

Vermont's 2023 Child Care Law

July 2025

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Act 76: Child Care Law of 2023

\$125M increase in Vermont's annual investment in access and affordability for families as well as quality and viability for providers in early childhood education and afterschool programs.



Child Care Subsidy

Expanded eligibility for families and increased rates for programs



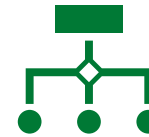
Quality, Capacity and Inclusion

Dedicated funds to support quality, capacity and equitable participation



Funding

Increased General Fund and created payroll tax into Child Care Contribution Special Fund



Accountability and Administration

Monitoring of and resources for implementation



PreK-Related

Reports and planning related to PreK

State of Vermont

Office of Governor Phil Scott

Select Language ▼

Key Issues



Workers

Grow the workforce and meet the needs of Vermont workers, including housing, childcare and affordability.



Kids

Champion the needs of children with Cradle-to-Career education and support for a healthy life.



Communities

Build economically equitable and vibrant, climate resilient, safe, healthy communities across Vermont.



Good Government

Ensure state government is working for Vermonters.

Current banner on Governor Scott's webpage

Over last decade, child care emerged as a key to solving Vermont's top challenges.



Awareness and commitment deepened during height of COVID-19 pandemic, with robust advocacy and state-led investments.

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DONATE +

3 Key Ways You Can Help

elp us create long-term change that ensures that all of Vermont's children have the opportunity to succeed individually so that we can thrive together.

JOIN US
it step! Sign on to Vermont's Campaign and become a

CONTACT YOUR LAWMAKERS

TAKE ACTION
Join us for an event or volunteer opportunity. No matter how you get

NEWS

Vermont DCF to provide COVID relief grants to 'support and stabilize' child care businesses


Dan D'Ambrosio
 Burlington Free Press

Oct. 18, 2021, 10:51 a.m. ET



The Vermont Department for Children and Families is leveraging money from the American Rescue Plan Act to help regulated child care providers survive the pandemic.

The Child Care Stabilization Grants will cover unexpected costs associated with the COVID-19 pandemic and help child care businesses stabilize their operations so they can continue providing care.

Child care providers have played a vital role in the state's efforts to ecover from the pandemic," DCF Commissioner Sean Brown said in a news release. "They have cared for and nurtured our youngest residents while supporting our workforce. These grants represent an unprecedented opportunity to invest in, support and stabilize this critical sector of our economy."



Kids sit down to lunch at Bolton Valley Child Care on Thursday, August 15, 2019. RYAN MERCER/FREE PRESS

CEOs, business owners call for public investment in statewide child care system



Submitted by tim on Wed, 04/27/2022 - 10:28



New Data Shows Vermont Would See \$755 Million Annual Economic Boost from Publicly Funded Child Care.

With consensus on need, policymakers debated revenue source.

- Broad-based
- Logically tied to purpose
- Sizeable and able to grow over time

Additional General funds allocated + Legislature created a new payroll tax.

- Increased **General Fund** allocation: \$50M
 - This was the Governor's proposal included in his SFY24 budget.
- **NEW dedicated payroll tax**: ~\$75M in first year
 - Levied at .11% from employees, .33% from employers
 - Payroll tax to go into a Child Care Contribution Special Fund
 - Employers can choose to pay employee portion (and some do!), self-employed pay .11%
 - Collection began July 1, 2024 – giving Vermont Dept of Tax a full year to prepare.

Direct Payments to Programs

- **One-time Act 76 Readiness Payment Program**
 - \$21M distributed to over 800 providers/programs willing to accept CCFAP from September 2023 and April 2024
 - Programs able to use funds flexibly
- **In 2024 and beyond, \$10M Quality and Capacity Incentive payments to programs accepting CCFAP**
 - One-time recognition payments
 - Annual supplement for quality and capacity indicators
 - Technical assistance for Quality and Capacity

Child Care Subsidy is primary vehicle for Act 76 investments.

- Increased rates paid to child care providers on behalf of families by 35% to over 100%
- Increased income eligibility for families from 350% the federal poverty level (FPL) to 575% FPL



Child Care Financial Assistance Participation over Time

Average Number of Children Receiving CCFAP, SFY 2017-2025*

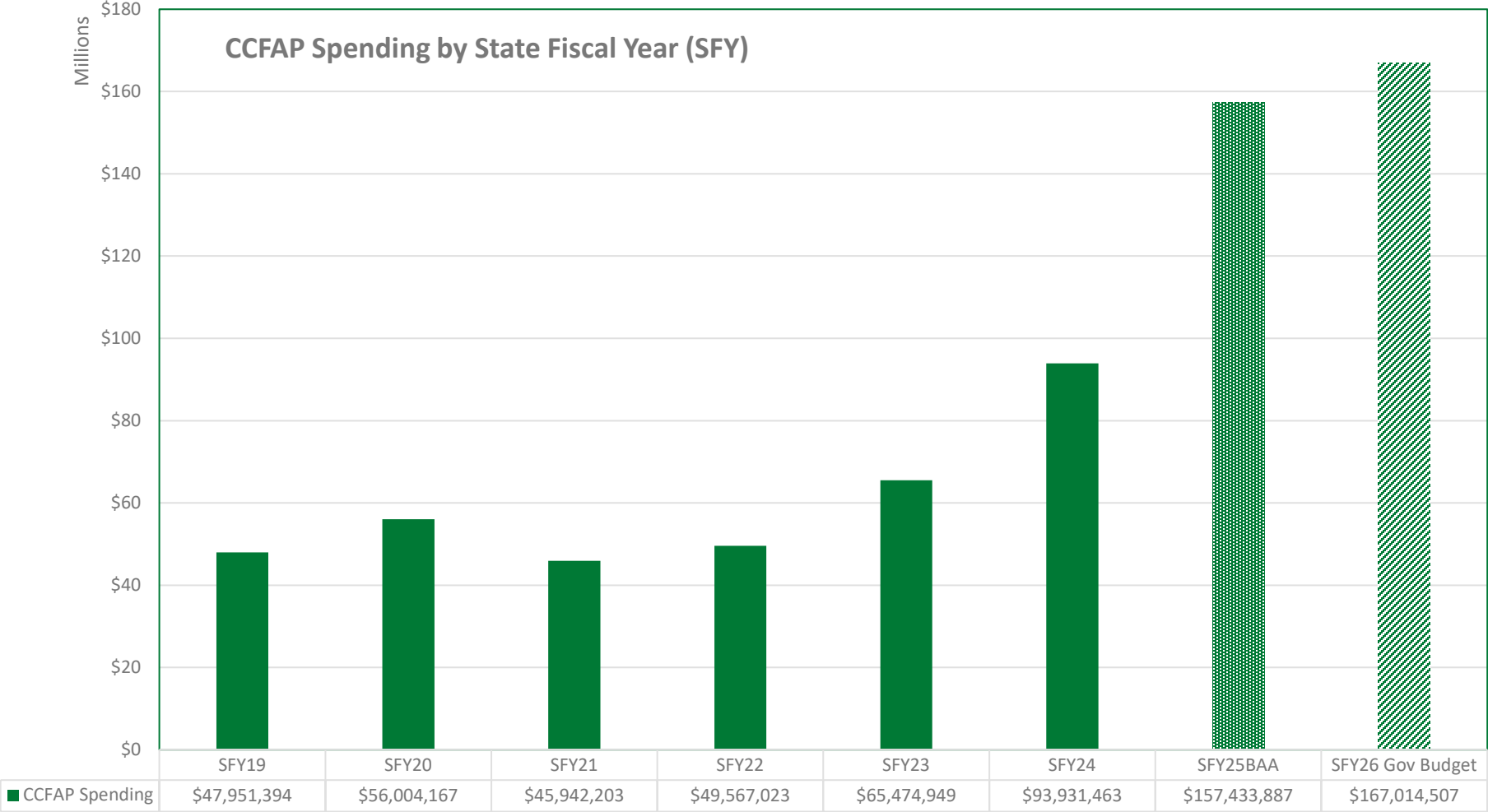
*SFY 2025- Represents July-December 2024 Data



CCFAP participation has increased significantly from previous years.

CCFAP participation has recovered from the COVID-related drops.

CCFAP spending has increased.



CCFAP funding sources:

- Child Care Contribution Special Fund (new)
- General Funds
- Federal Child Care Development Fund
- EITC Swap SF
- Medicaid/Global Commitment

Advice



DON'T: Try to go too fast! Ask for the time, technology, and talent you need to get it done.



DO: Spend the money!



DO: Do more when it makes sense!