



First Children's Finance

Our mission is to *grow the supply and business sustainability of excellent child care*

State of Vermont's Child Care Business Sector

May 9, 2024



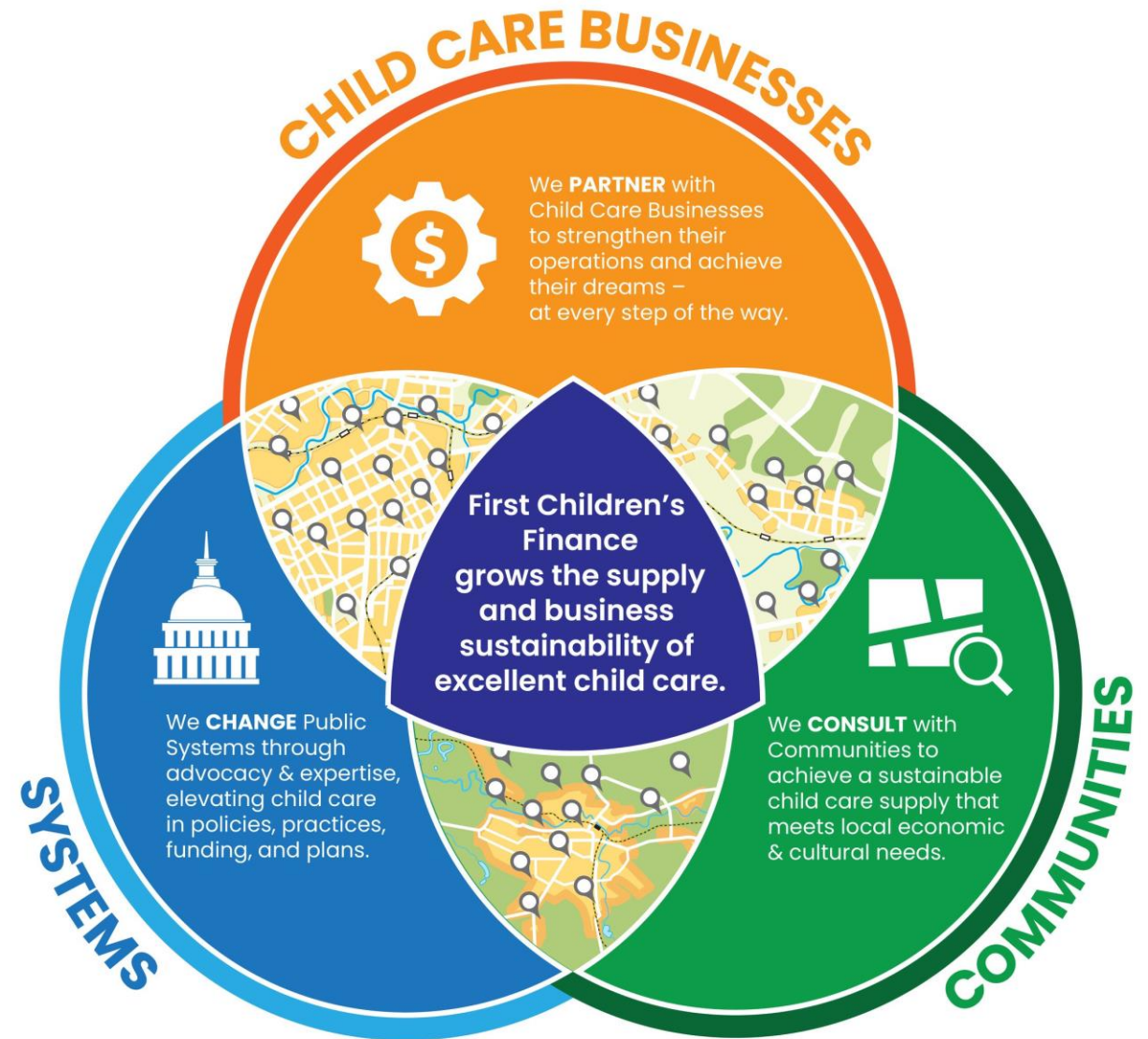


First Children's Finance Vermont



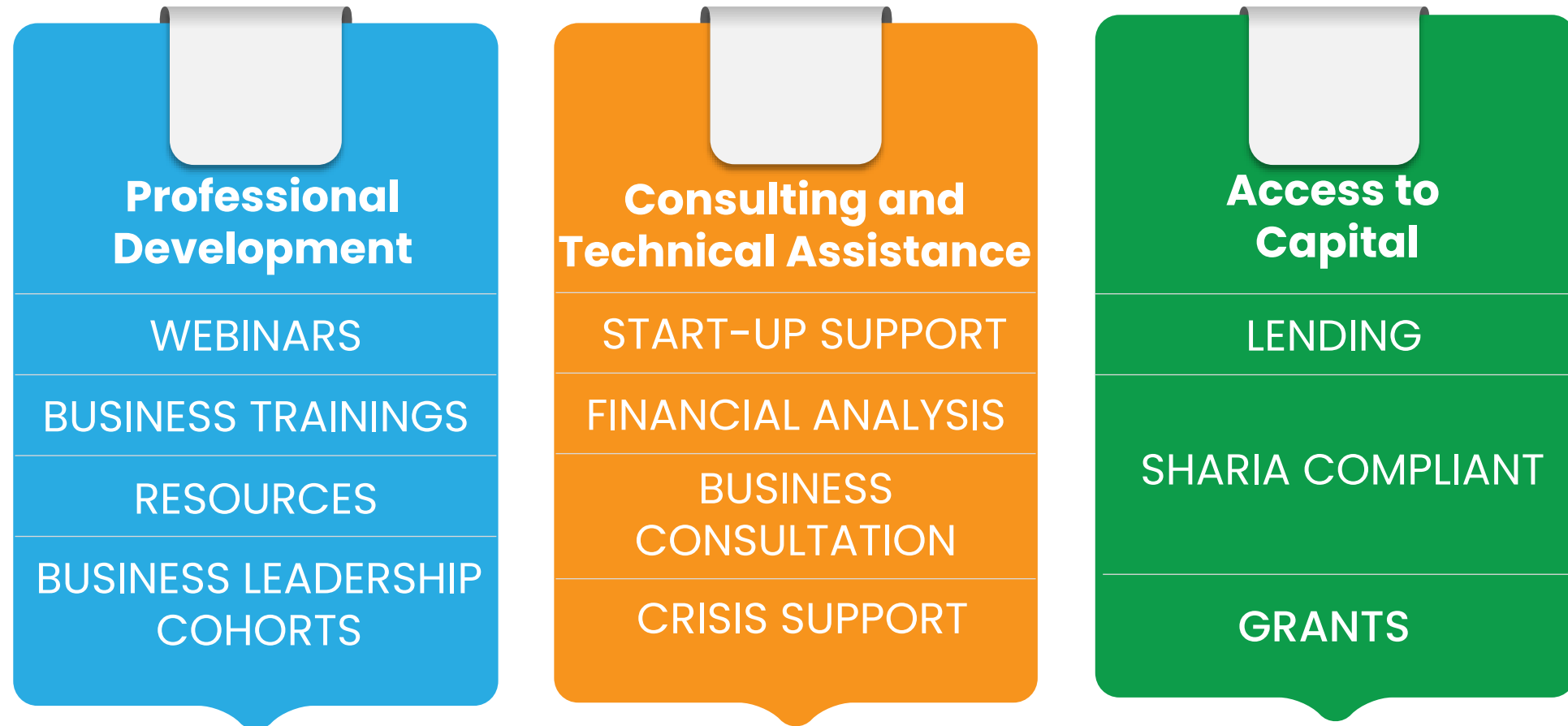
What does First Children's Finance do?

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





First Children's Finance Vermont Services





Results of FCF VT after one year

- 244 training participants in 26 trainings
- 59 business leadership cohort participants
- 2 child care business annual surveys, 1 flood relief survey
- 7 child care business consulting clients
- \$1.9 million in grants awarded to 62 programs, expected to yield 1388 spaces and 276 new jobs in 14 counties
 - 696 new spaces, 287 expanded spaces, 405 preserved spaces
 - 17 new family child care homes



The Child Care Business Health Survey Respondents

How the respondents compare to the child care sector



2024

	Survey responses	Regulated programs in Vermont	Percent of population in survey
Total	111	1032	11%
Afterschool	5	141	4%
Centers	52	521	10%
Family Child Care	54	370	15%

Regulated programs in Vermont as of 12/31/2023

	Survey responses	Regulated programs in Vermont	Percent of population in survey
Total	111	1032	11%
Addison	14	66	21%
Bennington	11	61	18%
Caledonia	1	65	2%
Chittenden	12	221	5%
Essex	0	10	0%
Franklin	7	86	8%
Grand Isle	1	8	13%
Lamoille	1	40	3%
Orange	7	52	13%
Orleans	7	58	12%
Rutland	8	95	8%
Washington	8	103	8%
Windham	12	62	19%
Windsor	9	105	9%



Who completed the survey?

**5% identify as either
Hispanic, native American or
2 or more races
1% prefer Spanish language
2% identify as male**

**49% are family child care
46% are licensed centers
5% are afterschool programs
only**

**30% programs surveyed
are in Chittenden or
Addison county
52% own their building or
home**

**32% have been in business 31+
years
28% opened in the past 5 years
66% are for-profit businesses**



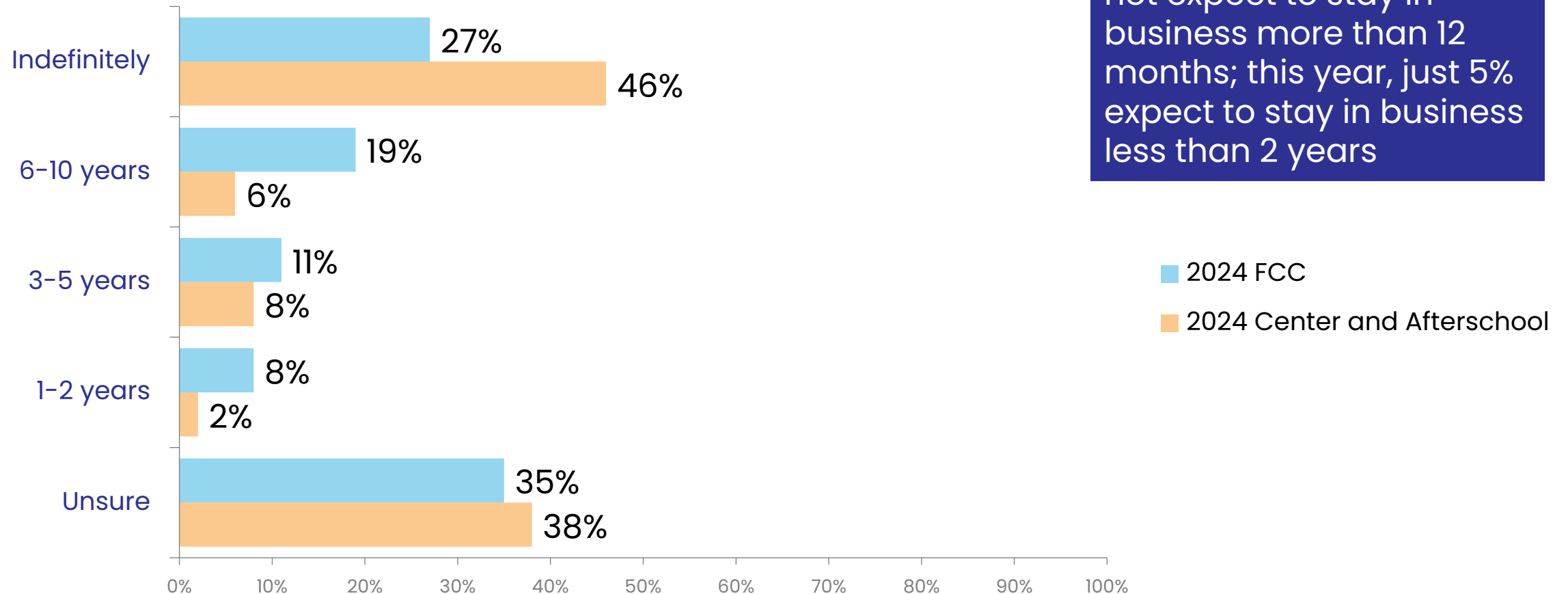
Overall conclusions

- Vermont child care businesses are generally more optimistic (but still concerned) than last year and other state(s)
- Family child cares, who generally experienced larger increases in reimbursement rates (primarily as a result of moving all programs to 5 STARS reimbursement rate), seem more stable and optimistic for the future
- Costs appear to be stabilizing and fewer have deferred maintenance, though funding for operations would help
- Hiring and costs of compensation, although improved, remain the single biggest challenge to business stability
- Uncertainty (and disbelief) remains around impact of CCFAP eligibility increases and that also leads to uncertainty of business stability
- Businesses also have concerns about the future of Universal Pre-Kindergarten
- Costs of child care increased in 2022 and 2023, especially the cost of space and staffing. Businesses are still adjusting to these higher ongoing costs.

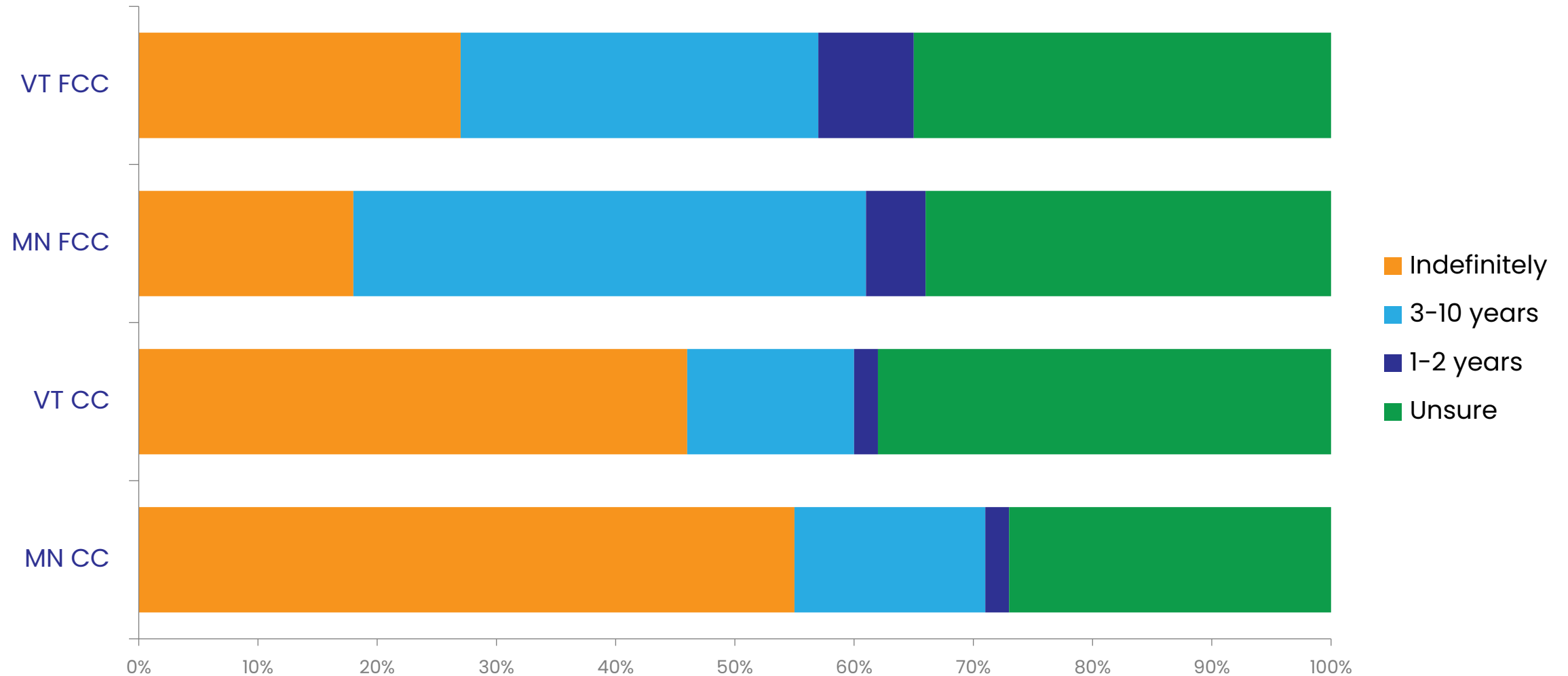


The Data: Business Stability

Business sustainability: plan to stay in business

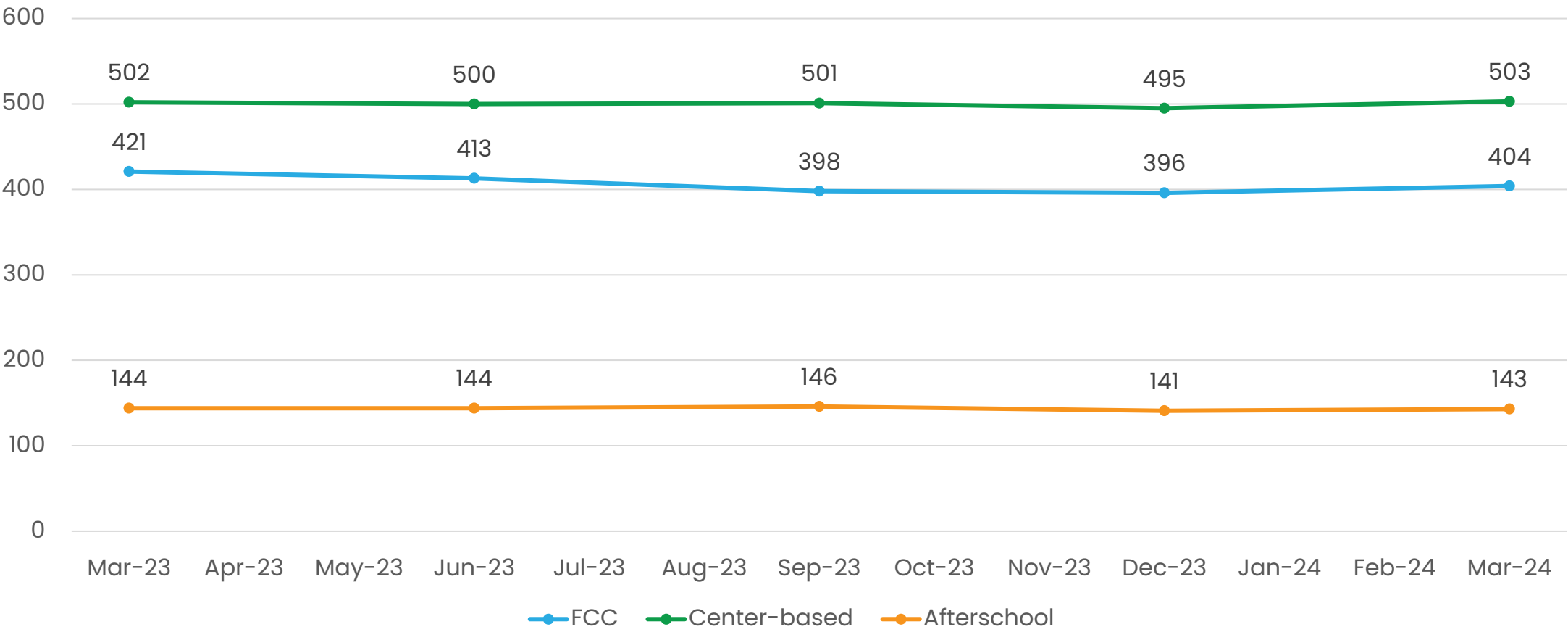


Business sustainability: compared to Minnesota child care





Number of programs, by program type, over time



*This data is from quarterly report of regulated child care providers

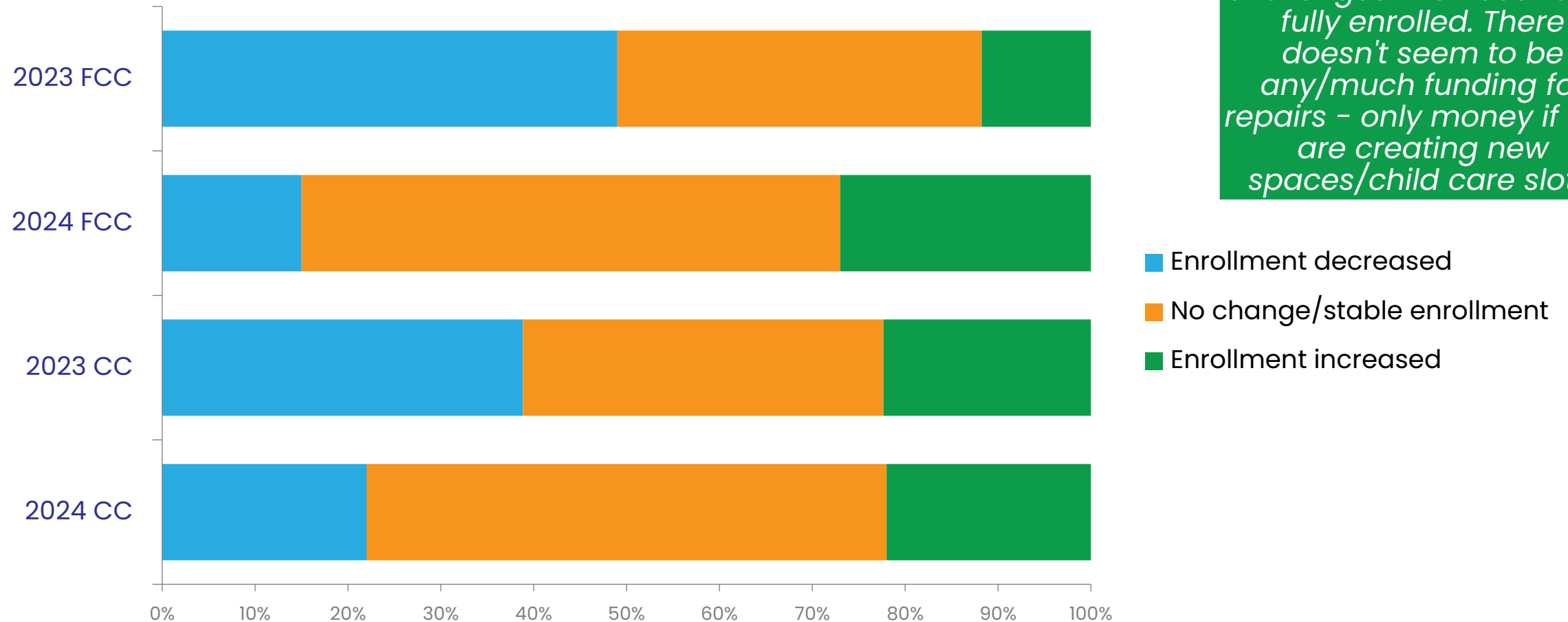


The Data: Enrollment and Revenue

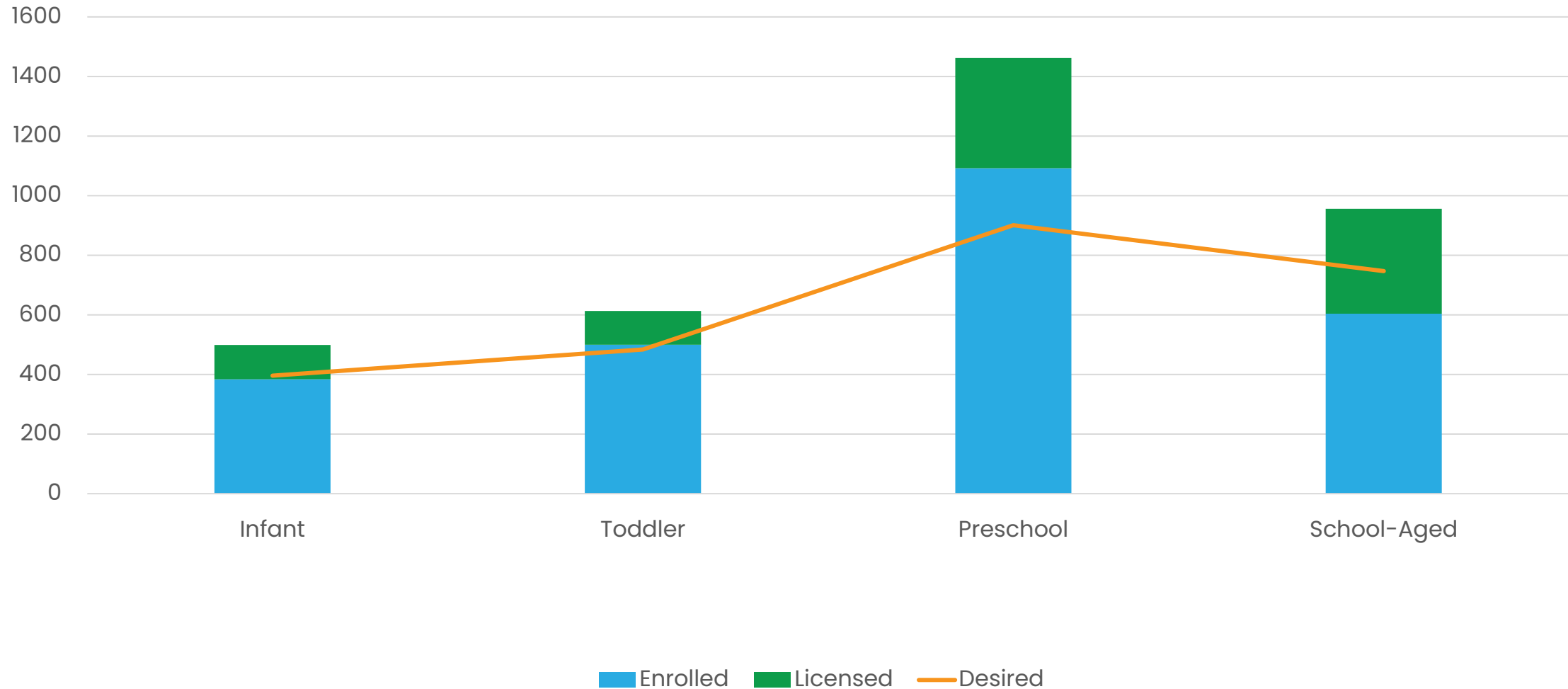


Fewer programs have experienced decreases in enrollment this year

It is a very slow road back from COVID staffing challenges. We need to be fully enrolled. There doesn't seem to be any/much funding for repairs - only money if you are creating new spaces/child care slots.

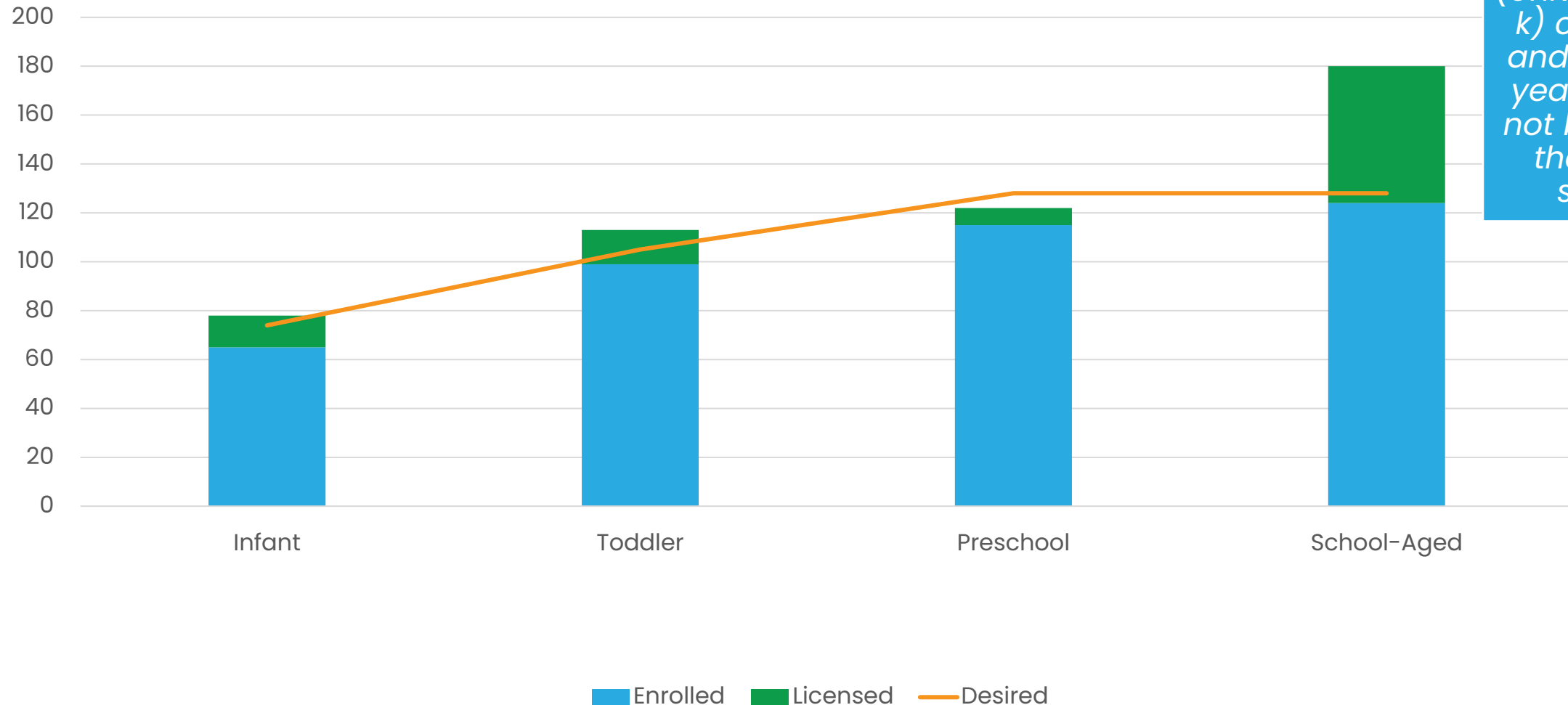


Child Care Centers are fully enrolled for infants, toddlers and preschoolers, but have room for more school-agers





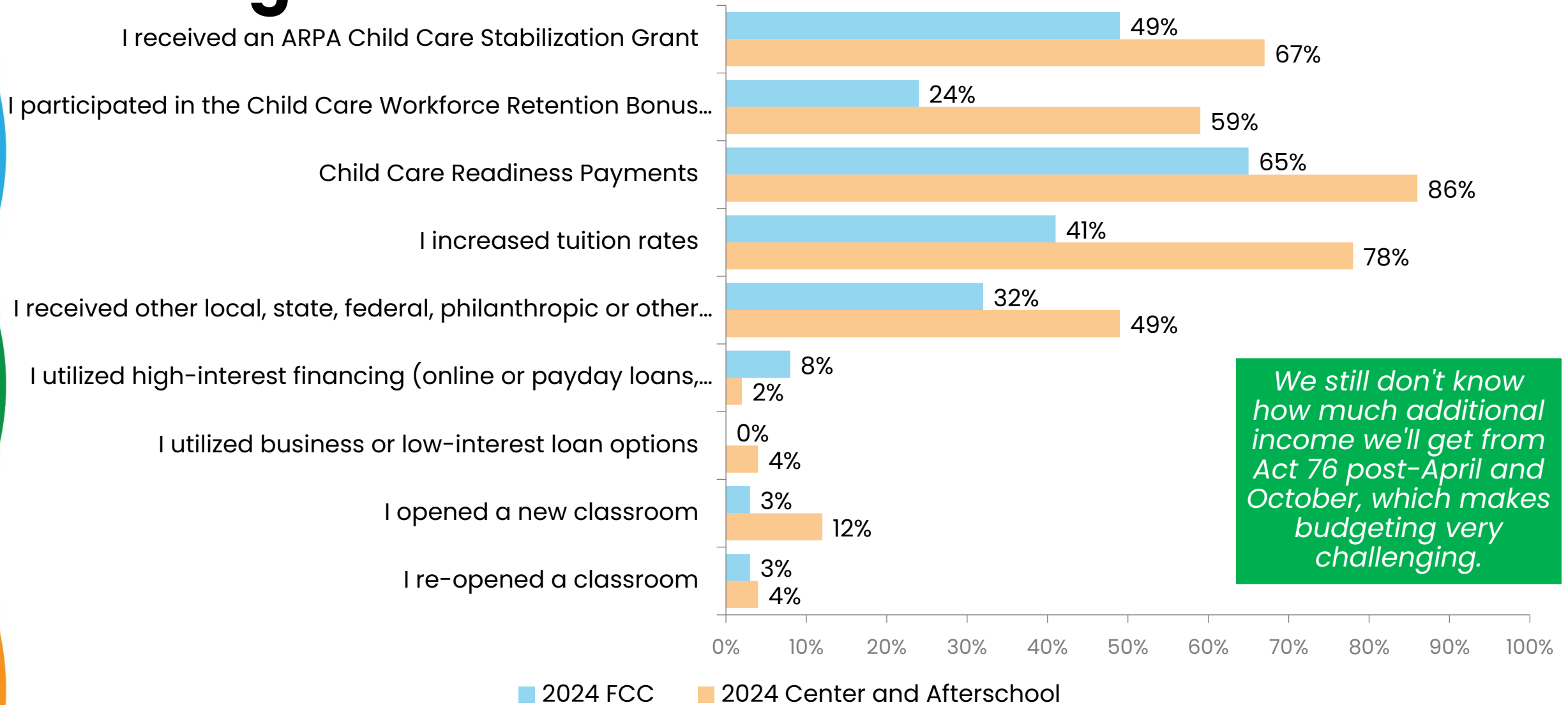
Family Child Care would enroll a few more children at every age



I hope the ACT 166 program (Universal pre-k) continues and that all 4 year olds will not be sent to the public school.



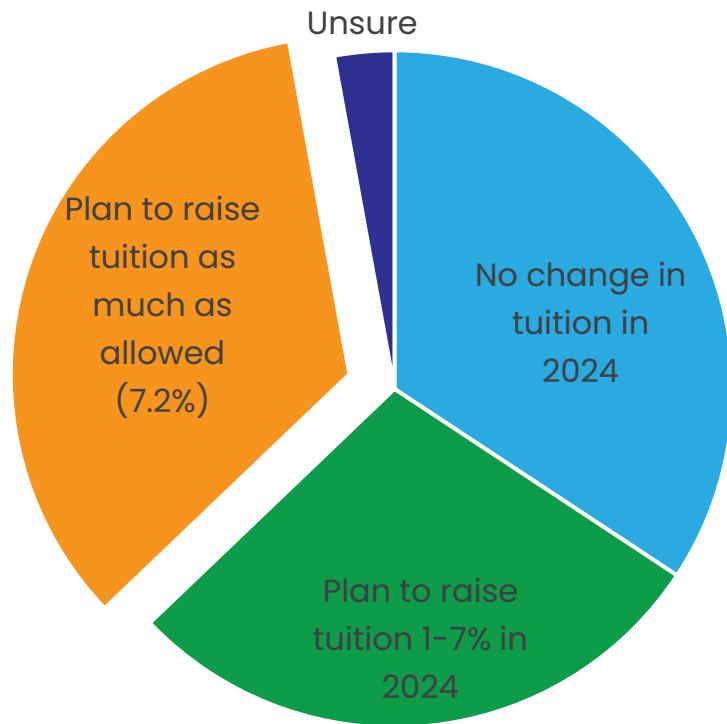
Child care businesses continue a mix of strategies to increase revenue



Child Care Businesses are still adjusting to increased costs, especially for staffing

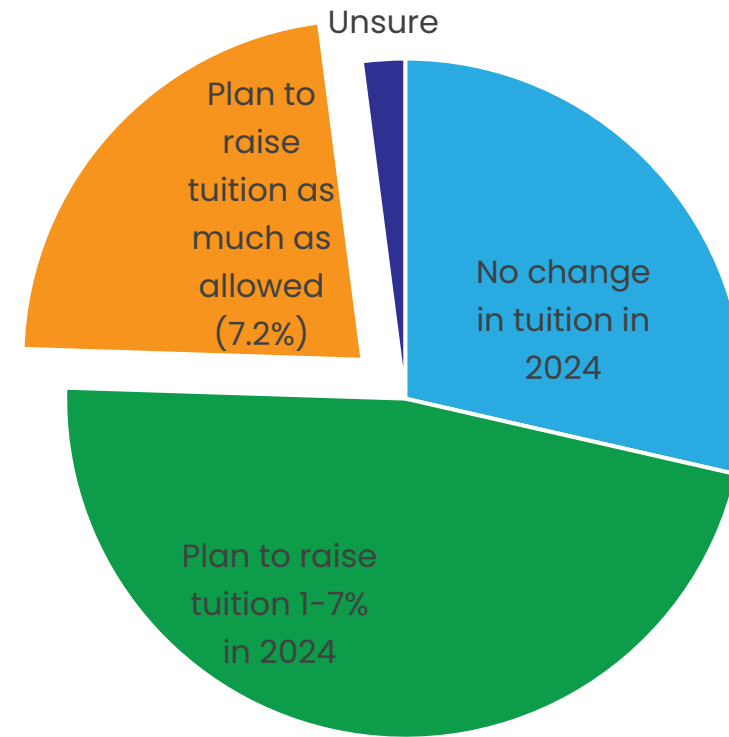


2024 Tuition Rates for Family Child Care Homes



41% of Family Child Care Homes raised tuition in 2023

2024 Tuition Rates for Child Care Centers and Afterschool Programs

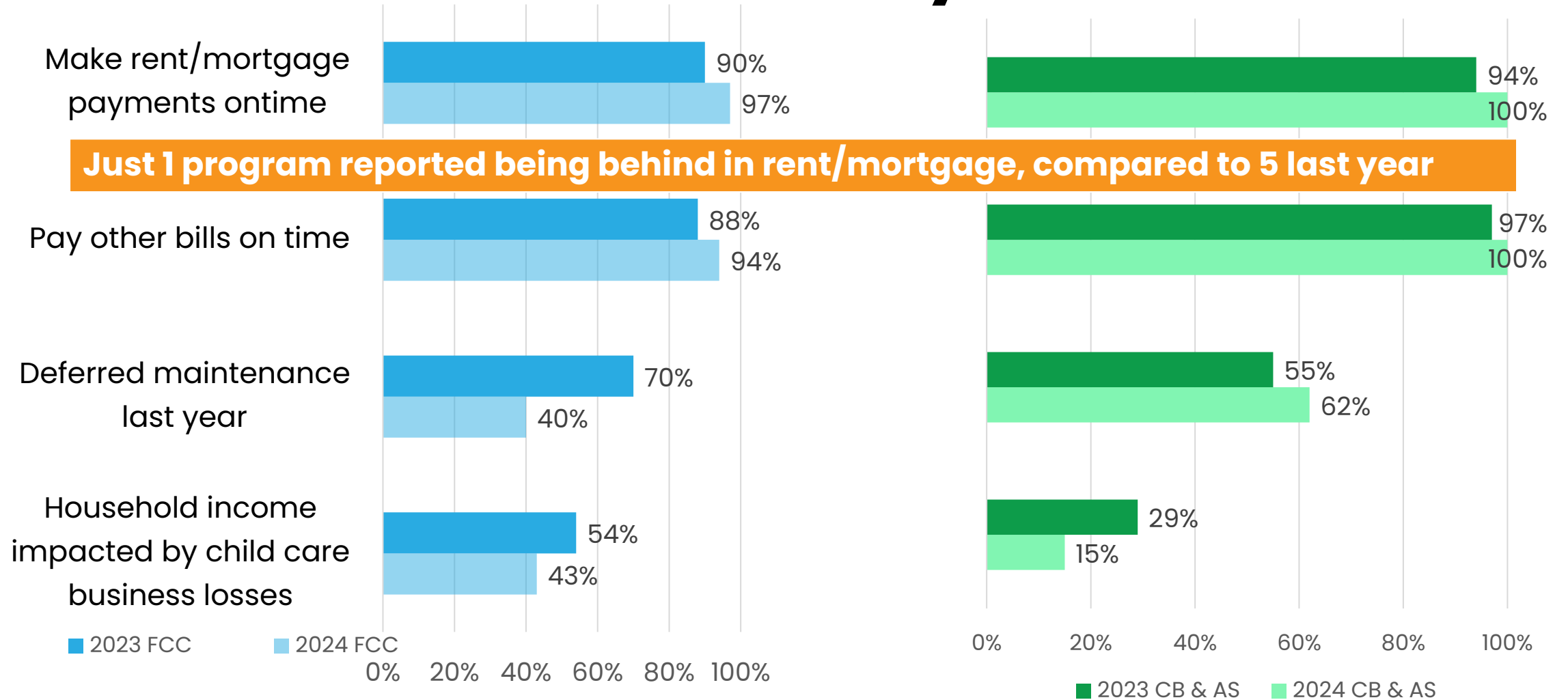


78% of Child Care Centers raised tuition in 2023



The Data: Expenses, driven by space and staffing

Space costs and ability to pay them seem to be more stable than last year

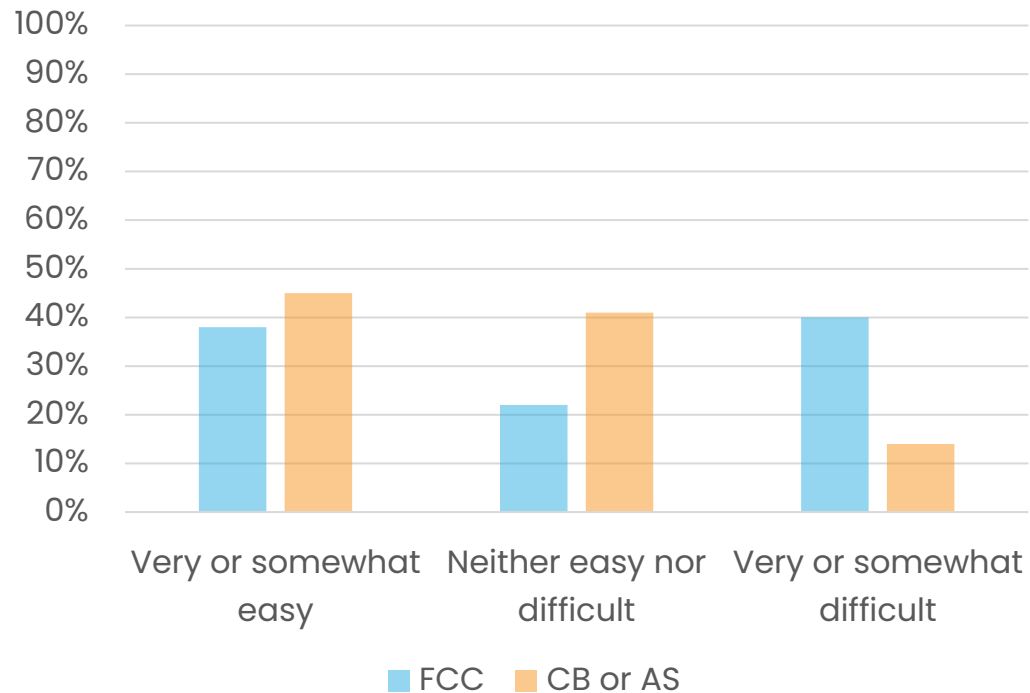


25% reported an increase in rent/mortgage, compared to 43% last year

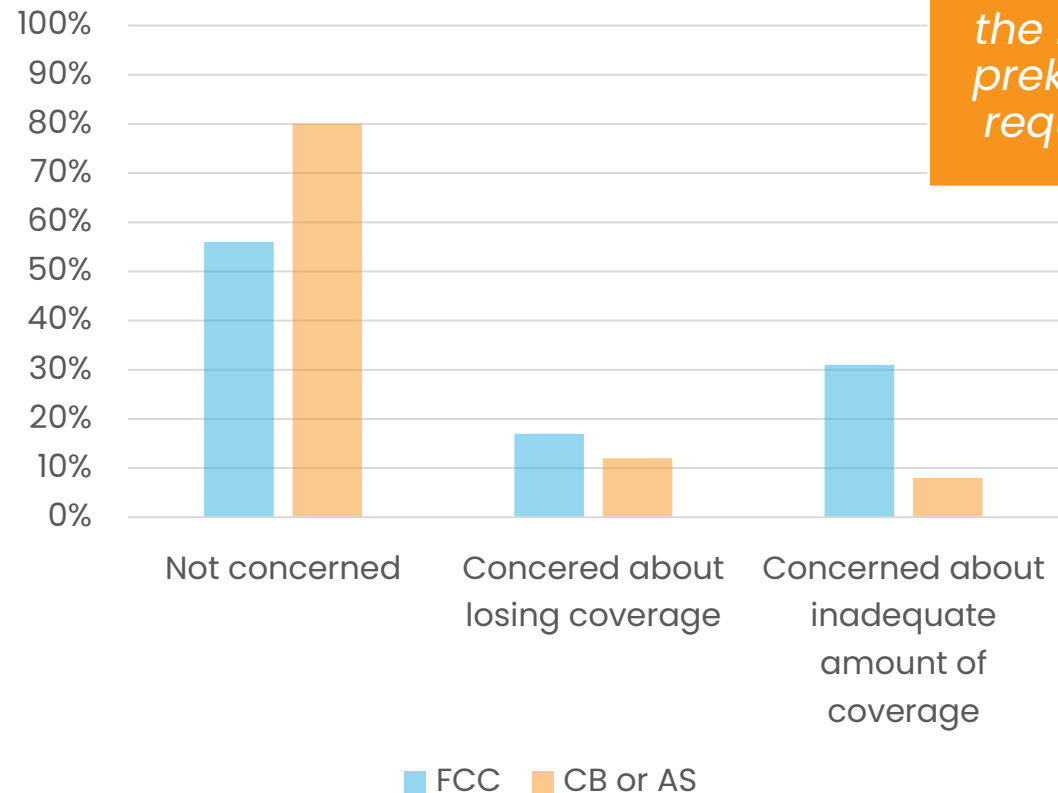
Insurance coverage is more of a worry for FCC and more difficult for them to obtain



How easy is it to obtain liability insurance?



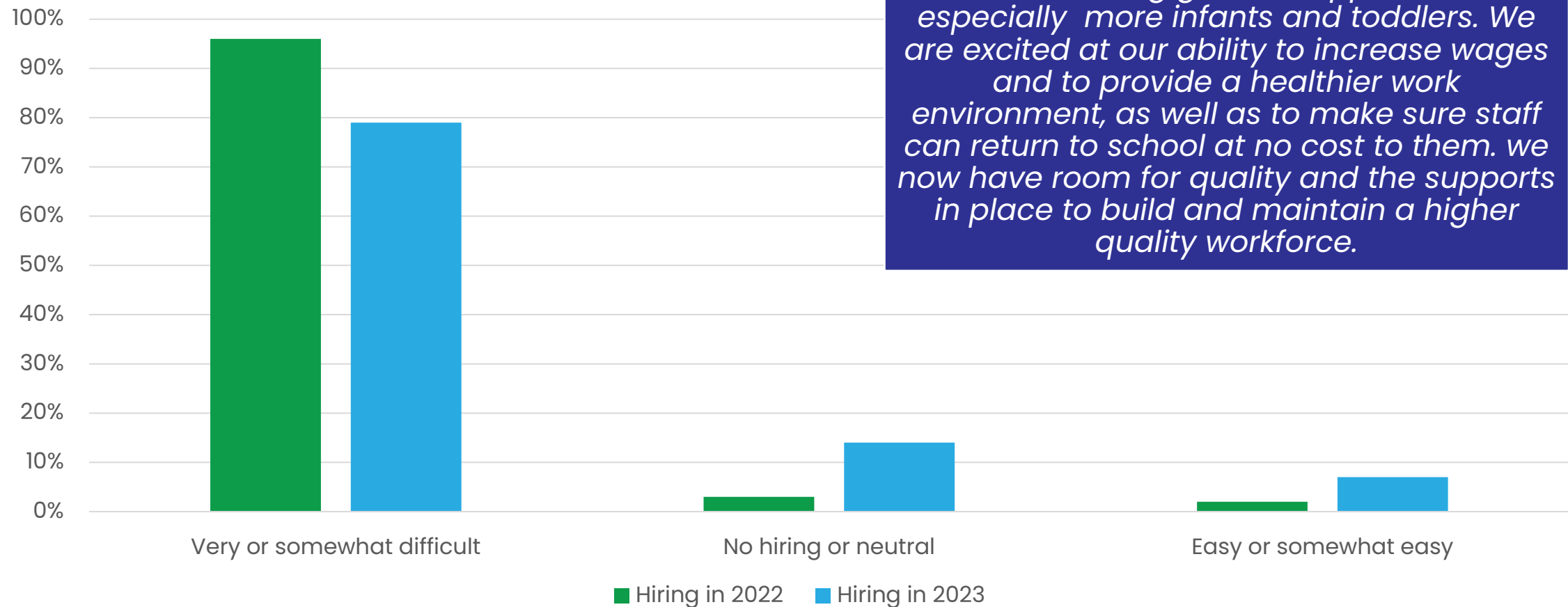
Are you concerned about obtaining liability insurance?



My program will likely be forced to close if changes aren't made to the new public prek insurance requirements.

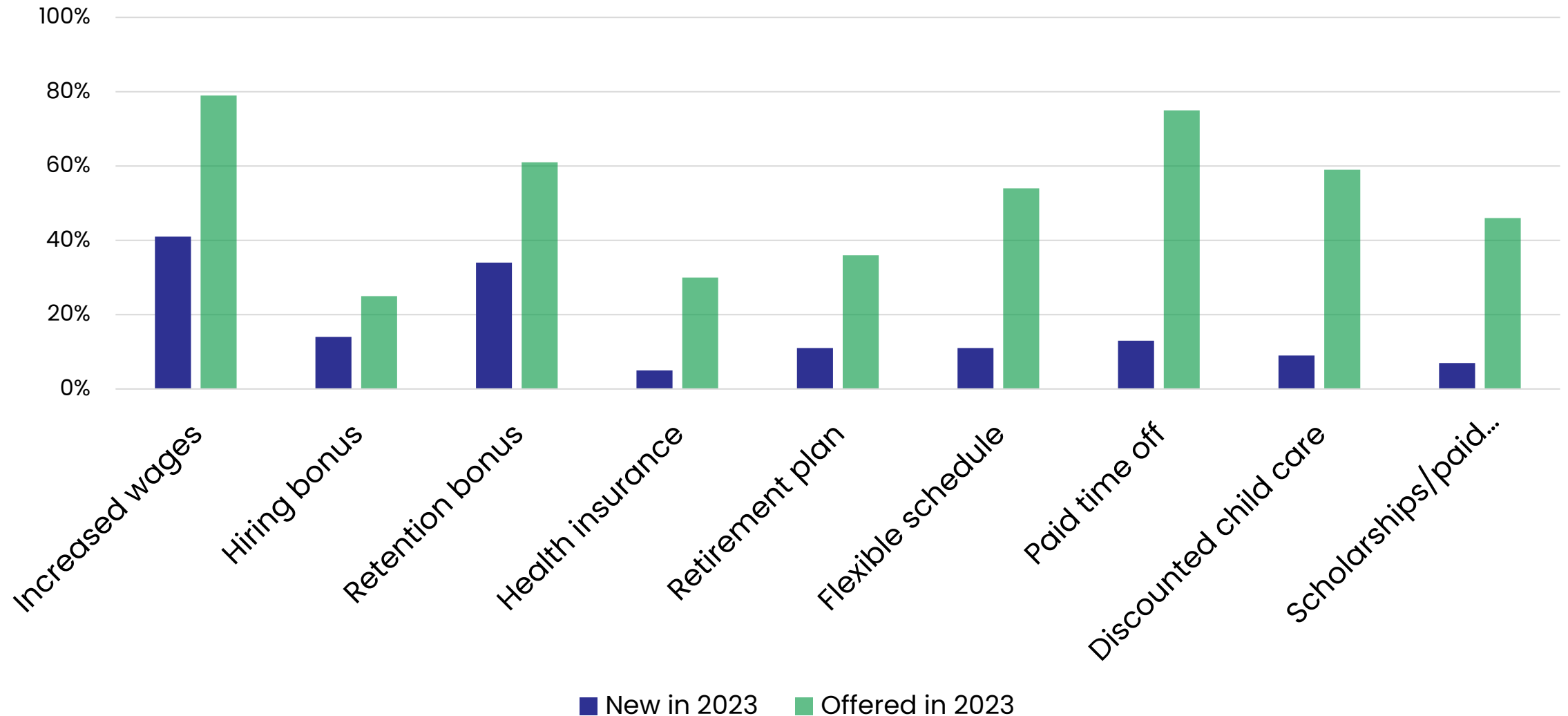


Hiring is still difficult, but shows signs of improving



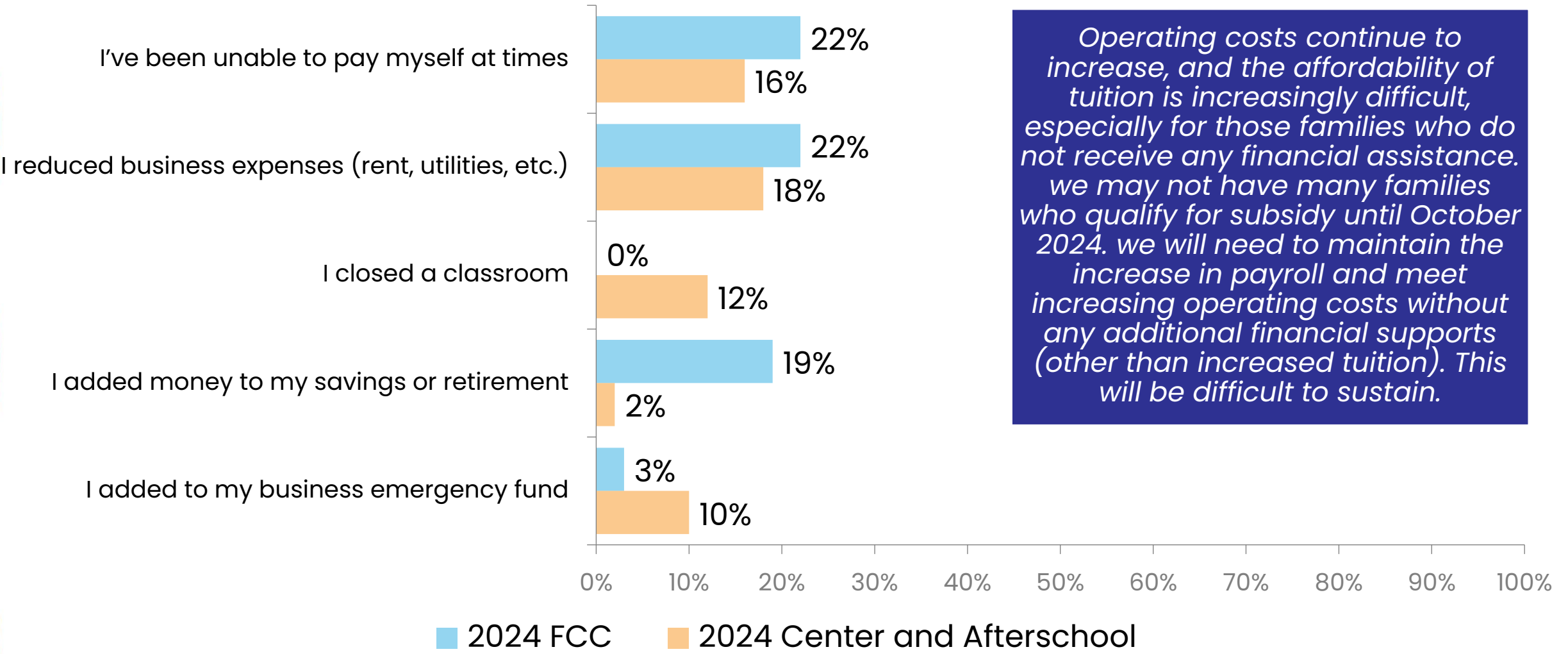


Programs continue to add benefits to improve staffing





Child care businesses utilized a mix of strategies related to current and future expenses





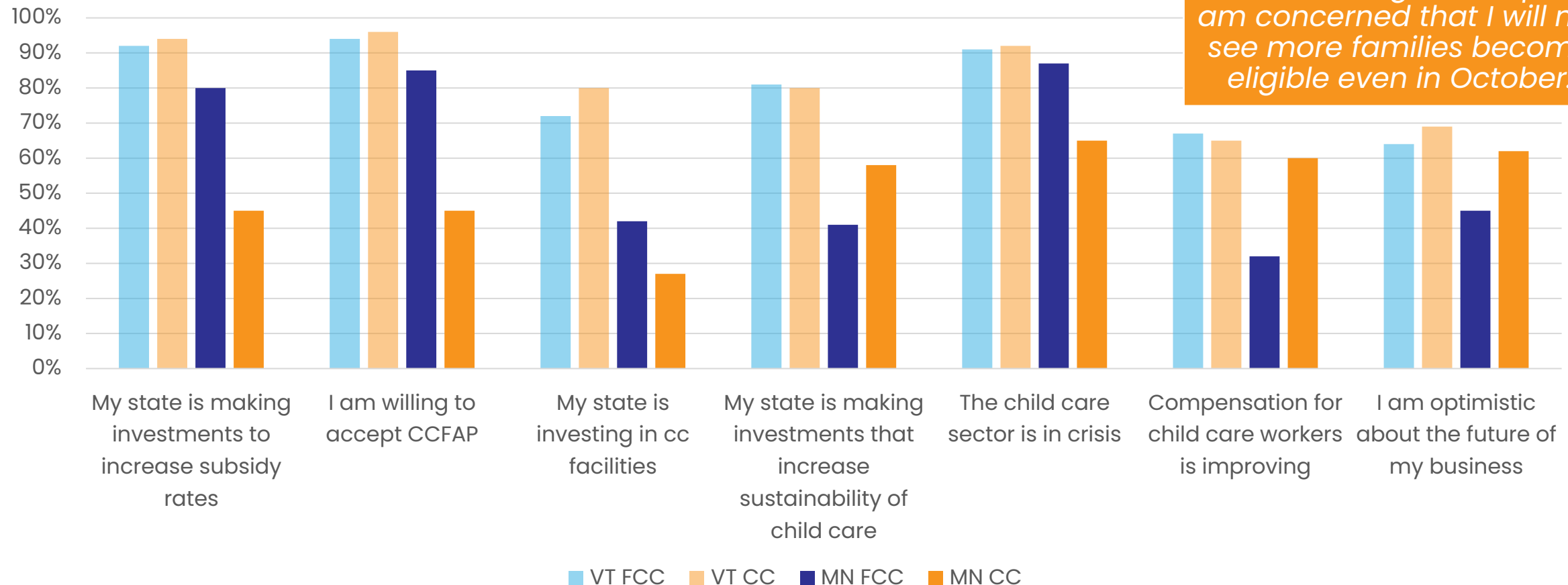
In their own words



VT child care businesses know that Act 76 makes investments in child care

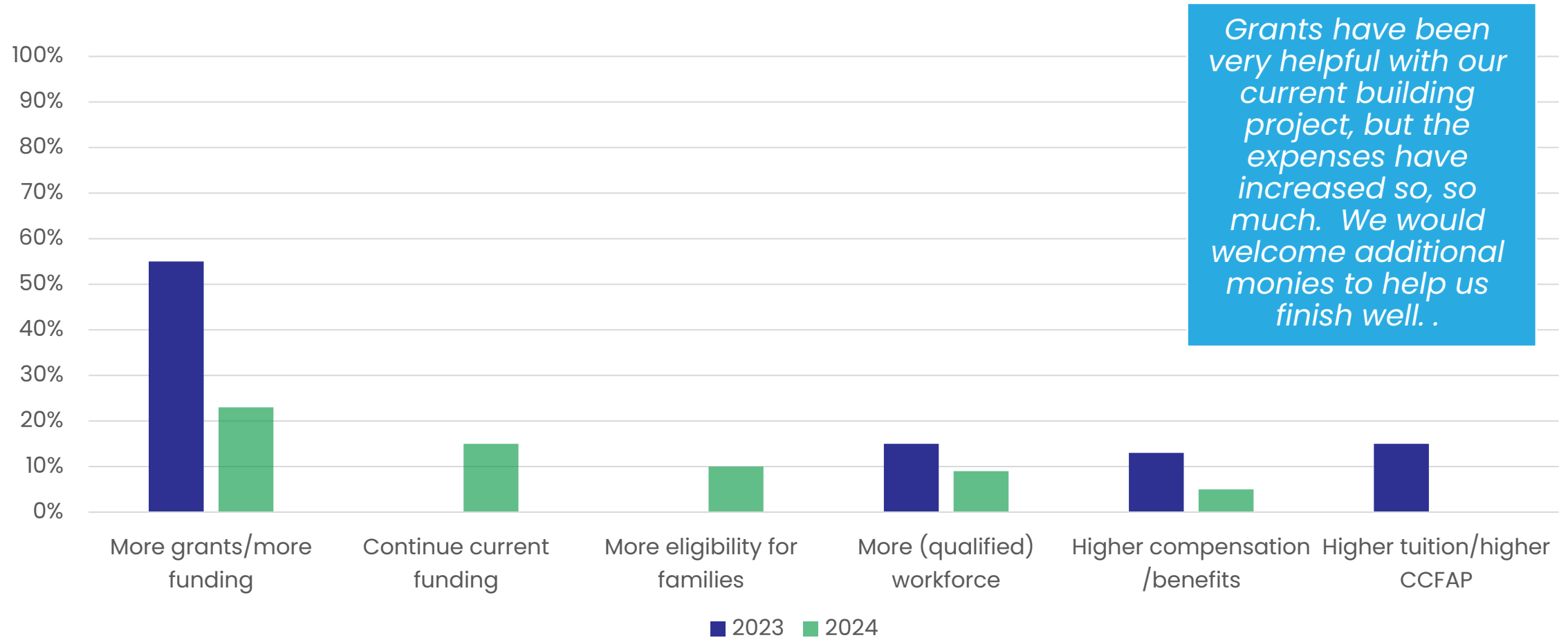
I am not experiencing the benefits of "more" families being eligible for subsidy, and I already know that at least half in my program will still not be eligible in April. I am concerned that I will not see more families become eligible even in October.

Percent who agree, Vermont compared to Minnesota





What would help keep your business financially viable in 2024?





Discussion and what's next?



Overall Vermont Child Care Trends

Optimism for the future: With inflation moderating and new public investment in child care, Vermont's child care entrepreneurs are generally feeling more optimistic about the future, for themselves and the industry

Ownership transitions: Succession planning is in demand, as many long time business owners (some successful, some less so) seek to exit the industry. At the same time, a small % increase in FCCH, where these have been in decline over the past several years.

Employer engagement: Employers, faced with their own staffing challenges, are taking a more active role in securing sufficient child care for their employees needs

Increased costs of operation: Costs of business operations increased in 2022 and 2023, especially fixed costs like space and staffing. Businesses continue to refine model to operate efficiently (raising tuition, increasing enrollment, increasing scale of operations, pressure to cut expenses)

Staffing challenges: Businesses continue to face challenges in hiring, especially highly qualified staff. They continue to adjust compensation and provide flexible schedules to attract candidates.



What's next for FCF VT?

Continuing to provide business consulting and training

- Optimal enrollment/staffing
- Compensation & benefits
- Budgets and financial projections
- Tuition setting, discounts/scholarships, revenue projections

Continuing and increasing access to capital

- Capacity building grants
- Business loans

Support for expansions and start ups

- Start-Up Boot Camp, June
- Business Planning Cohorts, starting in September
- Planning Grants for capital construction projects, application available in September
- Limited lending capital will be available, starting in September

Community engagement

- Community orgs and employers eligible for Planning Grants
- Pilot project of community-based supply planning

Succession planning, leadership development and compensation resources/training

First Children's Finance Vermont

Erin, Jen, Rose, Deb, Cathy

Contact us:

www.firstchildrensfinance.org/vermont

infovt@firstchildrensfinance.org

[Inquire](#)

