

# Vermont's State-funded Child Care Subsidy Expansion Supports Families and Providers

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## Background

As the result of state legislation in 2023, Vermont enacted a widescale expansion of child care subsidy eligibility and increased payment rates for providers, funded through a state payroll tax.<sup>1</sup> Subsidies are now available to many more Vermont families than before, including those with moderate and higher incomes (those with incomes up to 575% of the Federal Poverty Line [FPL]). **Families** with lower incomes (those with incomes at or below 175% FPL) who receive a subsidy also do not have to pay out of pocket (i.e., they have a \$0 copayment), which further reduces their cost for child care. **Providers** also receive higher reimbursement rates for subsidized care and payments to expand their capacity, with the aim of increasing sustainability and applying for capacity-building grants. Figure 1 provides additional details about the policy changes and expanded eligibility.

From August through September 2024, Child Trends conducted focus groups with 26 ECE **administrators** (e.g., center directors or family child care owners/operators) and 34 **parents/caregivers** of young children, including those who do and do not currently participate in Vermont's Child Care Financial Assistance Program (CCFAP) and parents/caregivers who are new Vermonters (i.e., immigrants and refugees). The purpose of these focus groups was to understand ECE administrators' and parents'/caregivers' awareness of and experiences using CCFAP, along with perceived effects of the new CCFAP policies. Throughout the brief, we include select quotes from focus group participants to illustrate these observations.

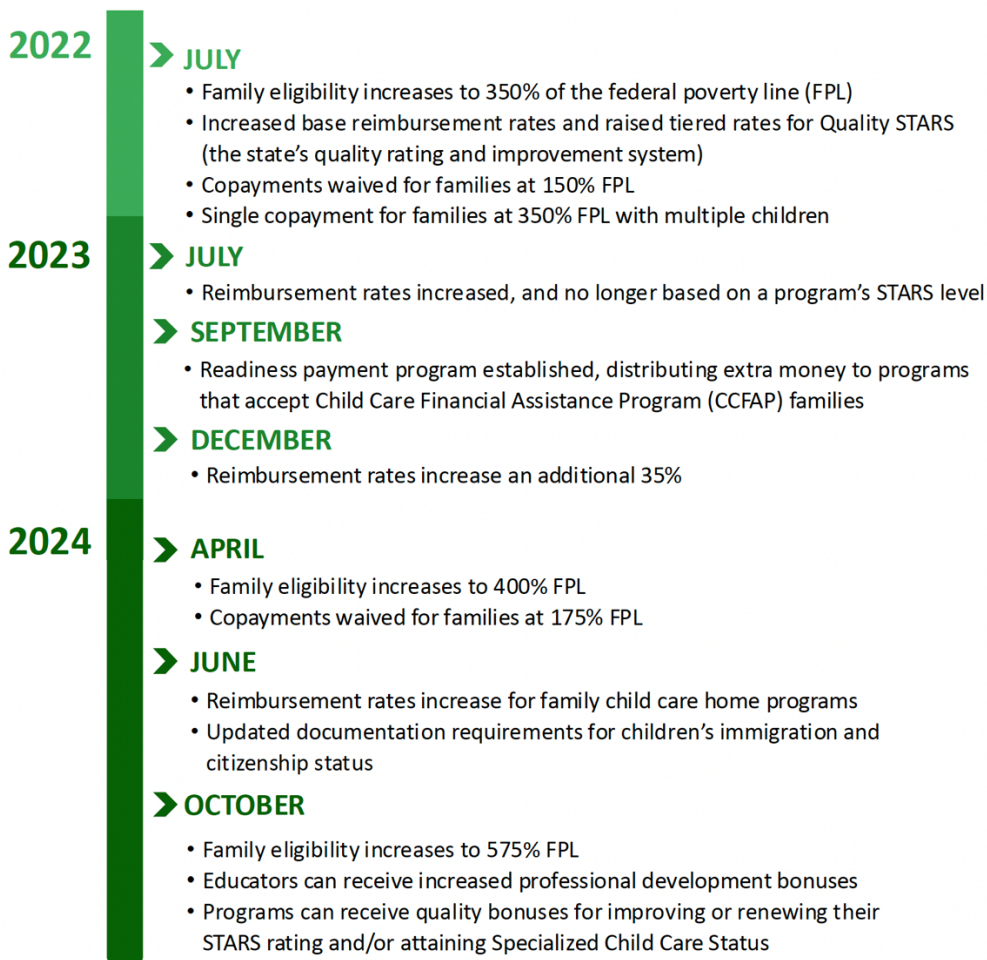
### What are child care subsidies?

- Child care subsidies help families who meet specific eligibility criteria pay for child care.
- Child care subsidies are administered by states and territories with funds from the Child Care Development Block Grant (CCDBG)<sup>1</sup> and state funding sources—in Vermont, this includes a dedicated state tax.
- Vermont's child care subsidy program is called the **Child Care Financial Assistance Program (CCFAP)**.
- To qualify for CCFAP in Vermont, parents/caregivers need to be working, in school, or otherwise demonstrate their need for child care. There are also income requirements.

<sup>1</sup><https://acf.gov/sites/default/files/documents/opre/state-2019-ccdf-policies-graphics-dec-2020.pdf>

<sup>1</sup>Vermont General Assembly, 2023. [HB 217\(Act 76\)](#)

Figure 1. CCFAP policy change timeline



Sources: Vermont General Assembly, 2021. [H.171 \(Act 45\)](#) (vermont.gov) & Vermont General Assembly, 2023. [HB 217 \(Act 76\)](#) (vermont.gov).

## CCFAP Is Helping Vermont Families and Child Care Providers

During focus groups, **parents/caregivers** described three main benefits of the new CCFAP policies:



CCFAP makes child care much more affordable for many families in Vermont.



Recent state-funded increases in family eligibility for child care assistance (including for families with higher incomes) and updating documentation requirements for children’s citizen and immigration status have made CCFAP more accessible.



Allowing families to increase the number of children in care or being able to switch from part-time to full-time care eases logistical burdens for families.

“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.”

- Parent/caregiver

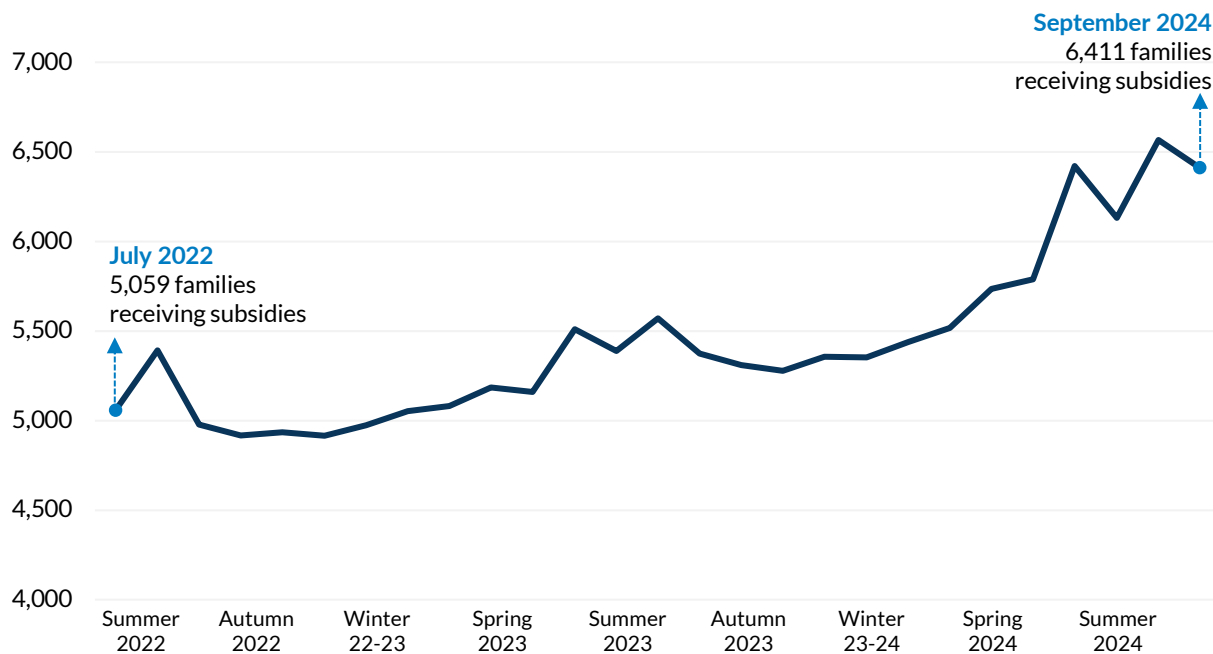
“[Our CCFAP co-] payments have steadily gone down even though we need more care ... the [child care] program is growing too with more staff to cover vacation and similar things, which means that there could be more slots.” - Parent/caregiver

“I think through [these] policies changes, it’ll assist more families. Helps give more families [a child care] subsidy and access to care.” - Parent/caregiver

“Our income has gone up but our [CCFAP co-] payment has stayed the same, so it kept us at a lower rate even when making more.” - Parent/caregiver

Data from the Child Development Division (CDD) in Vermont underscore these benefits. Figure 2 shows that the number of families in Vermont receiving a child care subsidy increased by 27 percent (n=1,352) from July 2022 to September 2024.

Figure 2. Number of families in Vermont receiving a child care subsidy



Source: Child Trends analysis of administrative data from CCFAP. Please note that changes during the summer months, as seen here, are common as more families seek out summer child care.

ECE administrators also reported several positive changes for their program and, ultimately, for families, following the CCFAP expansion; these changes include the following:



Increased CCFAP reimbursement rates allowed administrators to increase staff salaries and provide benefits and/or bonuses.



Increased reimbursement rates provided more reliable funding and financial stability for ECE programs.

*"I like the opportunities [CCFAP] gives, it allows for families to not have such a burden, allows them to not have to worry when they go to work and need child care support. It has more families participating and able get child care ... It's just a good resource for families to know that they have those options." - ECE administrator*

*"[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." - ECE administrator*

## Some Families in Vermont Struggle to Access Child Care

While families experienced many benefits from the recent CCFAP expansion, families in Vermont—like families across the country<sup>2</sup>—are still experiencing barriers to accessing child care. Table 1 describes these challenges and illustrates them in the words of families.

**Table 1. Barriers to accessing child care**

- **Confusion about recent changes to the family share payment**, including which provider should collect the family share payment if a family has siblings who participate in two different programs
- **Limited supply of ECE programs**, particularly outside of Chittenden County (Burlington and suburbs)



*"We were on 7 or 8 waitlists from when our previous program closed. They gave us two months' notice and everyone resigned at the program, and so we had one week's notice. So we hopped on many waitlists, and we know [that] on one waitlist we were 60th."*  
- Parent/caregiver

- **Limited hours of operation at ECE programs**, which is particularly challenging for people with less flexible jobs and/or nontraditional hours (e.g., working in a hospital or clinic, farm work, or shift work)



*"Time was hard for us, I had to have a place that I could do drop off at 7. I live in a bigger town of the state, but there was only 2 options that we could choose from, and one ended up closing."* - Parent/caregiver

*"[The child care program is] closed at 5. But I finish work at 5, so I can't go pick him up. So I had to use my break time, like 15-minute drive very fast. Go pick him up and then drive back home. Drop him off and then go back to work ... And then if you ask somebody to stay later to watch your kid, you need to add \$20 each day."*  
- Parent/caregiver

<sup>2</sup> Source: [Child Care Difficulties On the Rise for Parents of Young Children - RAPID Survey](#)

- **Transportation barriers**, including long distances to programs and lack of transportation, particularly outside of Chittenden County



*"I know the big thing in Vermont is transportation. It's rural. If someone needed to get their kid to day care, they just couldn't without a car. I know some places do local pickups. But I know some [families] would bus back and forth and it was complicated enough that they would pull their kid out of child care."* – **Parent**

- **Few providers who speak languages other than English**, which can pose language barriers



*"As a single mom, since her husband was not there, it was very hard to find a daycare after giving birth. She [needs] support to go back to work after three months, but she could not because it was not easy to find daycare. And also, English being her second language, she couldn't find child care."* – **Interpreter, speaking on behalf of a parent**

- **Challenges finding programs that align with families' cultural values or preferences**
- **Challenges finding programs that align with children's unique developmental needs and parental preferences**



*"The first program was a home day care that I did. It was good enough, I wasn't worried about the safety of our kids, but it was a lot of TVs and talking to [the kids] in a way that I wasn't comfortable with all the time. So getting into the second program was really exciting for me because I liked their style and the way that they were communicating with the kids a lot better. And then it was just that was not affordable."* – **Parent/caregiver**

- **Challenges demonstrating service need (or reason for eligibility) during the CCFAP application process**, particularly for people working part-time, night shift, gig jobs, and/or agricultural work



*"I have a regular 9 to 5 job, but my husband is a full-time dairy farmer ... We initially got declined. I think some things were changed and some policies were rewritten, but that has always been really hard, and I'm assuming it goes for anybody who is self-employed but more for a dairy farmer, who is exempt from minimum wage. Basically, they just said, 'He doesn't work full time he only makes this amount of money so he can watch your kids 20 hours a week.' But he makes \$3.50 an hour or so, he works for 13 hours a day."* – **Parent/caregiver**

# Next Steps for Child Care in Vermont

CDD has already made numerous updates and improvements to CCFAP to better serve families and ECE providers, many of which address issues families mentioned. Some of these changes include:

- Launching an online version of the CCFAP application in 2024, which has been used for over 2,000 applications in the first six months<sup>3</sup>
- Launching a digital toolkit in March 2025 to expand and improve promotion of and communication about CCFAP
- Conducting a multi-channel communications campaign to spread the word to more families about CCFAP and recent changes
- Expanding the “education service need” for CCFAP eligibility to include parents/caregivers working toward credentials beyond a bachelor’s degree
- Strengthening and streamlining Special Accommodation Grants to better support the safe participation of children who need specialized supports
- Doubling the funding for CCFAP eligibility specialists, who support families through the process of applying for CCFAP

CDD also plans to implement the following changes soon, which will further improve CCFAP:

- Refining the self-employment policies for CCFAP eligibility to improve access for families who are self-employed
- Implementing new quality incentive payments that recognize high-quality programs and those that serve priority populations

## More about this research partnership:

Child Trends, Building Bright Futures (BBF), and Vermont’s Child Development Division (CDD) are collaborating on a four-year research partnership to understand the implementation and effects of recent changes to CCFAP on families and early care and educate (ECE) providers across Vermont. For more information on this project, visit our project website:

<https://www.childtrends.org/project/understanding-changes-to-child-care-policies-in-vermont>

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<sup>3</sup> Source: [Vermont’s](#) Child Development Division (CDD)