Vermont Child Care Affordability: Methodology

This methodology accompanies Building Bright Futures' analysis of child care affordability in Vermont from 2018 to 2026.

Building Bright Futures is the entity designated to support the implementation and monitoring of Act 76, Vermont's 2023 child care law, and we maintain and work closely with the data described below. We developed this analysis based on the Child Care Financial Assistance Program (CCFAP) subject-matter expertise on our team; grounded it in Vermont's reimbursement rate, income guidelines, and market rate surveys; and reviewed our choices in consultation with the Child Development Division of the Vermont Department for Children and Families (CDD), First Children's Finance (FCF), and the Vermont Association for the Education of Young Children (VTAEYC).

What we measured

Our central measure is out-of-pocket cost: what a family actually pays for child care after any financial assistance, not the sticker price and not what a program spends to provide care. We modeled this for a representative family, a family of four with one infant and one preschooler, using full-time, year-round care. We chose a family of four because it is the standard household we use across our analyses, and an infant-and-preschooler pairing because it reflects a common family spacing and captures two different ages and price points, rather than an infant-and-toddler pairing, which is both less common and more expensive. This is one illustrative family, not the only one. The interactive visualization and full dataset hold a range of family compositions, income levels, provider settings, and years.

The price of care

For the price of care, we used Vermont's Child Care Market Rate Surveys, which periodically collect what providers across the state charge families. We drew on three surveys: 2017, 2019, and 2024. Within each, we used the 75th-percentile rate, the price at or below which three-quarters of providers fall, as the price of care for infants, toddlers, and preschoolers. The 75th percentile is a federally recommended benchmark for whether subsidies keep pace with the market: a rate set here covers the price of roughly three-quarters of providers. Because the survey was not conducted on a consistent schedule, particularly in the years surrounding the pandemic, we estimated the years without one. We carried the 2017 survey forward to 2018, held prices at the 2019 level for 2020, interpolated in a straight line between the 2019 and 2024 surveys for 2021 through 2023, and extended the series through 2026 by stepping the 2024 figure up modestly in line with projected growth. Because 2020 is held at the 2019 level while the interpolation runs from 2019 to 2024, prices step up more noticeably in 2021 than in adjacent years. We did not adjust these figures for inflation; each reflects what providers charged in that year, in that year's dollars.

What the state pays

For the subsidy side, we used the CCFAP rate schedules, the state's official tables of what it pays toward care, as they changed over time. Before mid-2023, the state paid different amounts based on a program's STARS rating, Vermont's quality-recognition system; we used the four-STAR rate. In July 2023, Vermont removed the STARS differential, moving to a single rate per age and setting, and raised that rate substantially in December 2023. From 2023 on, there is one rate per age and setting. We anchored each year to the state rate in effect on December 31 and paired it with the market survey figure for that year.

How we built out-of-pocket cost

A family's out-of-pocket cost is what they pay toward the price after the subsidy, and it has two parts: the family's required share under CCFAP, plus any gap between what the provider charges and what the state pays, which the family also covers. The model does not include a gap after December 2023. (See Assumptions and limits.) In every year of the analysis, the family's share is set stepwise by the CCFAP income guidelines: the guidelines list a family's share at specific income points, and a family whose income falls between two of those points pays at the higher step, with the state paying at the lower step. Before July 2022, a family's share followed a sliding scale tied to income, with the state covering more of the rate at lower incomes. From July 2022 on, families pay a family share set by income band, with a $0 share at the lowest incomes. We applied the eligibility and copay rules in effect in each year, including the program's income ceiling, above which a family receives no assistance and pays the full price.

The benchmark line

Where we show out-of-pocket cost as a percentage of household income, we mark Vermont's stated goal, under Act 45 of 2021, that a family's copayment at the upper end of eligibility not exceed 10% of gross income, as a reference point.

Assumptions and limits

These are estimates, built from the highest-quality data currently available, and they carry a number of assumptions worth stating plainly:

- Families use full-time, year-round child care and are enrolled in CCFAP at the level for which they qualify.
- We held child care prices constant from 2019 to 2020, reflecting our judgment that programs did not raise prices during the pandemic year.
- Our model assumes families cover any gap between the provider's price and the state's payment. In practice, some providers absorbed that gap themselves before December 2023, and some charge above the state rate today, so the modeled cost is higher than reality in some pre-2023 cases and lower than reality in some current ones.
- A family's out-of-pocket cost is capped at what they would pay without assistance. A modeled family never pays more in required share than the care would cost unsubsidized.

- We model the price of care and the subsidy, but not whether a family can actually find and secure a slot. Access, availability, and waitlists are real and consequential, and they are outside the scope of this analysis.

This is a deliberately bounded look at a specific set of policies and data: what a family pays for care and how Vermont's investments have changed that. It is not a complete picture of the child care system.

Sources

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