

Act 76 and Vermont's child care businesses

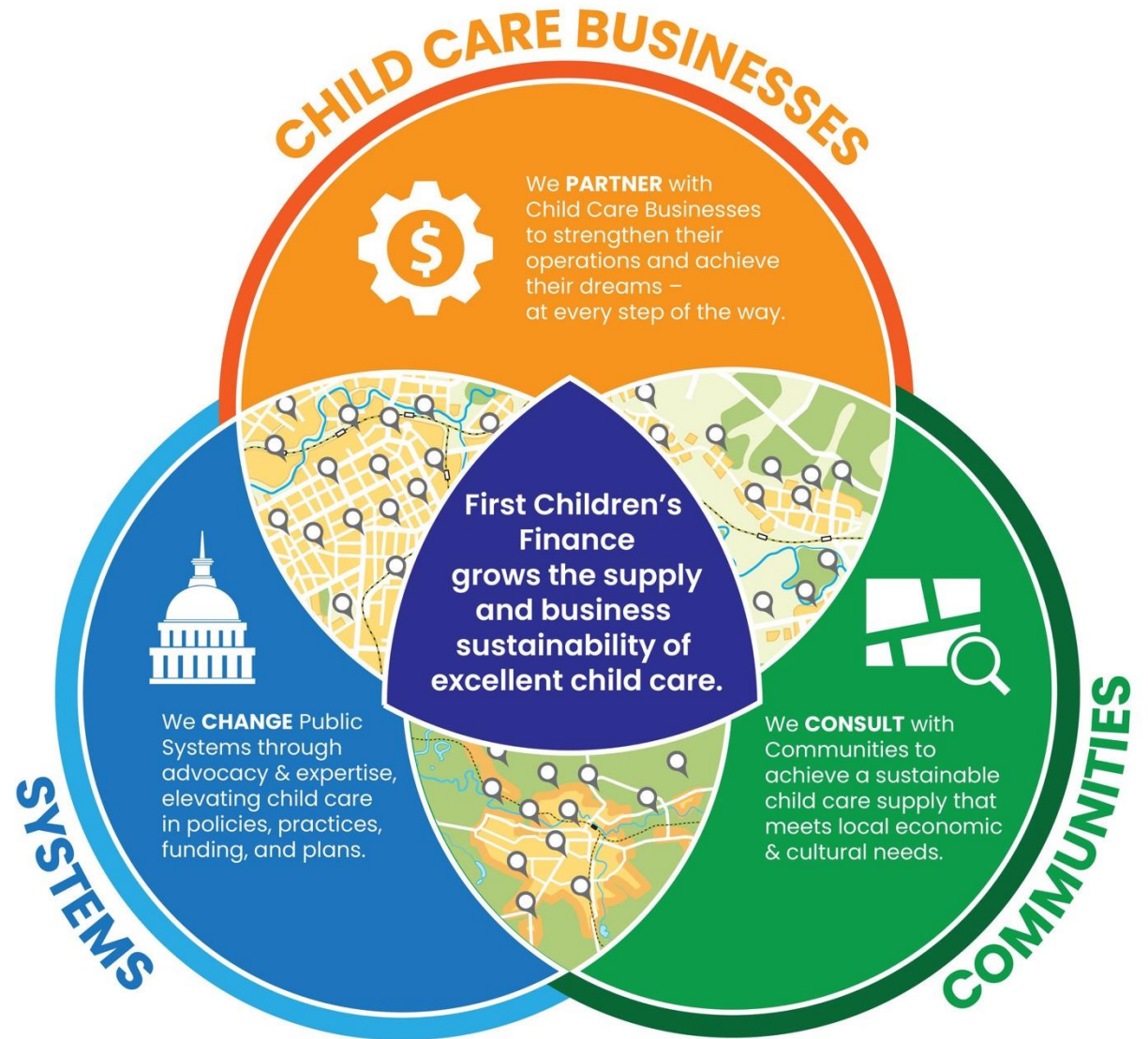
Building Bright Futures Grand Rounds
March 24, 2025

 **First Children's Finance**



What does First Children's Finance do?

Our mission is to increase the supply and business sustainability of excellent child care.





First Children's Finance Vermont Team

At HQ



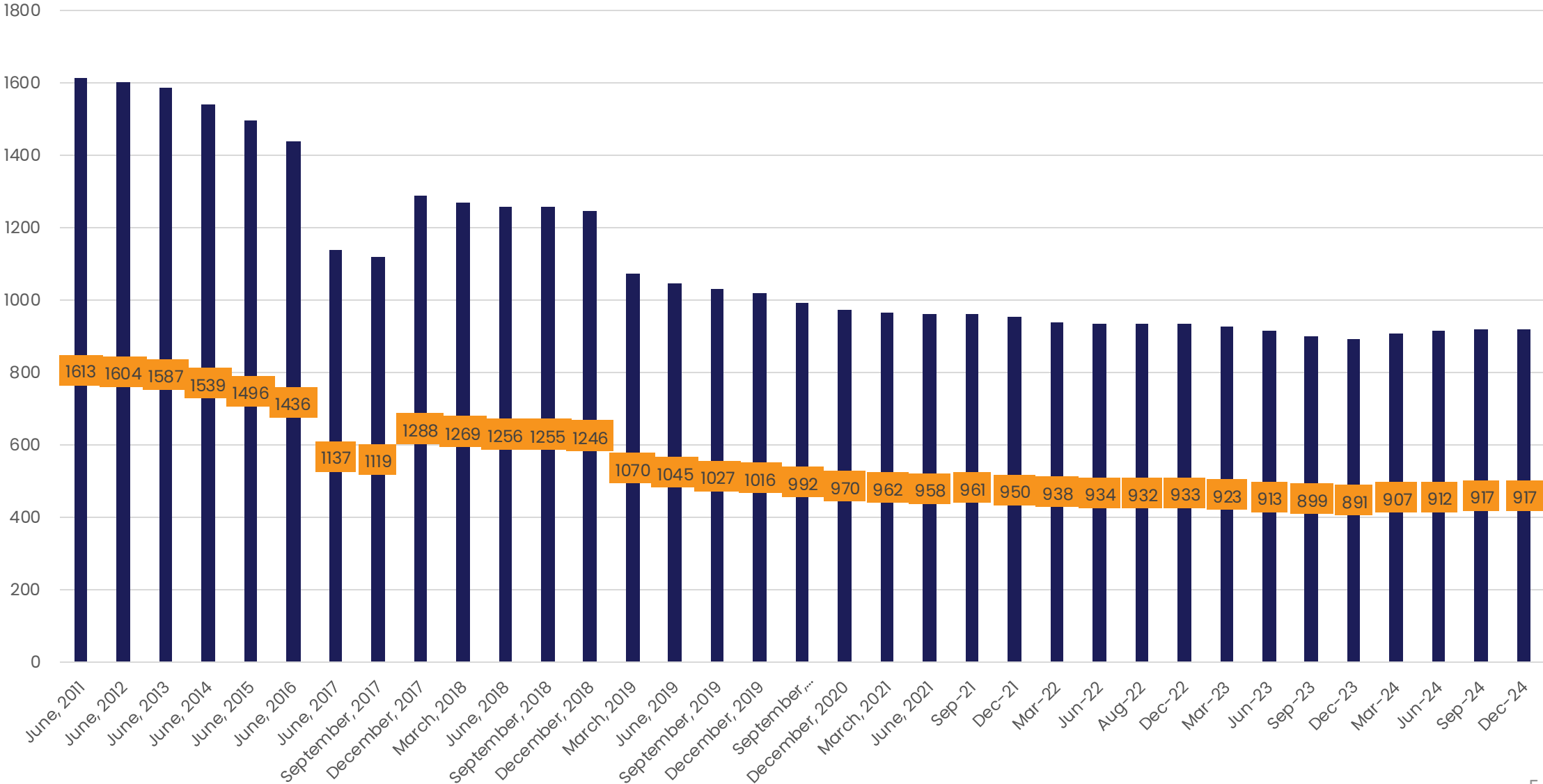
At home





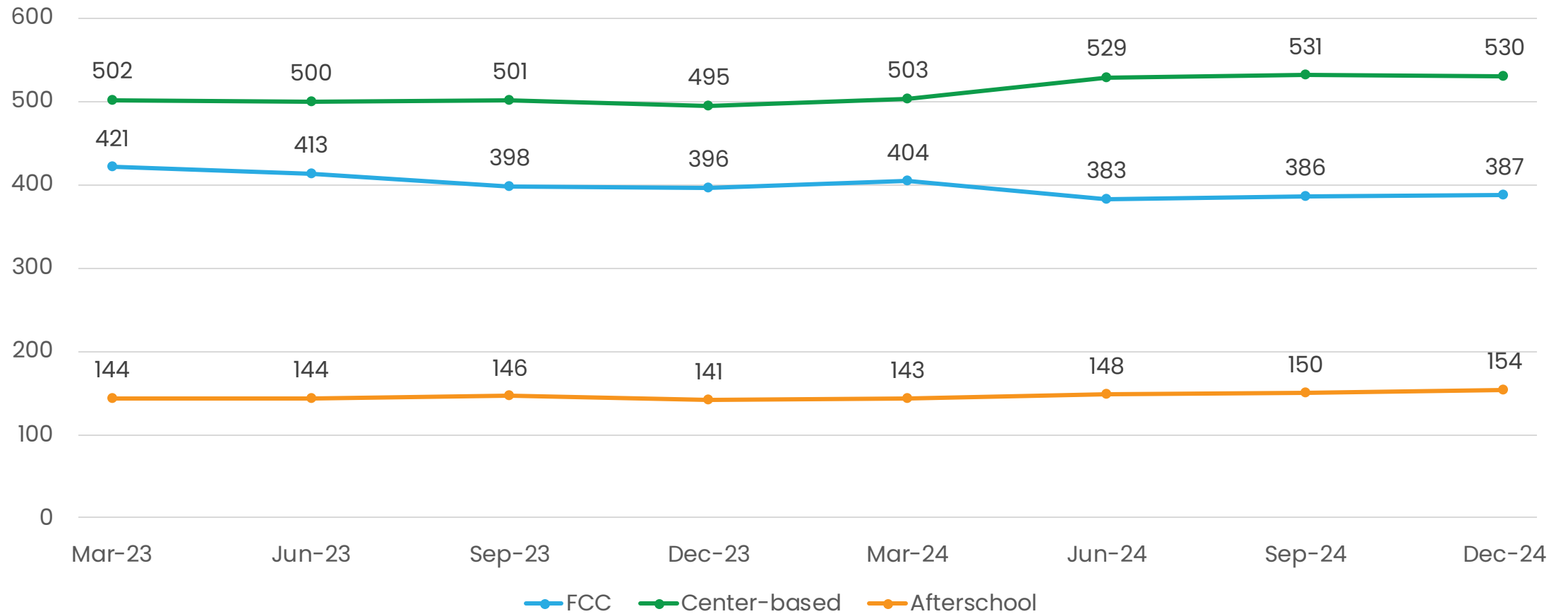
State administrative data on regulated child care

Number of Regulated ECL Providers, 2011-2024





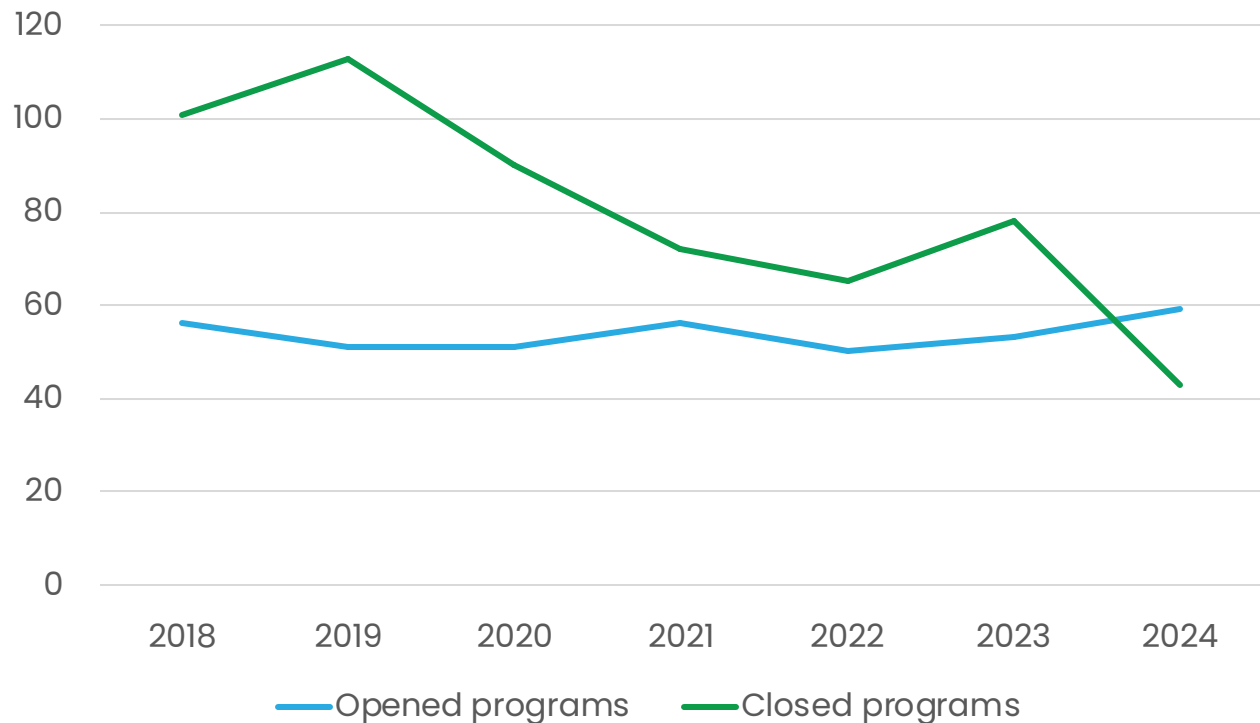
Number of programs, by program type, 2023–2024



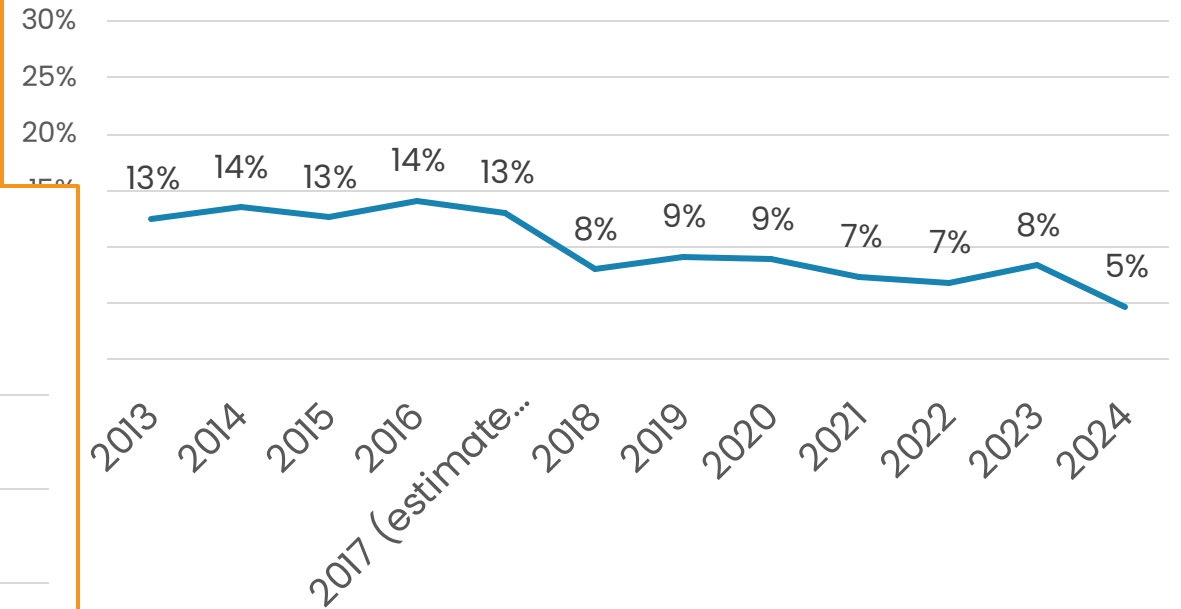


ECL Opens and Closures, 2018-2024

Number of newly opened and closed programs, by year



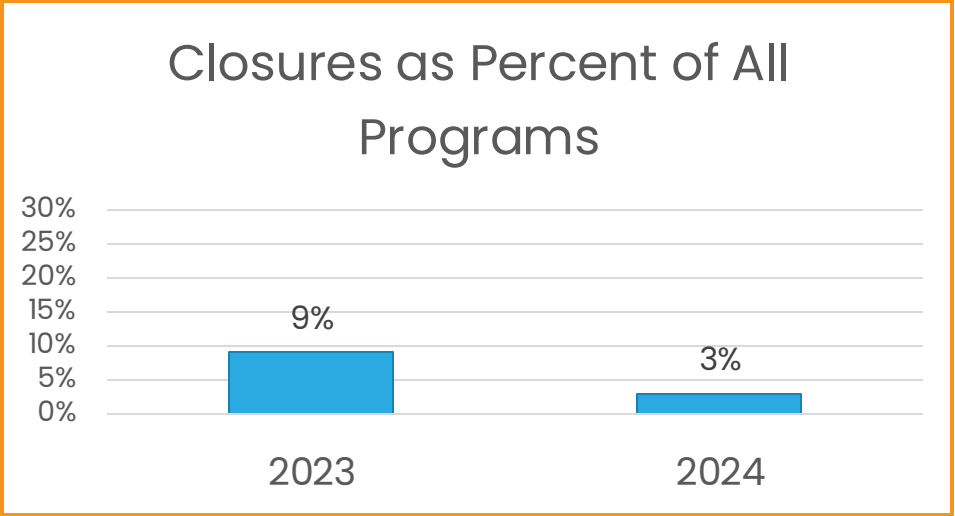
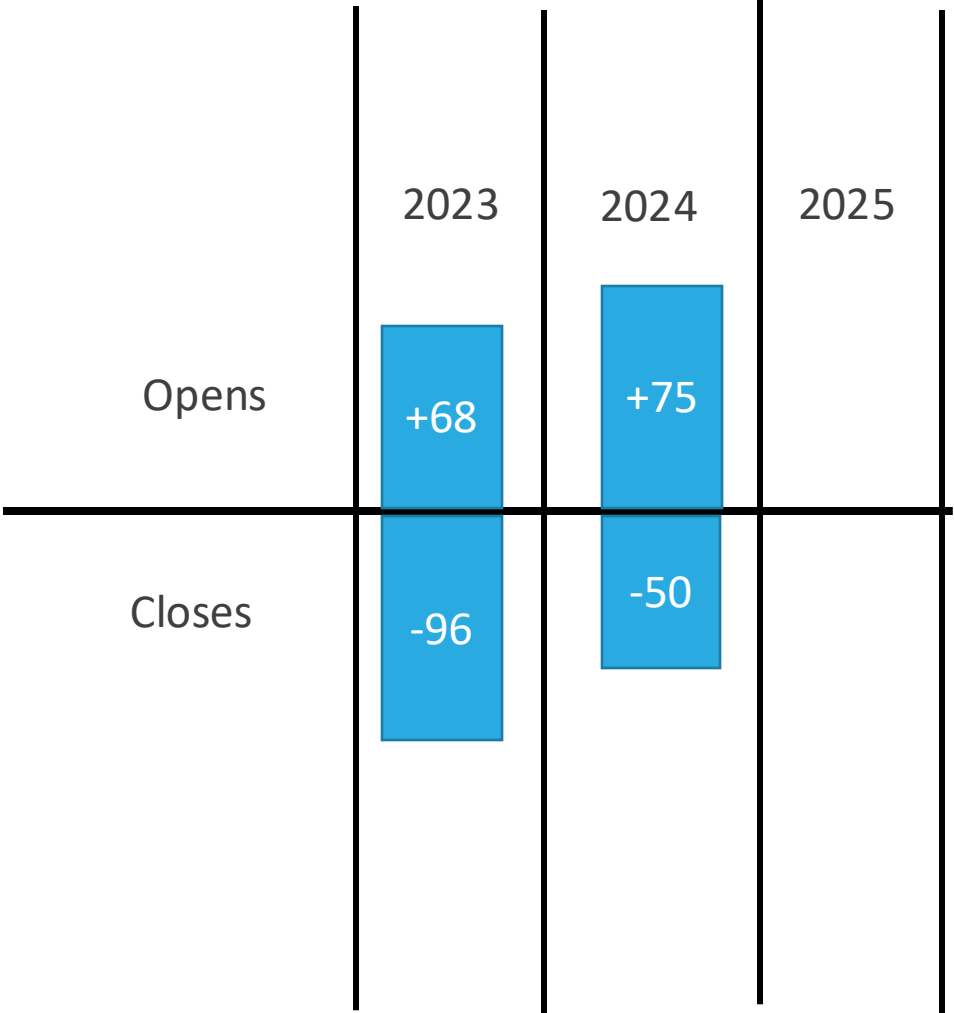
Closures as Percent of Programs



So far in 2025, anecdotally:
13 ECL programs opened
6 ECL programs closed



All Regulated Opens and Closures, 2023-2024



So far in 2025, anecdotally:
18 regulated programs opened
10 regulated programs closed



Hot off the
press!

2024-2025 Survey Results



How the respondents compare to the child care sector

2025

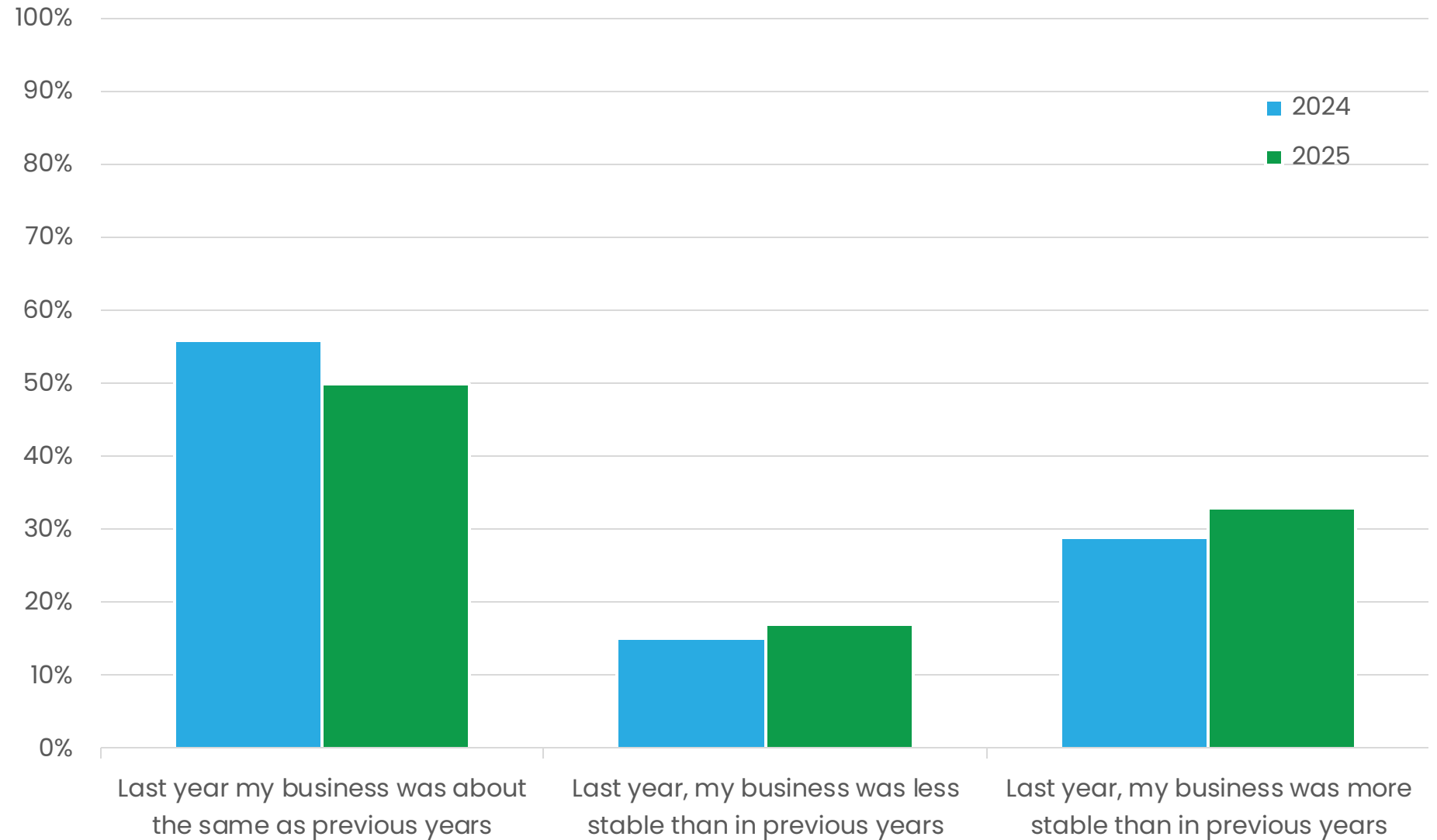
| | Survey responses | Regulated programs in Vermont | Percent of population in survey |
|-------------------|------------------|-------------------------------|---------------------------------|
| Total | 219 | 1071 | 20% |
| Afterschool | 6 | 154 | 4% |
| Centers | 102 | 530 | 19% |
| Family Child Care | 111 | 387 | 29% |

Regulated programs in Vermont as of 12/31/2024

| | Survey responses | Regulated programs in Vermont | Percent of population in survey |
|------------|------------------|-------------------------------|---------------------------------|
| Total | 219 | 1071 | 20% |
| Addison | 13 | 66 | 20% |
| Bennington | 8 | 63 | 13% |
| Caledonia | 8 | 75 | 11% |
| Chittenden | 30 | 216 | 14% |
| Essex | 1 | 10 | 10% |
| Franklin | 25 | 89 | 28% |
| Grand Isle | 1 | 9 | 11% |
| Lamoille | 5 | 42 | 12% |
| Orange | 8 | 59 | 14% |
| Orleans | 7 | 62 | 11% |
| Rutland | 16 | 106 | 15% |
| Washington | 14 | 100 | 14% |
| Windham | 12 | 69 | 17% |
| Windsor | 12 | 105 | 11% |



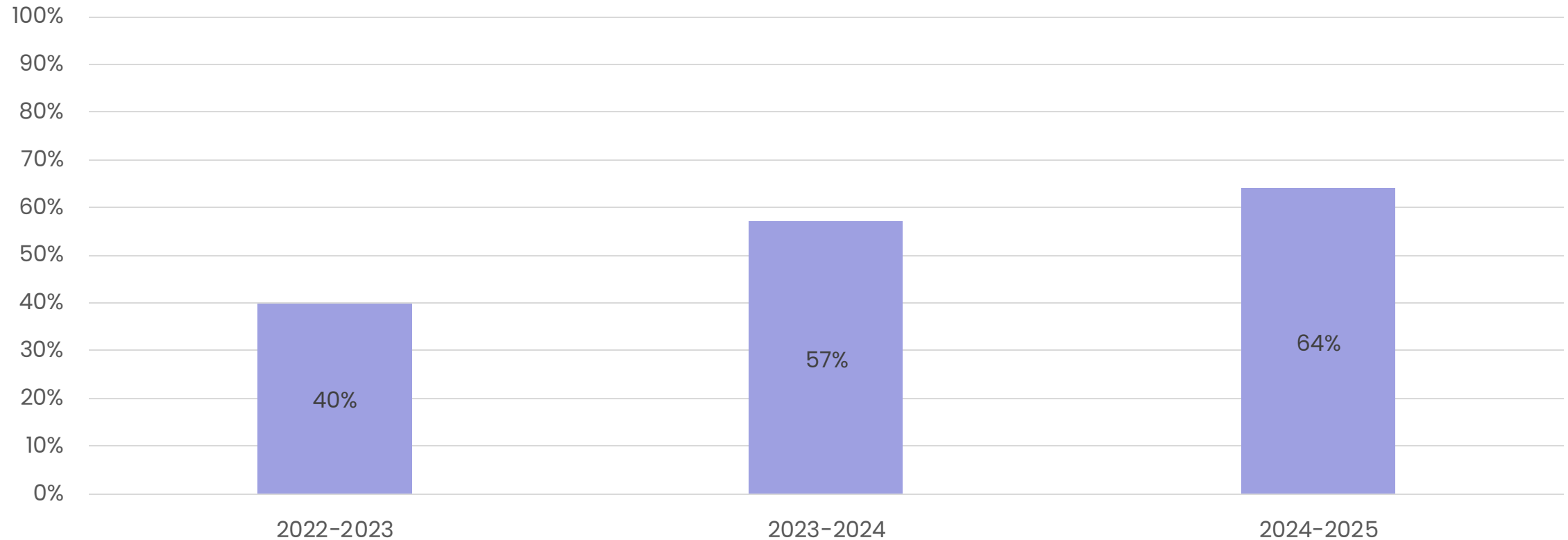
Overall financial stability of regulated child care businesses in Vermont





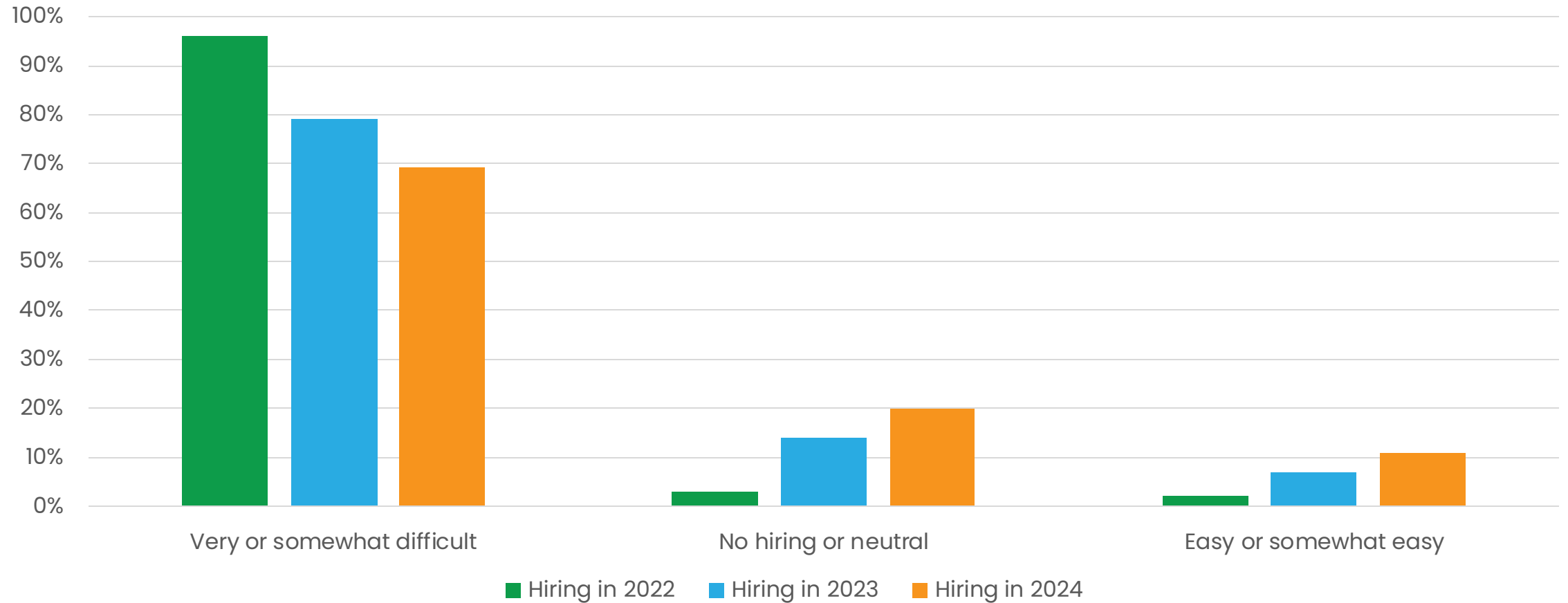
The percent reporting stable enrollment for the previous years continues to increase

Approximate percent describing "stable enrollment"



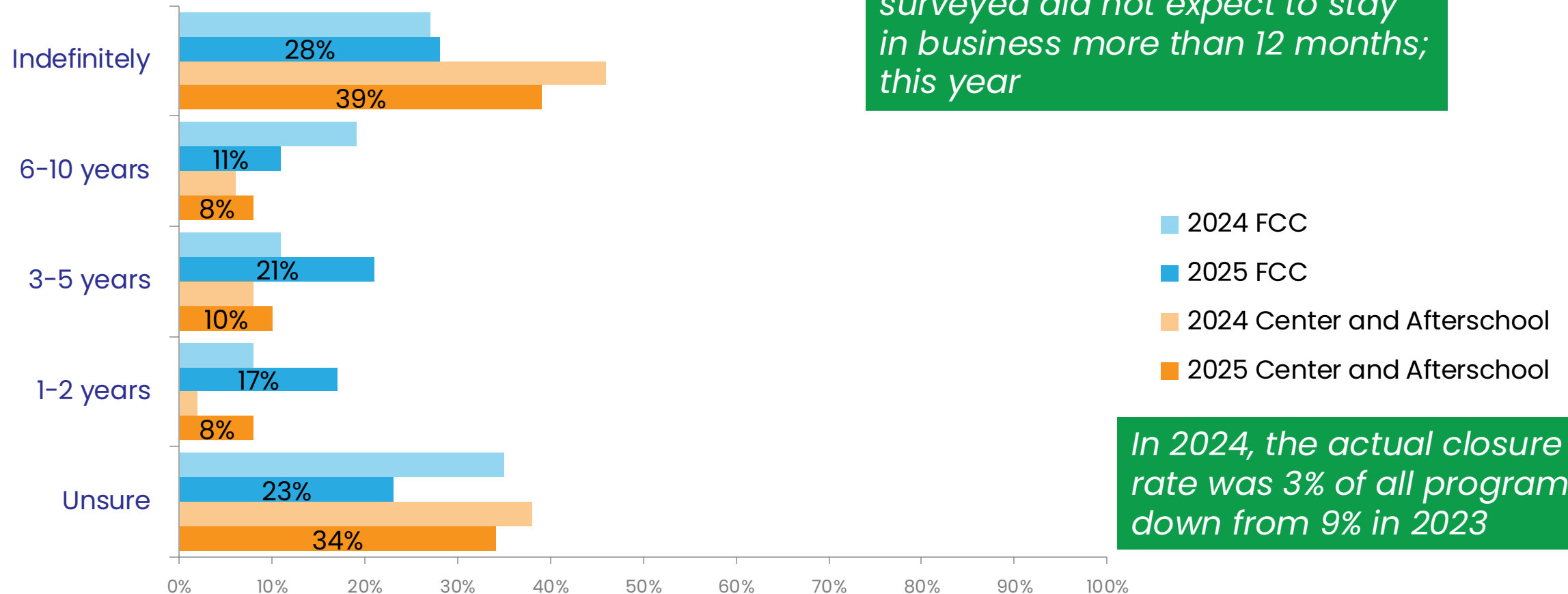


Hiring is still difficult, but continues to get easier (or be less needed)





Business sustainability: plan to stay in business



In 2023, 17% of businesses surveyed did not expect to stay in business more than 12 months; this year

In 2024, the actual closure rate was 3% of all programs, down from 9% in 2023

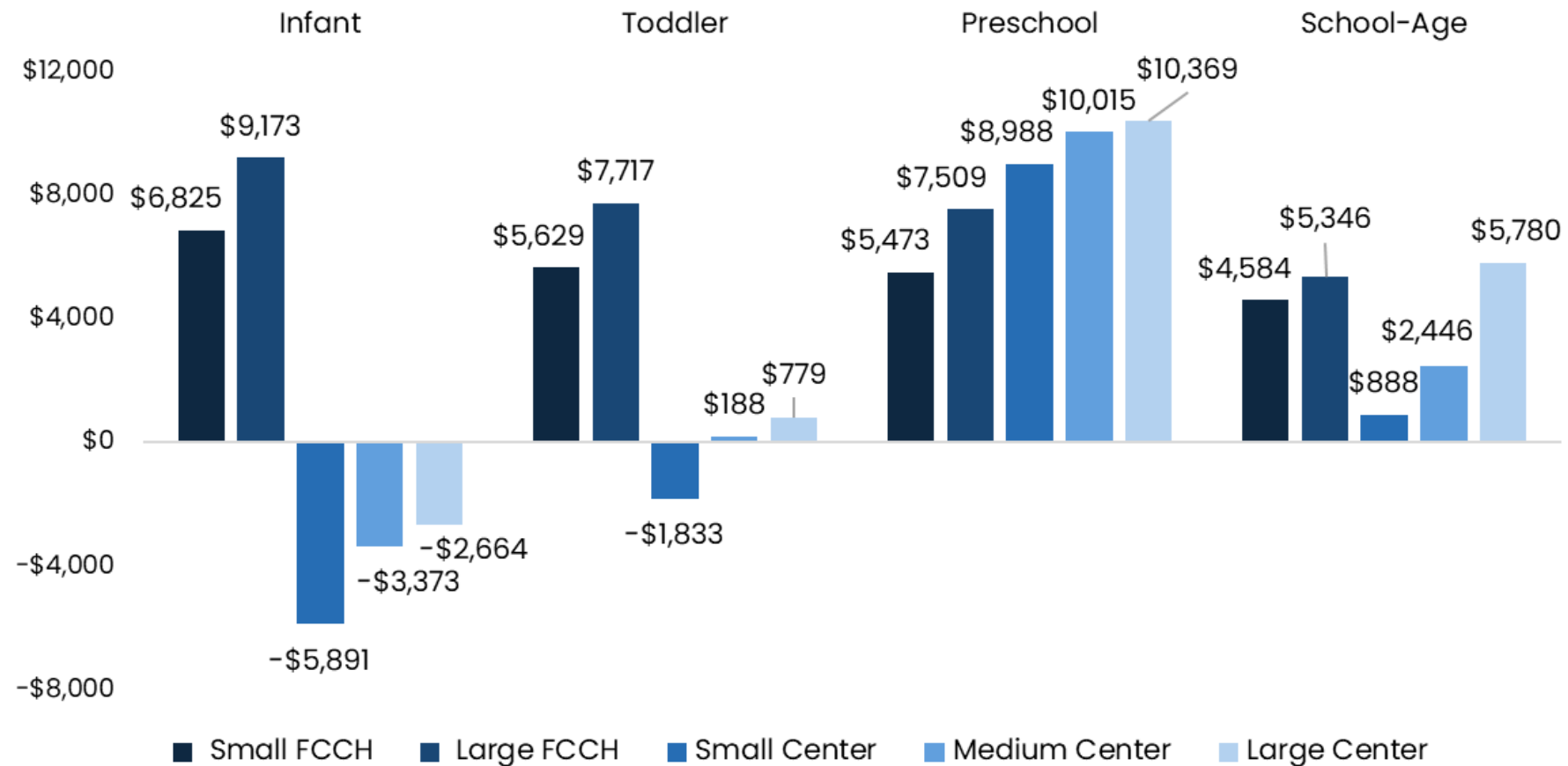


Financial implications of Act 76 on child care business from Cost of Care Report



Assessing CCFAP Rates and Cost of Care

Current Model Difference between Annual CCFAP Subsidy and Cost of Care by Program Type and Size





Cost of Care Results: Program Net Revenue

| Modeled Program | Net Revenue | Profit Margin |
|-----------------------|-------------|---------------|
| Small Registered FCCH | \$10,620 | 9% |
| Large Licensed FCCH | \$8,951 | 5% |
| Small Center | -\$133,591 | -17% |
| Medium Center | -\$82,310 | -6% |
| Large Center | \$223,362 | 10% |



Final reflections

- **Since Act 76, child care businesses have been operating in a more stable environment**
- **Entrepreneurs see opportunities to start child care businesses**
 - In a recent survey of our grantees, 66% of new family child care operators reported they have a college degree
- **Hiring and costs of compensation continue to be a challenge for centers and afterschool programs**
- **Costs of infant/toddler care are often subsidized by preschool revenue**



First Children's Finance

