁷

Level:	Step 1	Step 2	Step 3	Total
FY 24	25	7	0	32
FY 25	63	18	3	84
% change	+152%	+157%	n/a	+163%

Afterschool Pathways Certificates Issued⁷

Level:	Foundations	Essentials	Credentials	LEAD	Total
FY 24	37	15	0	2	54
FY 25	63	18	0	4	85
% change	+70%	+20%	n/a	+100%	+57%

STARS Bonuses FY 25⁸

1 STAR	106
2 STARS	4
3 STARS	49
4 STARS	76
5 STARS	106
Specialized Care	18
Total Bonuses	359

SPARQS FY 25⁸

Scored & Unscored CLASS Assessments Completed	348
Number of Programs to Receive Coaching	330
# of Early Childhood Network Members (VECN)	446

TEACH & Apprenticeship Scholarship Participation⁸

	FY 23	FY 24	FY 25
Total Participation	129	132	135
Average Participant Wage	\$17.62	\$19.24	\$22.68

Youth Apprentice Participation FY 25⁸

Youth Apprentice Participation	31
# of Sponsor Child Care Programs	13
# of Participating CTE Centers	7

Act 76 data and analysis are shared across multiple partner platforms, including:

Agency of Education (AOE)

[Data](#) | [Universal PreK Reports](#)

Building Bright Futures (BBF)

[Act 76 Monitoring](#) | Act 76 Data Portal

Child Development Division (CDD)

[Data](#) | [Reports](#)

Child Trends

[Understanding Changes to Child Care Policies in Vermont](#)

First Children's Finance (FCF)

[Vermont Reports & Business Resources](#)

Vermont Association for the Education of Young Children (VTAEYC)

[SPARQS](#)

¹ Vermont Department for Children and Families, Child Development Division (2025). Data provided by the CDD Operations Unit.

² Tang, J., Amadon, S., Richards, K. and Banghart, P. Expanding access and reducing cost burden in Vermont's child care subsidy program. Publication forthcoming.

³ VT Department of Taxes (2025). Tax receipts summaries as of 12/01/2025. Data provided by the Chief Operating Officer.

⁴ First Children's Finance (2026). [Vermont Supply Demand Gap Analysis](#).

⁵ Vermont Department for Children and Families, Child Development Division (2025). Vermont Early Childhood Education and Afterschool Workforce Report. Awaiting publication.

⁶ Horwitz, J., Salina, K. (March 2024). [Stalled at the Start Vermont's Child Care Challenge](#).

⁷ Northern Lights at Community College of Vermont. (2025). Examining Certificates and Credentials Issued During FFY24 and FFY25. Data provided by the Director of Northern Lights at Community College of Vermont.

⁸ Vermont Association for the Education of Young Children (VTAEYC) (2025). Data provided by the Director of Analytics and Impact.



Building Bright Futures' Role

Building Bright Futures (BBF) is Vermont's Early Childhood State Advisory Council, charged under state and federal law with advising the Governor and Legislature on the status of children and families, stewarding the state's early childhood vision and [Strategic Plan](#), elevating family and community voice, and providing clear, timely data to inform decision-making. BBF does not take positions on specific legislation; instead, it serves as an independent, neutral convener and data steward.

Act 76 directs BBF to monitor the implementation and impact of the law's changes and investments.

Current Status of Implementation (January–December 2025)

Between January and December 2025, Vermont was approximately two and a half years into Act 76 implementation. In 2025, Vermont successfully operated Act 76 at full scale for the first time. While the largest statutory changes occurred in 2023–2024, 2025 marked the first full year in which all key CCFAP policy changes were in effect at scale. During this period, the system successfully adapted to support approximately 50% more families accessing CCFAP than prior to Act 76, representing a substantial increase in applications processed, eligibility determinations made, payments issued, and ongoing case management activity.

As a result, 2025 was not only a year of policy refinement, but also a year of significant operational delivery, requiring continued enhancements to CCFAP policies, administrative workflows, and the Child Development Division Information System (CDDIS). In parallel, the state launched new investments to strengthen quality and capacity, prepared required statutory reports, and advanced administrative continuous quality improvement efforts informed by early implementation experience (see the section on Responsive Implementation on page 12). The following components of Act 76 were implemented during this reporting period.

CCFAP Rate and Tuition Policies

Several important changes to CCFAP rate and tuition policies took place in 2025, some directly related to Act 76 and others resulting from subsequent legislative action. These changes were implemented alongside continued growth in program participation and administrative volume.

- Infant and Toddler Rate Increases (effective July 13, 2025):**

As directed by the Legislature in 2025, CCFAP reimbursement rates for infant and toddler care increased in summer 2025. These changes were designed to better align rate structures with the higher cost of providing infant and toddler care and support programs' ability to serve the youngest Vermonters.

- **Tuition Increase Limit (effective July 1, 2025):**

Following the temporary repeal of the initial rate cap through June 30, 2025, Act 113 established an indexed limit on annual increases to child care prices and subsidies. Beginning July 1, 2025, and continuing through June 30, 2026, regulated child care programs may not increase private-pay tuition, and the State of Vermont may not increase CCFAP family shares, by more than 5.85%, the indexed amount for this period. The applicable percentage is tied to a statutory index and is recalculated annually. CDD issued updated guidance to programs in spring 2025 to support consistent implementation under Act 76 and Act 113.

Quality and Capacity Incentive Program (QCIP)

In 2025, the Quality and Capacity Incentive Program (QCIP) distributed \$2.7 million in incentive payments to 802 early childhood and afterschool programs statewide, representing a significant investment in strengthening program quality while supporting programs' ability to remain stable and responsive amid rapid growth in CCFAP participation.

QCIP operated through a new annual application and payment cycle in 2025, with:

- An application window from August 15 to September 15, 2025
- Payments disbursed beginning in September 2025
- Eligibility extended to child care, preschool, afterschool, and Head Start/Early Head Start programs

The program provides flexible funding that programs can use to strengthen quality, expand infant and toddler slots, support extended-hour care, and increase inclusion of children with specialized needs. These investments reflect Act 76's emphasis on stabilizing programs while supporting thoughtful, sustainable growth in capacity across the state.

Prekindergarten Education Provisions

Act 76 includes provisions related to the future structure and funding of prekindergarten education, including legislative intent to move toward full-day prekindergarten for 4-year-olds offered in public schools. These provisions were designed to take effect by July 1, 2026, only if additional statutory action and investments were enacted. No such changes were adopted in 2025, and as of this reporting period, no new implementation date has been established.

Prekindergarten Education Implementation Committee (PEIC) Report (2024)

As required by Act 76, the Prekindergarten Education Implementation Committee (PEIC) [produced a report](#) in December 2024 examining the state of prekindergarten education in Vermont. The PEIC report analyzed governance structures, funding mechanisms, and key

implementation considerations, identifying areas where alignment and coherence could be strengthened. It served as an early, detailed baseline study of Vermont's mixed-delivery Universal Prekindergarten (UPK) system and helped inform discussions among state agencies and legislative committees about next steps.

Status of Statutory PreK Provisions

Under Act 76, statutory changes related to prekindergarten expansion would require additional legislative action, including:

- Establishing a statewide minimum number of hours for a full PreK day
- Requiring all districts to follow the minimum hours standard
- Aligning district contracting and delivery requirements

During 2025, no definitive legislative action was taken to enact these changes. Although the Agency of Education, the Child Development Division, and legislative committees continued active discussion informed by both the PEIC and joint PreK reports, Vermont remains in a monitoring and planning phase. As of this report's publication, the prekindergarten changes contemplated in Act 76 are not anticipated to take effect on July 1, 2026, and no alternative implementation date has been established.

Joint Report on Elevating the Status of Early Childhood Education

In fulfillment of a key Act 76 requirement, the Agency of Education (AOE) and the Agency of Human Services (AHS), including the Department for Children and Families' Child Development Division (CDD), jointly submitted the "[Joint Report on Elevating the Status of Early Childhood Education](#)" to the Legislature on December 19, 2025. This report reflects collaborative work to assess how to advance early childhood education within state systems and strengthen alignment between prekindergarten and the broader early childhood ecosystem.

Act 76 directed the state to engage stakeholders and develop recommendations for improving prekindergarten delivery, leadership, and alignment with national best practices. In response, the PEIC, co-chaired by senior leaders from AOE and AHS, engaged a broad cross-section of early childhood stakeholders and compared Vermont's current policies with national benchmarks for high-quality prekindergarten education.

The report highlights Vermont's strengths, including the state's existing mixed-delivery Universal Prekindergarten (UPK) system and broad access for 3- and 4-year-olds, while identifying opportunities to enhance statewide system coherence and capacity. Key themes include:

- Streamlined oversight and governance: The report underscores the need for clearer statutory alignment and defined roles across state agencies to support consistent implementation of prekindergarten policy and practice statewide.
- Data systems and monitoring: Improved data capacity and integrated monitoring systems are needed to support decision-making, align program oversight, and guide continuous improvement.
- Quality improvement: While Vermont is close to meeting national benchmarks, continued focus on instructional leadership, professional development, and workforce supports will be important to sustain and elevate quality.

The report notes recent structural changes within AOE that are strengthening leadership capacity and supporting these priorities. These include creation of a new Academics division and expanded positions focused on academics and prekindergarten, designed to enhance coherence across the PreK through 12 continuum and elevate early education in statewide academic strategy.

The Joint Report does not prescribe a single pathway for expanding prekindergarten to a full-day, full-year model by the statutory target date of July 1, 2026. Instead, it lays out foundational themes and organizational considerations intended to support future policy and implementation decisions as part of Vermont's broader education transformation work.

By focusing specifically on elevating early childhood education leadership, alignment, and long-term system coherence, this report complements other state examinations of Act 76 implementation, including [the AHS governance and reorganization report](#) submitted under separate statutory direction.

Additional Act 76 and Related Reports

During the 2025 reporting period, several reports and deliverables required by or related to Act 76 were submitted or anticipated. In addition to the Joint Report on Elevating the Status of Early Childhood Education, a number of related statutory studies and forthcoming analyses are relevant to Act 76 monitoring and provide important context for implementation, particularly with respect to workforce supports and the financing of early care and learning systems.

- [Act 45 Report on Scholarships and Student Loan Repayment \(2025\):](#) This legislative report examines Vermont's scholarship and student loan repayment programs for the early childhood workforce. While required under Act 45 rather than Act 76, the report is directly relevant to Act 76 implementation. Act 76 amended statute to increase the annual salary cap for the Student Loan Repayment Assistance Program (SLRAP) from \$50,000 to \$60,000 and eliminated the program's scheduled repeal, ensuring its continuation. As a result, CDD has continued to fund SLRAP using federal

child care workforce development funds. The Vermont Association for the Education of Young Children (VTAEYC) earned the grant to administer the program. The Act 45 report therefore provides important insight into how this Act 76-supported workforce investment is functioning and what its role is within broader early childhood workforce strategies.

- **Anticipated Joint Fiscal Office Report on Early Care and Learning Financing (Act 73):**

Act 73 of the 2025 legislative session directs the Joint Fiscal Office (JFO) to submit a report reviewing the current funding systems for prekindergarten education, CCFAP, and other early care and learning systems, including the financial incentives embedded within those systems. The report is also required to provide considerations for aligning early care and learning funding streams with the education transformation initiatives envisioned in Act 73. Once available, this analysis will provide important context for understanding how Act 76 investments interact with broader education finance and system alignment discussions.

- **Information on Wages for Child Care Providers as Requested in Act 76 of 2023:**

Pursuant to Section 23 of Act 76, the Vermont Department of Labor (VDOL) submitted a Child Care Provider Wage Memo to the Legislature on December 31, 2025. The memo provides a baseline snapshot of wages in Vermont's child care workforce. VDOL reports that Vermont has the second-highest median child care wage in the region, and that only California, Massachusetts, Washington, and the District of Columbia have higher average wages nationally. In 2024, the average wage for child care workers in Vermont was \$18.93 per hour, with median wages in the \$18 per hour range statewide and no large or consistent regional differences. This memo establishes an important reference point for future monitoring of workforce compensation as Act 76 implementation and related workforce policies continue.

- **Cost of Care Model (First Children's Finance):** Commissioned by CDD using Act 76 administrative funds, this model provides an analytical foundation for understanding the true cost of delivering care across settings and age groups. The initial version was released in January 2025, with an updated version forthcoming in early 2026.

Financial Implementation: Child Care Contribution (Payroll Tax) and Program Spending

Act 76 established the Child Care Contribution (CCC), a payroll tax dedicated to supporting investments in Vermont's early childhood system, including expanded access to CCFAP. As part of its monitoring role, Building Bright Futures sought to understand how the CCC is performing in practice, including revenue collection trends, implementation challenges, and implications for program sustainability and spending decisions.

Payroll Tax Revenue Collection and Stability

To inform this analysis, BBF requested information from the Vermont Department of Taxes on cumulative revenue collection, revenue stability, and implementation and compliance efforts. The Department shared the following:

Cumulative payroll tax revenue:

“Vermont Child Care Contribution payroll tax revenue totaled approximately \$99.6 million through November 30, 2025, based on Department of Taxes receipt summaries.”

Vermont Child Care Contribution Payroll Tax Revenue by Quarter

	Q1 (Jul-Sep)	Q2 (Oct-Dec)	Q3 (Jan-Mar)	Q4 (Apr-Jun)	Total
FY 2025	\$74,392	\$17,912,842	\$21,003,974	\$20,408,189	\$59,399,397
FY 2026*	\$20,121,397	\$19,964,397	Data Not Yet Available	Data Not Yet Available	\$40,226,771
Total					\$99,626,168

*FY2026 Q2 amount reflects CCC revenue collected through 11/30/2025. Vermont Department of Taxes (2025). Tax receipts summaries as of 12/01/2025. Data provided by the Chief Operating Officer.

Revenue stability:

“Our analysts and economists anticipate that CCC revenue will remain relatively stable in the future. As with all new tax types, there is often a compliance lag at the outset of a new tax type’s implementation... With these efforts, we may see some additional CCC revenue in FY2026, as compliance errors from FY2025 are corrected. These gains, however, are estimated to be marginal.”

Differences between early estimates and actual collections:

“There are numerous factors that may have caused the initial estimates to vary from actual collections... including variation in the timing of payments, compliance errors, and oversights in the estimation of the tax base. ... State economists have noted that the actual tax base size for the CCC was lower than initially projected. They estimate that moving forward actual CCC revenue collection will be about \$11 million lower annually than initially projected.”

Implementation and compliance efforts:

“We are always adjusting and working to improve our outreach, education, and compliance efforts... Since the rollout of the tax type in July of 2024, our teams have been conducting targeted outreach via phone calls, working directly with payroll companies to ensure accurate accounting of the CCC, and providing education at our Tax Symposium and other events. Our Compliance Division also launched a targeted audit campaign earlier this year.”

Together, this information suggests that CCC revenue collection is stabilizing, that early variability was expected for a new tax type, and that future fluctuations are likely to be modest rather than structural.

Program Spending and Midyear Budget Position

As part of its monitoring role, Building Bright Futures sought updated information from CDD regarding CCFAP expenditures relative to available funding. At the midpoint of the 2026 state fiscal year, CDD reported that current projections indicate that approximately 99% of the roughly \$172 million budgeted for CCFAP is expected to be expended, with about \$1.8 million remaining unallocated, representing approximately 1% of the total program budget. This reflects the program’s overall financial position across all funding sources, not solely revenue from the Child Care Contribution payroll tax.

CDD emphasized that this level of variance is within a normal and prudent range for a program of this size and scope, particularly at midyear.

Monitoring Implications

With a significantly larger program now in operation, financial monitoring has become an essential part of responsible system stewardship. From a monitoring perspective, BBF concurs that any discussion of repurposing a potential surplus would be premature and not data-informed at this time. Ongoing continuous quality improvement efforts (such as improved eligibility tools and enhanced communication) are explicitly intended to reduce barriers to access and may result in additional program uptake and corresponding expenditures.

Given the early stage of CCC implementation, evolving compliance patterns, continued CCFAP caseload growth, and active CQI efforts, BBF recommends continued monitoring rather than reallocation. Maintaining fiscal stability during this period of refinement aligns with Act 76’s intent to build a sustainable, responsive early childhood system grounded in data and real-world experience.

Summary of Implementation

Implementation activity in 2025 centered on strengthening financial stability for programs through rate increases and the tuition cap, expanding quality and capacity investments through a full QCIP cycle, advancing the Act 76-required “Joint Report on Elevating the Status of Early Childhood Education,” and continuing groundwork to refine enrollment systems based on lessons from earlier years. As Vermont prepares for the final phase of statutory changes in 2026, these 2025 actions reflect ongoing progress toward the more equitable, stable, and accessible early childhood system envisioned in Act 76.

Next Steps: Responsive Implementation and Continuous Quality Improvement

As Act 76 moves from initial implementation to system refinement, responsive implementation and continuous quality improvement (CQI) have emerged as essential tools for ensuring that policy intent translates into equitable, effective outcomes for families, children, and the system more broadly. In 2025, CQI efforts have focused on clarifying policy intersections, reducing administrative burden, strengthening consistency across the state, and using early data and partner feedback to inform adjustments.

Child Development Division (CDD): Program Refinement and Administrative CQI

CDD is leading several CQI efforts related to CCFAP and its intersection with other early childhood programs. These efforts reflect lessons learned during early implementation and respond directly to feedback from families, providers, eligibility staff, and system partners.

Enrollment-Based Reimbursement and Child Attendance Codes (“C-Codes”)

Following the 2024 shift from attendance-based to enrollment-based CCFAP payments, CDD has been closely reviewing how attendance and absence reporting is working in practice for programs and families. Based on early administrative data and feedback from providers and eligibility staff, CDD is working toward adjustments that would increase the number of allowable absence days (from 30 days to 40 days).

These changes are intended to simplify administration, reduce unnecessary complexity in reporting, and better reflect the realities of family schedules, illness, and program operations. CDD’s initial analysis indicates that this adjustment would resolve the vast majority of situations where the current limits create confusion or extra work, while maintaining the core structure of the enrollment-based payment approach.

UPK and CCFAP Alignment

CDD is developing a memo, in collaboration with AOE, to clarify coordination between Universal Prekindergarten (UPK) tuition and CCFAP family payments. This work aims to improve consistency in how public funding and family payments are understood and applied when families access both programs. It is anticipated that the guidance offered will apply to about 200 families.

Workforce Data and Reporting

CDD continues to advance work related to early childhood workforce data, including development and refinement of reporting to support system planning and future policy decisions. A draft workforce report has been shared, with additional public information anticipated (see the Appendix for more information on preliminary findings).

Tools to Support Family Navigation and Program Consistency:

Several CQI efforts focus on improving clarity and consistency for families and providers statewide and are in various states of implementation, including:

- A publicly accessible [child care mapping tool](#) to help families locate care (newly available)
- Development of a CCFAP eligibility screener in partnership with the Agency of Digital Services and the CDDIS vendor
- Expanded FAQs and clearer communication related to income guidelines and self-employment eligibility policies

Together, these tools are intended to reduce misinformation, address common policy misconceptions, and promote more consistent application of CCFAP policies across regions and program types.

System Partners: Quality, Data, and Implementation Support

Other early childhood system partners are engaged in complementary CQI efforts that support quality, implementation, and continuous learning across the system. It should be noted that not all of this work is state-funded/funded by Act 76 or related statute.

Quality Measurement and Improvement (VTAEYC and Partners)

Partners including the Vermont Association for the Education of Young Children (VTAEYC) continue to support quality improvement through tools such as CLASS, STARS, coaching, and professional development. In 2025, this work was strengthened by the rollout of a new statewide CLASS database, which will enable more consistent support for programs and provide better statewide insight into program quality.

As the system expands access and affordability, these efforts help ensure that quality remains visible and actively supported as a core component of Act 76's long-term goals, while also strengthening the state's ability to use quality data to inform continuous improvement over time.

Financial Sustainability and Cost of Care (First Children's Finance and Partners)

Partners including First Children's Finance (FCF) support continuous quality improvement by strengthening the financial sustainability of early childhood programs. This work includes financial technical assistance, supply and demand analysis, and other program-level supports funded primarily through the Special Fund as part of the Quality and Capacity Incentive Program (QCIP), helping programs better understand their finances, assess viability across different age mixes and settings, and navigate both stabilization and growth.

In addition, CDD has used Act 76 administrative funds to commission statewide cost of care modeling from First Children's Finance to strengthen the system's long-term financial infrastructure. An initial [Vermont Cost Modeling Report](#) was released in January 2025, providing a detailed, system-level analysis of the true cost of delivering care across settings and age groups. A refined cost of care methodology is expected to be released soon, further strengthening the state's ability to use cost data to inform reimbursement rates, workforce investments, and long-term policy decisions. Together, these efforts help ensure that access, affordability, program stability, and quality improvements are financially sustainable over time.

Policy Implementation Research and Learning (Child Trends and Partners)

Vermont is participating in a multi-year research partnership with Child Trends, in close collaboration with CDD and Building Bright Futures (BBF), to better understand how recent child care policy changes are functioning in practice. This project, "[Effects of CCDF Payment Policies on Equitable Access to High-Quality Subsidized Care in Vermont](#)", funded by OPRE, uses a mixed-methods approach, combining analysis of state administrative data with interviews and focus groups with families and early childhood educators.

This work provides an important complementary lens to administrative monitoring by examining family and provider experience, policy implementation on the ground, and how system changes are being navigated in real time. Findings from Child Trends' research have helped inform system understanding of participation patterns, provider experience, and where communication, design, or implementation refinements may be most helpful. This partnership strengthens Vermont's ability to pair operational data with qualitative insight as part of a broader culture of learning and continuous improvement.

Data Review and Cross-Agency Learning

BBF, CDD, and partners continue to convene cross-agency data conversations to review emerging trends, examine variation across regions and program types, and identify areas where policy intent and implementation experience may diverge. This work includes partnerships with national research organizations such as Child Trends, whose qualitative and mixed-methods research has helped the state better understand family experience, policy implementation in practice, and where system design and communication can be improved. These collaborative spaces support CQI by grounding future adjustments in shared data and partner expertise.

How BBF's Monitoring Efforts Supported System CQI in 2025

In addition to tracking implementation milestones and elevating partner-reported data, Building Bright Futures' Act 76 monitoring in 2025 supported continuous quality improvement by identifying recurring areas of confusion, surfacing implementation challenges, and helping distinguish between statutory intent and anticipated future policy changes. Through its role as a neutral convener and system monitor, BBF elevated issues that warranted clarification or further examination by state agencies and partners.

Clarifying Prekindergarten Intent Versus Anticipated Change

BBF's monitoring identified growing confusion in the field about whether Act 76 requires districts to offer full-day prekindergarten for all 4-year-olds beginning in the near term. Through monitoring conversations and public communication, BBF clarified that no such mandate exists in current law. Act 76 directed the Administration to study prekindergarten funding and implementation, work that has continued under the Education Transformation process (Act 73 of 2025). Decisions about future changes to prekindergarten hours, delivery models, or funding are expected to be informed by forthcoming Joint Fiscal Office reports, rather than mandated through Act 76 itself. By elevating this distinction, BBF helped reduce misinformation and align expectations across districts, providers, and partners.

Enrollment-Based Reimbursement: Implementation and Refinement

Through engagement with provider and regional partners, BBF and other partners heard feedback about the practical implementation of enrollment-based reimbursement and attendance reporting, particularly the structure and usability of how child absences are recorded. These concerns focused on administrative complexity, clarity of guidance, and day-to-day reporting burden, not on program integrity or misuse. At the same time, findings from Child Trends' qualitative work and CDD's internal administrative data helped further document how these policies were functioning in practice.

Together, partner feedback and emerging data supported a shared understanding of where refinements could improve usability and reduce unintended burden. This collective body of information has informed CDD's exploration of adjustments to allowable absences and attendance codes as part of ongoing continuous quality improvement efforts.

Surfacing System Barriers: Fingerprinting and Background Checks

BBF's monitoring also brought increased attention to delays associated with fingerprint-based background checks, which partners reported as a major barrier to timely workforce onboarding. By elevating this issue alongside other workforce constraints, BBF along with our partners helped frame fingerprinting delays as a system-level implementation challenge rather than an isolated operational issue. This visibility supports continued cross-agency consideration of process alignment and potential opportunities to reduce unnecessary delays affecting program staffing and capacity.

Expanding Monitoring to Employer Perspectives

As part of its monitoring role, Building Bright Futures has begun engaging employers to better understand how access to child care and policy changes under Act 76 may be influencing workforce participation, recruitment, and retention. This work reflects the understanding that Act 76's impacts extend beyond families and providers and are closely connected to Vermont's broader workforce and economic context.

BBF's employer outreach includes surveys and interviews examining workforce characteristics, the prevalence of employees accessing CCFAP, the role of child care in hiring and retention, perceived changes since Act 76's passage, and employer experiences with the Child Care Contribution payroll tax. Employers are also invited to share qualitative insights related to employee stability and economic competitiveness.

While early responses suggest strong links between child care access and workforce stability, the number and diversity of responses collected to date are not yet sufficient to support representative findings in this year's monitoring report. Even at this early stage, however, a consistent theme emerging from employer conversations is the need for greater employer engagement and education related to child care policy, available supports, and the purpose and function of the Child Care Contribution. As employers are a central participant in financing Act 76 investments through the payroll contribution, their understanding and active involvement will be important to the long-term effectiveness and sustainability of the system. BBF plans to continue this work and share employer-specific findings in a standalone blog or data brief in winter or spring 2026.

BBF Policy Recommendations as a Tool for Continued CQI

In addition to monitoring implementation, the 2026 Policy Recommendations of Vermont's Early Childhood State Advisory Council Network include several issues directly related to Act 76 that are intended to support continued refinement and learning. These recommendations address issues surfaced through monitoring and partner feedback, including improving fingerprint-supported background check processes, protecting CCFAP investments to support long-term stability and access, and continuing to strengthen PreK implementation in ways that respond to the needs of families. Together, these recommendations offer an additional opportunity to support continuous quality improvement by pairing administrative refinements with longer-term policy alignment. These recommendations can be read in full [here](#).

Monitoring Act 76 Through Select Indicators

Just over two years after the passage of Act 76, Vermont has already built a meaningful and growing body of data to understand how the law is shaping the child care system. In a relatively short period of time, new data systems and processes have been established, and there is now enough information to begin showing patterns and impacts. CDD's administrative data on CCFAP provides a strong foundation, with comparable information from before and after the law's passage. These data track changes in enrollment, family characteristics, income eligibility, service needs, applications, utilization, and absences, helping to tell the story of how families are accessing child care support under Act 76.

Beyond CCFAP, additional data sources add important context. Vermont now has supply and demand data comparing 2023 to 2025; information on provider business practices and sentiment; workforce data on credentials, degrees, and professional development; and measures of program quality and engagement with technical assistance. Qualitative data from providers and families, along with replicable estimates of child care cost savings, further deepen this picture. Together, these data reflect both system performance and lived experience, while underscoring that continued data development remains important.

The indicators on pages 7-10 provide a snapshot of this information, offering a shared view of progress across access, affordability, supply, quality, and workforce. Additional data and reports are highlighted in a list of partner websites below the snapshot as well as in Appendix A.

Looking Ahead

Partners emphasized that Act 76 implementation remains in an early phase and that sustainable system change, particularly related to workforce and supply, will take time. In 2025, continuous quality improvement efforts increasingly focused on refining and clarifying implementation based on early experience. Looking ahead, continued attention to monitoring, data-informed learning, and clear communication will be important to support effective implementation and

ensure that Act 76's investments translate into meaningful, durable improvements in access, affordability, quality, and equity for Vermont's children and families.

Findings from Fall 2025 Child Care Conversations

In fall 2025, Building Bright Futures convened six community conversations with broad participation from center-based directors and staff, family child care home providers, UPK coordinators, school district staff, community partners, and families to understand how Vermont's early childhood system is functioning following the implementation of Act 76. Participants also shared extensive written reflections. The purpose was to hear directly from those closest to the system about what is working, what remains challenging, and what feels most urgent moving forward.

Across all sessions, participants expressed strong appreciation for Act 76 and pride in Vermont's leadership. Expanded affordability through CCFAP, increased public investment, and greater recognition of early childhood education were widely described as meaningful progress. At the same time, participants emphasized that the system remains fragile. Workforce shortages, administrative burden, transportation gaps to/from child care, and rising mental health and behavioral needs in early education programs continue to limit access and strain programs and families. Experiences varied depending on role, setting, and family circumstances, with some describing Act 76 as transformative and others experiencing ongoing barriers, particularly for infant and toddler care and full-day coverage.

Overall, participants described a system that has taken an important step forward but still requires continued attention to alignment, capacity, and sustainability. As one participant summarized, "We've taken a huge step forward—now we need to make sure the system can actually hold."

While several common threads emerged across conversations, participants' experiences and perspectives varied depending on role, setting, and family circumstances. Much of what is reported for family experience is coming from child care providers or eligibility specialists. BBF will continue to hold these conversations on a regular basis and will prioritize family representation in future iterations.

Although facilitators guided conversations to include both successes and, participants most often focused on persistent challenges and shared greater specificity in those discussions. Consequently, the findings emphasize challenges more than successes, even as Act 76 has been successfully implemented and has had a positive impact in 2025. The findings outlined below reflect both the progress made and the pressure points that remain.

Affordability

Expanded eligibility for CCFAP was the most frequently named success of Act 76. Many programs reported that most or all of their families now qualify for assistance. Families have described lower copays as “a game changer,” and providers said it reduced stress for both families and staff.

Families shared ongoing frustration with the online CCFAP application and renewal process. The online system was described as confusing, slow, and difficult to use on a phone, which can be the only device families have. Families who are self-employed or navigating custody arrangements reported extra difficulty keeping coverage in place. It is important to note that with the expansion in eligibility to 575% of the FPL, many families who are not eligible for benefits such as 3SquaresVT are navigating state systems for the first time.

Access to Care

Data from Child Trends shows that parents are generally satisfied with their care arrangements and feel that their care meets their preferences and needs (see page 28).

However, within these conversations families reported having little real choice in care arrangements, most often enrolling in the only program with an opening that reasonably fits their schedule and location. These challenges are compounded in rural areas, where long travel distances, limited local options, unreliable vehicles, and minimal or no public transportation make it difficult to access care even when a slot exists. As one participant noted, “A spot doesn’t help if you can’t get there.”

Care for children under age 3 remains difficult to find across Vermont, despite a narrowing gap between supply and demand since implementation of Act 76. Families seeking infant and toddler care frequently described the process as “very difficult” or “almost impossible,” even when they could afford care. Providers explained that infant care is more costly to operate and requires higher staffing levels, which limits their ability to expand capacity.

Program hours in particular were frequently cited as a key mismatch between what is available and what families need. In school-based UPK programs, even when full-day options exist, PreK students are often not eligible for afterschool programs. The gap between early dismissal times and the end of the workday creates significant challenges for working families.

Program Stability and Funding Logistics

Act 76 has helped many programs stabilize their finances. Higher reimbursement rates allowed programs to raise wages, reduce turnover, and invest in quality. Family child care home

providers described meaningful changes, including the ability to save for retirement for the first time.

At the same time, correcting payments, backdating changes, and submitting attendance take significant time and with more children enrolled in CCFAP, more staff time is needed. As one provider put it, “The money helps, the system doesn’t.”

Finding and expanding physical space for child care is also difficult. Providers described challenges related to building costs, water and sewer access, and renovation requirements. Even financially stable programs struggle to grow.

Workforce Recruitment, Retention, and Daily Working Conditions

Staffing shortages were described as the single biggest challenge across all sessions. Programs continue to struggle to hire and retain qualified staff, which in turn leads to reduced hours, closed classrooms, and fewer available child care slots, even in communities where demand remains high and funding is available.

Long hiring and onboarding processes compound these challenges. Fingerprinting and background checks can take months, and many programs reported losing strong candidates during this period because applicants accept other jobs that can start sooner. These delays contribute to instability for programs and add to already high levels of workforce strain.

Tuition caps were widely understood as a way to protect families from rising costs, though many providers expressed concern about their impact on future wage growth and long-term sustainability. Several program leaders said they feel close to a point where they cannot raise wages any further.

Educators talked openly about burnout. They described the work as emotionally demanding, especially as children’s behavioral and mental health needs increase, and noted that paperwork and compliance tasks add significantly to their daily workload.

While wages have improved in some settings, many educators said that benefits, especially health insurance, remain out of reach. This concern is reflected in [national research](#) showing that approximately 67% of Vermont’s early childhood educators rely on Medicaid for health coverage compared to [20% of Vermont adults 19-64](#), underscoring how limited access to employer-sponsored benefits remains in the field. Participants emphasized that the lack of reliable, affordable health coverage is a significant stressor and a real factor in decisions about whether to remain in the profession. This reliance on public coverage also takes on added significance as federal policy discussions raise uncertainty about the future of Medicaid and Marketplace subsidies, increasing concern about workforce stability in the year ahead.

Participants shared mixed views about professional requirements and legislation to create professional licensure for early childhood educators through the Office of Professional Regulation (OPR). Some welcomed increased recognition and clearer career pathways. Others felt training and credential expectations are too high for the pay and make it harder to attract new staff.

Inclusion and Support

Participants also spoke about rising mental health and behavioral needs among young children. Providers described working with children affected by trauma, housing instability, food insecurity, and family stress. Special Accommodation Grants which support programs with safe and successful inclusion are helpful, but programs struggle to find and keep staff to fill these roles. Children who need one-on-one support may lose care when a staff person is sick or leaves. One participant described this as “a system that falls apart when one person is missing.”

Participants identified access to special education outside of a child’s home school district as a continued problem.

Quality Improvement Supports

Providers expressed mixed experiences with Vermont’s quality improvement and support systems. Many described coaching, mentoring, and technical assistance as some of the most valuable supports available to them, especially for addressing challenging child behaviors, strengthening classroom practice, and reducing providers’ isolation. Several participants noted that these relationships had made them better educators and helped sustain them in the field.

At the same time, providers consistently described limited capacity in the support system itself. Coaching and mentoring resources are stretched thin, with some coaches supporting very large numbers of programs. This means access can be uneven, relationships may be intermittent, and sustained, intensive support is not always available even when programs are managing increasingly complex needs. In this context, some providers said that newer or shifting quality requirements can feel difficult to prioritize alongside staffing shortages, administrative demands, and day-to-day operational pressures.

Fragmented Systems and the Burden of Dual Administration

Participants also described persistent challenges navigating multiple, overlapping systems that are not fully aligned, including child care, UPK, special education, transportation, and health and mental health services. Providers and coordinators repeatedly noted that families and programs are often left to manage these interfaces on their own, even when needs span multiple systems.

UPK providers, in particular, highlighted longstanding challenges associated with dual administration between the child care and K–12 systems. These include differing licensing structures, fingerprinting and background check processes, training requirements, and compliance rules. In school-based UPK settings, participants described how dual substitute requirements and staffing rules mean that preschool classrooms are often the first to close when staff are unavailable, even when K–12 classrooms remain open. Several noted that this reinforces the perception that early childhood classrooms are more fragile within the broader school system and creates instability for children and families.

While there was strong agreement that Act 76 has helped, people experienced its impact differently. These differences were not about whether Act 76 matters, but how it shows up in daily life.

Closing Reflection

Two years into Act 76 implementation, Vermont’s early childhood system is showing both clear gains and ongoing strain. Expanded affordability through CCFAP is making a tangible difference for families and has improved financial predictability for many programs. At the same time, persistent workforce shortages, uneven supply, and administrative complexity continue to limit access and test the system’s capacity to fully absorb these investments. These realities underscore that Act 76 is not a single intervention, but a long-term system shift that requires sustained attention and adjustment.

This year’s monitoring highlights the importance of continued learning and responsiveness as implementation evolves. Refining policies, clarifying intent, and strengthening coordination across agencies and partners will remain essential to translating statutory change into consistent, equitable outcomes across the state. Building Bright Futures looks forward to continuing its role in monitoring implementation, elevating data and lived experience, and supporting policymakers and partners in understanding where Act 76 is working as intended and where further refinement is needed to ensure the system can meet the needs of Vermont’s children and families.

Appendix: Partner-Reported Impacts and Findings

Building Bright Futures' role in Act 76 monitoring includes elevating timely, high-quality data and analysis produced by state agencies, researchers, and system partners to inform policy and decision-making. BBF does not conduct all analyses directly; rather, it serves as a steward and translator of information, bringing together findings from across the early childhood system to identify emerging trends, contextualize progress, and surface areas where additional attention may be warranted.

The findings summarized below reflect recent or forthcoming reports developed by partner organizations in 2025. Together, they provide important insight into how Vermont's early childhood system is evolving amidst Act 76 implementation, particularly related to workforce, supply and demand, system sustainability, and family and provider experiences.

Supply and Demand

[Vermont Supply Demand Gap Analysis](#)

This updated analysis points to early progress in narrowing Vermont's long-standing child care supply/demand gap, while underscoring the need for continued investment.

Produced by: First Children's Finance

Key findings include:

- In comparison to prior years, the 2026 analysis (based on data from September 2025) took a more conservative approach to estimating functional capacity and available child care supply. Even with this shift, Vermont saw growth in available full-day, full-year child care supply from 2024 (based on September 2023 data) to 2026.
- The gap between needed supply and demand shrank from 2024 to 2026 across all age groups.
- The majority of Vermont's counties saw a larger share of infants with access to care in 2026.
- Some counties have made strong progress in meeting the estimated child care need for toddlers and preschoolers.
- However, a gap remains between full-day, full-year child care supply and the demand of families that are likely to need care. Continued and focused supply building strategies can support Vermont in building on the progress of recent years.

Early Childhood Workforce Trends

Vermont Early Childhood Education and Afterschool Workforce Report (awaiting publication)

Produced by: the Child Development Division

Preliminary findings suggest modest but meaningful workforce growth during early Act 76 implementation.

Key findings include:

- A 5.2% increase in individuals working in regulated child care settings between 2022 and 2024
- Growth across nearly all position types and credential levels
- A 22.4% increase in individuals holding verified associate, bachelor's, master's, or doctoral degrees

These trends suggest early progress in workforce participation and credential attainment during Act 76 implementation.

Higher Education Pathways and Workforce Sustainability

[Higher Ed Pathways, Challenges, and Opportunities for Vermont's Early Childhood Education Workforce: Vermont Higher Education Landscape Analysis \(2025\)](#)

Produced by: Vermont Association for the Education of Young Children (VTAEYC)

This analysis highlights both opportunity and structural vulnerability in the pathways preparing Vermont's early childhood education workforce.

Key findings include:

- The early childhood workforce includes multiple distinct groups, with educators entering, leaving, and returning to the field through non-linear pathways.
- Vermont offers a wide range of credentials and training options, which increases access but also makes the system complex and difficult to navigate.
- Many educators exit training programs early, reducing opportunities for later advancement.
- Bachelor's and master's degree programs face structural instability, raising concerns about long-term sustainability.
- Transfer agreements between programs are inconsistent or unclear, limiting educators' ability to move between credentials and advance.

- Higher education programs face enrollment-driven financial pressures that threaten long-term program viability.

Cost of Care and System Sustainability

[Vermont Cost Modeling Report: Report on the Cost of Providing Child Care in Vermont to the Department for Children and Families \(2025\)](#)

Produced by: First Children's Finance on behalf of the Vermont Department for Children and Families

Updated cost modeling provides critical context for understanding the financial sustainability of Vermont's early childhood system.

Key findings include:

- Two wage scenarios for current and aspirational wages clarify funding gaps (e.g., Center lead teacher \$47,237 vs. \$76,372).
- The true cost of high-quality care exceeds tuition.
- Center sustainability depends on age mix.
- Infant care is consistently underfunded.
- Moving preschool enrollment to K–12 settings creates system vulnerability.
- Family child care homes show relative stability.
- Family child care home licensing and staffing incentives show promise.
- The updated models provide critical context for CCFAP rate setting, workforce investments, and system sustainability during a period of significant change for Vermont's early childhood education field.

Family and Provider Experiences with CCFAP Expansion

[Vermont's State-funded Child Care Subsidy Expansion Supports Families and Providers \(2025\)](#)

Qualitative research with families and providers highlights the lived experience of recent CCFAP expansions.

Produced by: Child Trends

Key findings include:

- For Families: More Access, Less Stress
 - Families shared that using CCFAP makes care more affordable and accessible and eases other financial burdens. For example, one parent said, “When I was paying the full amount for child care a year, I couldn’t really

do anything else. I didn't have savings or anything, it was just making sure I had enough every month. Having subsidy is good."

- Families can now enroll more children or switch from part-time to full-time care more easily, easing daily logistics.
- Family eligibility for child care assistance has increased through state funding, making child care more accessible to more families.
- For Providers: Stability and Growth
 - Changes to CCFAP have allowed providers to increase salaries and provide benefits with additional, and more reliable, funding. One provider shared, "[Changes to CCFAP] helped allow us to offer health and dental insurance and allowed us to increase staff wages. We are also able to hire more licensed teachers."
 - Having a source of stable funding is critical to building capacity and sustainability in child care programming across Vermont.