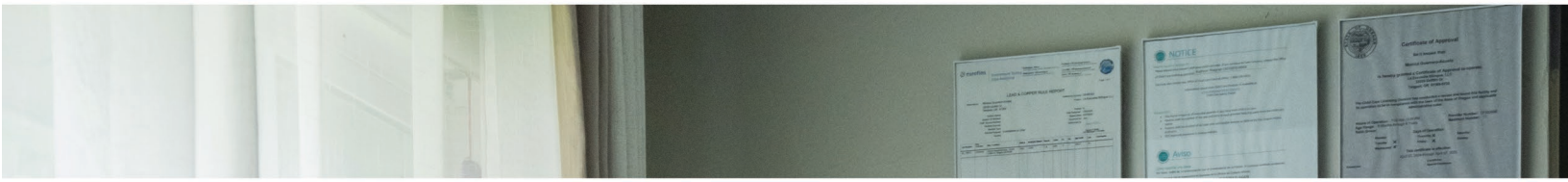
2026

First Children's Finance



Vermont Supply Demand Gap Analysis

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Executive Summary

Informed by the previous Stalled at the Start report series created by Let's Grow Kids and partners, First Children's Finance completed an analysis of full-day, full-year child care supply and demand in Vermont. This analysis can be used to inform strategic supply building efforts and to track progress on the availability of full-day, full-year care that supports working families.

The 2026 analysis points to promising signs of improvement in the historical gap between child care supply and demand.

- In comparison to prior years, the 2026 analysis took a more conservative approach to estimating functional capacity and available child care supply. Even with this shift, Vermont saw growth in available full-day, full-year child care supply from 2024 to 2026.
- The gap between needed supply and demand shrunk from 2024 to 2026 across all age groups.
- The majority of Vermont's counties saw a larger share of infants with access to care in 2026.
- Some counties have made strong progress in meeting the estimated child care need for toddlers and preschoolers.

However, a gap remains between full-day, full-year child care supply and the demand of families that are likely to need care. Continued and focused supply building strategies can support Vermont in building on the progress of recent years.

What FCF Did

FCF's analysis seeks to understand how the current child care supply aligns with the current demand for child care. FCF analyzed population-level data and child care licensing data to estimate both the full-day, full-year child care supply and demand, outlined in more detail below. This analysis focuses on full-day, full-year care to understand the supply of available care that supports parent and caregiver participation in the workforce and the number of children that are likely to need this kind of regulated child care. Supplemental data on supply of part-day, part-year child care is provided in the Appendix.

This analysis of the demand for and available supply of child care in Vermont was informed by previous analysis completed by Let's Grow Kids and partners in their biennial Stalled at the Start report. Where possible, FCF aligned with the assumptions of prior analysis to support comparisons and provide context for findings. However, due to data availability and needs, FCF adjusted some assumptions in the 2026 analysis.

In addition to the county-level analysis of available and needed care, FCF also completed an analysis of supply and demand in several cities and towns in Vermont. FCF recognizes that

families only have care readily available if it is in a location that is convenient and accessible to where they live and work. This more detailed geographic analysis can inform more focused supply building efforts.

Estimating Demand

The Vermont Department of Health provided age-specific estimates of the number of children under age 5 in each Vermont county. FCF aligned with child care licensing definitions of infants, toddlers, and preschoolers to summarize this data.[1] Recognizing that not all children under age 5 need formal child care, FCF used county-level estimates from the U.S. Census Bureau American Community Survey (ACS) on the percentage of children under age 5 with all available parents in the workforce.[2] This produced an age-group level number of children who are likely to need care (LTNC) in each of Vermont's county. Statewide, an estimated 77% of children age 0-5 have all available parents in the workforce. A full summary of county-level data for this assumption is included in the appendix.

Age-specific population estimates were not available at a zip code level. To estimate child care demand at the city and town level, FCF used ACS data on the number of children under age 6 with all available parents in the workforce. Assuming an even distribution across age, this provided a zip-code level estimate of the number of children LTNC. Given the data specificity and quality, FCF did not make age-group specific assumptions about the LTNC population at the zip code level.

Estimating Functional Supply

FCF exported data on currently active child care licenses as of August 21, 2025. Working families generally need child care options that offer full-day, full-year care to support their participation in the labor force. FCF reviewed available licensing data to identify and remove those programs that did not offer full-day, full-year care. Focusing on full-day, full-year care aligns with the approach of estimating child care demand based on children with all available parents in the workforce and focuses this analysis on child care options that support workforce participation.

First, FCF removed all Afterschool Child Care licenses, as those programs do not offer licensed capacity for infants, toddlers, or preschoolers. Next, FCF removed those programs that were designated as offering either school year or summer only programs. Finally, FCF reviewed data on the usual program start and end times to remove programs that offered less than eight hours of care per day. The FCF Vermont team reviewed programs that were missing program start and end time data to identify any additional programs that should be excluded from the data set because they did not offer full-day, full-year care.

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[1] In child care licensing definitions, infants are children aged 6 weeks to 23 months. Toddlers are children aged 24 months to 35 months. Preschoolers are defined as children that are three and four years old.

[2] U.S. Census Bureau, American Community Survey (ACS), Table DP03, 5-year estimates. (2023)

Prior analysis used reported desired capacity to understand the available licensed capacity in full-day, full-year programs. However, due to concerns with data quality, the Vermont Child Development Division is not currently providing data on reported desired capacity.

It is not feasible for a program to always operate at 100% of licensed capacity. As a best practice, child care businesses expect to be financially sustainable when they have enrolled 85% of their licensed capacity.[3] Thus, FCF assumed that 85% of licensed capacity was available to reflect both dynamics of sustainable enrollment and family choice. Throughout this analysis we will refer to this adjusted licensed capacity assumption as the "functional capacity" of programs.

Program Definitions:

- Registered Family Child Care Homes: Child care programs that operate within the FCCH educator's home and provide care for no more than six children under the age of six.
- Licensed Family Child Care Homes: Licensed FCCH programs operate within the educator's home. Licensed FCCHs can care for up to 12 children with the support of an assistant. Licensed FCCHs meet additional licensing requirements.
- Licensed Center-Based Child Care and Preschool Programs (CBCPPs): CBCPPs provide care for children in a space that is not a home. Programs are regulated by the state with requirements on the number of children and number and qualifications of staff present.

In June 2023, the Vermont Legislature made history by passing into law the 2023 Child Care Bill (Act 76). This comprehensive bill is not only a first-of-its-kind for Vermont and the nation, but it also changes the trajectory of Vermont by making the state's communities more affordable. It helped to:

- Increase access to and quality of child care, afterschool, and summer programs
- Provide financial stability to child care programs
- Stabilize and support the state's early childhood workforce
- Better support and resource family child care homes
- Increase equitable access to and quality of UPK offerings for four-year-olds
- And more

What We Learned

Child Care Supply and Demand Summaries

Table 1 below outlines the functional capacity of full-day, full-year regulated programs across Vermont's counties. The appendix includes a summary of the additional capacity of part-day, part-year programs that were not included in this analysis.

[3] https://info.childcareaware.org/hubfs/OpEx_2019_IronTriangle.pdf

Table 1: Functional Capacity, by Age Group and County

County	Infant Capacity	Toddler Capacity	Preschool Capacity	Total Capacity
Addison	123	159	310	592
Bennington	210	184	400	793
Caledonia	178	173	321	672
Chittenden	1,143	958	2,014	4,115
Essex	9	12	9	31
Franklin	201	203	327	732
Grand Isle	31	29	70	129
Lamoille	139	160	343	641
Orange	106	97	190	393
Orleans	117	122	301	540
Rutland	254	225	422	902
Washington	219	231	360	810
Windham	158	167	259	585
Windsor	231	259	486	977
Vermont	**3,120**	**2,979**	**5,811**	**11,911**

Figure 1 shows the estimated full-day, full-year child care supply across each group in the 2024 Stalled at the Start report and the 2026 analysis. It is important to note that the assumptions used to estimate supply differ across these two time points. The functional capacity assumption used in the 2026 analysis is more conservative than the assumptions used in 2024.[4] If the same assumption used in the 2026 analysis were used with the 2024 data, estimates of supply in 2024 would be lower and the growth in supply between the two time points would be larger.

Figure 1: The estimated supply of full-day, full-year child care grew across each age group.

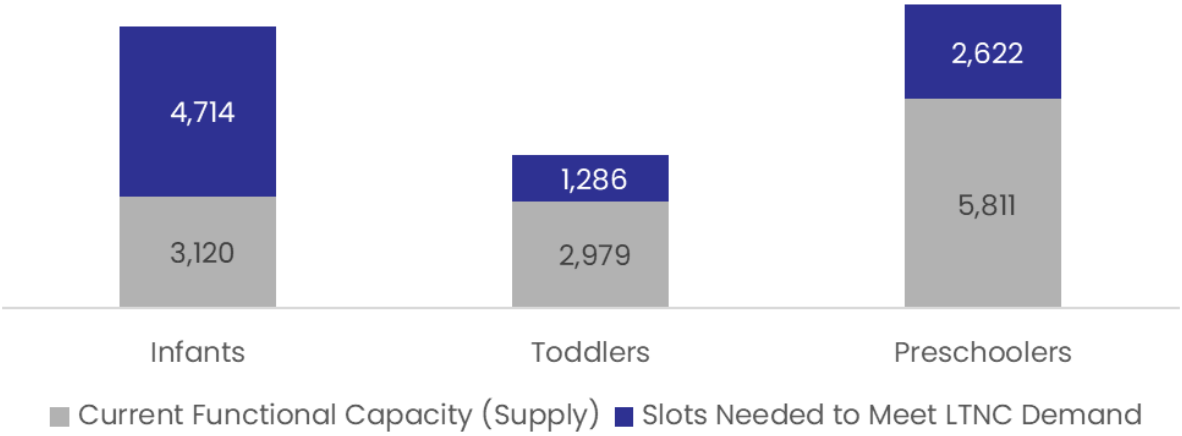
[4] The 2024 analysis used reported desired capacity to estimate available supply. In the 2024 analysis, total desired capacity represented about 97% of total licensed capacity. In comparison, the 2026 analysis estimated supply at 85% of licensed capacity. Desired capacity was not available in licensing data at the time of the 2026 analysis.

Child care demand, an estimate of children likely to need care, decreased by about 8%, or 1,715 total children, when compared to the estimates from the 2024 Stalled at the Start report. Figure 2 shows the difference between 2024 and 2026 estimates of children likely to need care (LTNC) across age groups. This decrease is driven by a decrease in the population of children under age 5 in the state. The percentage of children with all available parents in the workforce is relatively consistent across the two years, at around 77% of children age 0-5.

Figure 2: Child care demand decreased across each age group.

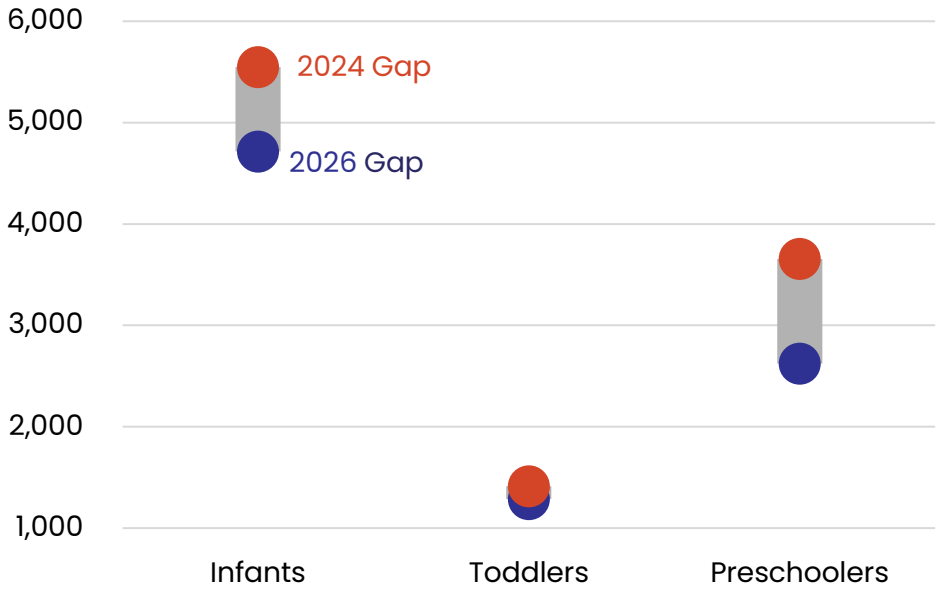
With an understanding of the current demand for full-day, full-year care and the functional licensed capacity of full-day, full-year programs, we then look at the alignment and gaps between the supply and demand. There is a gap between the current estimated available supply and demand across all age groups. In total, 8,623 new full-day, full-year child care slots are needed to meet the LTNC demand. As seen in Figure 3, infants have the largest gap between available supply and demand.

Figure 3: Infants are the age group with the largest gap between current functional supply and demand.



When comparing the number of slots needed to meet the LTNC demand by age group between 2024 and 2026, all age groups saw a smaller gap in 2026. Shown in Figure 4 below, preschoolers saw the largest decrease in the number of needed slots (1,033 fewer slots needed for preschoolers) in comparison to infants (a decrease in the size of the gap by 833 slots) and toddlers (a decrease in the gap of 126 slots). Across the 2024 and 2026 analysis, infants have the largest gap in needed slots.

Figure 4: All age groups saw a decrease in the number of slots needed to meet LTNC demand from 2024 to 2026.



FCF recognizes that care is only accessible if it is available near where families live or work. To understand access to available child care at the county level, Table 2 summarizes the number of needed child care slots by county and age group. The map illustrates the total county-level slots needed to meet the LTNC demand.

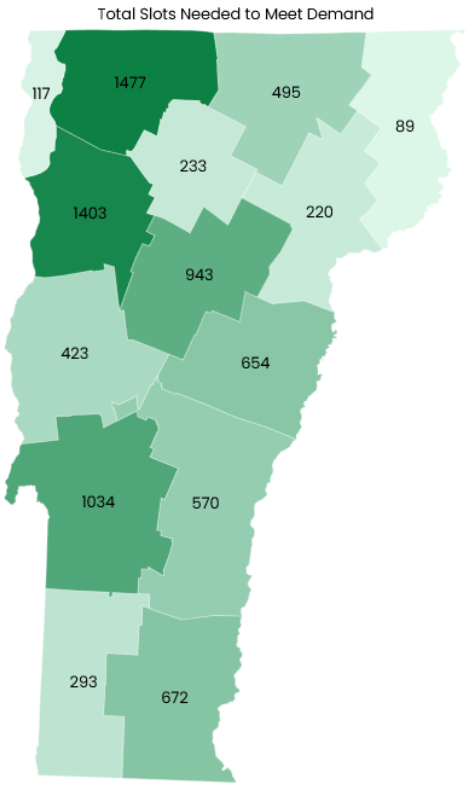


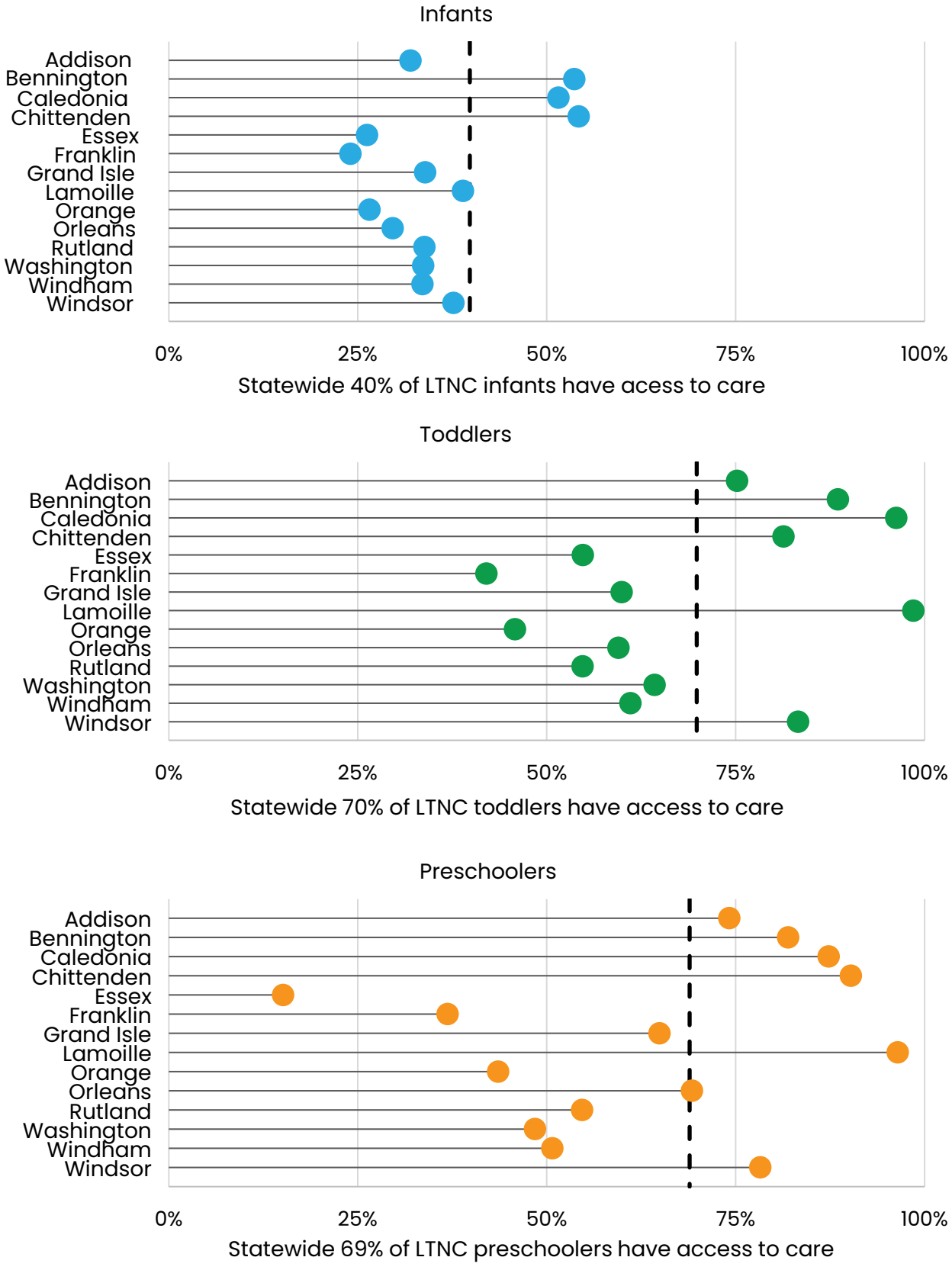
Table 2: Number of Child Care Slots Needed to Meet LTNC Demand, by Age Group and County

County	Infant Slots Needed to Meet LTNC Demand	Toddler Slots Needed to Meet LTNC Demand	Preschool Slots Needed to Meet LTNC Demand	Total Slots Needed to Meet LTNC Demand
Addison	262	52	108	423
Bennington	181	24	88	293
Caledonia	167	7	47	220
Chittenden	965	220	218	1,403
Essex	26	10	52	89
Franklin	637	280	560	1,477
Grand Isle	60	19	38	117
Lamoille	217	2	13	233
Orange	294	115	245	654
Orleans	279	83	134	495
Rutland	498	186	350	1,034
Washington	432	128	382	943
Windham	313	107	252	672
Windsor	383	52	135	570
Vermont	**4,714**	**1,286**	**2,622**	**8,623**

FCF has also summarized the percentage of children that are LTNC in each age group that have access to a full-day, full-year child care slot in their county in Figure 5. A table in the appendix outlines how these percentages in the 2024 analysis compare to 2026.

At a statewide level, 40% of LTNC infants, 70% of LTNC toddlers, and 69% of LTNC preschoolers have access to a full-day, full-year slot. Twelve of 14 counties saw improvements in the percentage of infants LTNC with access to a full-day, full-year slot. While increasing access to infant care remains a challenge across Vermont, this data shows that there are counties that have made strong progress toward meeting the care needs for toddlers and preschoolers. There may be lessons to learn from these counties as others engage in supply building efforts.

Figure 5: The percentage of children that are LTNC with access to a full-day, full-year slot across Vermont's counties.



In addition to summarizing child care supply and demand at a county level, FCF identified several municipalities across the state for a more geographically focused estimate of supply and demand. Table 3 illustrates the estimated child care supply and demand at the municipality level. A table in the Appendix provides additional detail on the zip codes used in the analysis. As discussed in the Methodology section, this analysis cannot be broken down by age group.

Table 3: Estimated Demand and Supply of Full-Day, Full-Year Care and Resulting Gap Selected Municipalities

Municipality	Total Children LTNC	Functional Capacity of Full-day, Full-year Programs	Total Slots Needed to Meet LTNC Demand
Barre	597	277	320
Bennington	656	464	192
Brattleboro	611	241	371
Middlebury	261	254	7
Montpelier	407	201	207
Newport	414	179	235
Rutland	615	514	101
Springfield	269	278	-9
St. Albans	802	333	468
St. Johnsbury	375	513	-139
Waterbury	329	113	216

Table 4: Estimated Demand and Supply of Full-Day, Full-Year Care and Resulting Gap in Burlington Metro Area

Municipality	Total Children LTNC	Functional Capacity of Full-day, Full-year Programs	Total Slots Needed to Meet LTNC Demand
Burlington	1,237	635	602
Colchester	609	536	73
Essex Junction	984	700	284
South Burlington	772	744	28
Williston	246	618	-372
Winooski	303	111	192

Many of these municipalities are employment centers and have people working in them that do not live there. As a result, actual demand within the municipality for child care may be higher than the estimated demand below. This information can inform regional planning commissions

and economic development corporations as they engage in supply building and planning initiatives.

Conclusion

The 2026 analysis points to promising signs of improvement in the gap between child care supply and demand. Even with a more conservative approach to estimating functional capacity, Vermont saw growth in available full-day, full-year child care supply from 2024 to 2026. The gap between needed supply and demand shrunk from 2024 to 2026 across all age groups. The majority of Vermont's counties saw a larger share of infants with access to care.

Act 76 focused on increasing access and affordability of child care in Vermont. This supply and demand analysis shows that access to full-time care in most counties has improved and with continued investment in capacity building, improved quality and business supports, this trend may continue.

However, the gap between available full-day, full-year functional capacity and demand from children likely to need care remains. This need is especially pronounced for infant care. Across various initiatives, Vermont has made a focused effort to expand infant care. There are opportunities to learn from successes and challenges of these efforts to date to support continued progress. There may be an opportunity in the future to consider the role of part-time care and family leave options for families with infants.

Approximately half (5,900) of all preschool slots in Vermont are part-day, part-year and these are not included in this analysis of full-day, full year supply. As Vermont considers supply building approaches, partners could focus on expansion of some of these slots to full-day, full-year offerings.

Family preference is another important consideration for infant care, with some families preferring to take time off to care for an infant when that option is available through paid time off or paid leave. Not all families have access to paid leave or time off, resulting in inequities in the system.

This supply and demand gap analysis can help to inform statewide, regional, and local child care strategies. First Children's Finance will work with the State of Vermont Child Development Division to inform funding priorities for its Make Way for Kids Infant/Toddler Capacity Building grant program. Economic developers and regional planners may use these results to inform regional plans for growth and development. And communities can use the data to identify opportunities for investment, like the City of Montpelier has done with its Child Care Task Force.

Appendix

Table A1: Licensed Capacity in Programs Removed from Analysis for not Operating Full-Day, Full-Year Program

County	Infant Capacity	Toddler Capacity	Preschool Capacity	Total Capacity
Addison	2	7	266	275
Bennington	16	14	308	338
Caledonia	0	0	273	273
Chittenden	6	29	1112	1147
Essex	0	0	93	93
Franklin	10	10	503	523
Grand Isle	0	0	20	20
Lamoille	4	12	267	283
Orange	2	2	343	347
Orleans	0	0	267	267
Rutland	16	18	612	646
Washington	21	37	678	736
Windham	53	69	500	622
Windsor	15	35	636	686
Vermont	**145**	**233**	**5,878**	**6,256**

Table A2: Demand Data and Assumptions, by County

County	Number of Children Under Age 5	% of Children Age 0-5 with All Available Parents in the Workforce	Estimated Children LTNC
Addison	1,412	71.9%	1,015
Bennington	1,435	75.7%	1,086
Caledonia	1,254	71.2%	893
Chittenden	6,985	79.0%	5,518
Essex	214	55.7%	119
Franklin	2,796	79.0%	2,209
Grand Isle	316	77.8%	246
Lamoille	1,190	73.4%	873
Orange	1,261	83.0%	1,047
Orleans	1,317	78.6%	1,035
Rutland	2,441	79.3%	1,936
Washington	2,325	75.4%	1,753
Windham	1,613	77.9%	1,257
Windsor	2,235	69.2%	1,547
Vermont	**26,794**	**76.5%**	**20,534**

Table A3: Percentage of Children that are Likely to Need Care with Access to a Full-Day, Full-Year Child Care Slot

County	% of LTNC Infants with Access to a FD/FY Slot		% of LTNC Toddlers with Access to a FD/FY Slot		% of LTNC Preschoolers with Access to a FD/FY Slot	
	2024	2026	2024	2026	2024	2026
Addison	33%	32%	43%	75%	70%	74%
Bennington	39%	54%	79%	89%	84%	82%
Caledonia	43%	52%	98%	96%	74%	87%
Chittenden	55%	54%	96%	81%	84%	90%
Essex	17%	26%	44%	55%	22%	15%
Franklin	22%	24%	51%	42%	38%	37%
Grand Isle	18%	34%	67%	60%	45%	65%
Lamoille	24%	39%	60%	99%	45%	96%
Orange	19%	27%	51%	46%	44%	44%
Orleans	29%	30%	60%	59%	48%	69%
Rutland	25%	34%	59%	55%	47%	55%
Washington	28%	34%	50%	64%	47%	48%
Windham	21%	34%	56%	61%	41%	51%
Windsor	27%	38%	53%	83%	61%	78%
Vermont	**35%**	**40%**	**68%**	**70%**	**61%**	**69%**

Table 4A: Zip Codes included City/Town Analysis

City/Town	Zip Codes Included
Barre	05641, 05654, 05678, 05649, 05670
Bennington	05201, 05257
Brattleboro	05301, 05302, 05303, 05304
Burlington	05401, 05405, 05408, 05402, 05406
Colchester	05439, 05446, 05449
Essex Junction	05451, 05452, 05453
Middlebury	05753
Montpelier	05601, 05603, 05609, 05633, 05602, 05604, 05620
Newport	05857, 05855
Rutland	05701, 05702
South Burlington	05403, 05407
Springfield	05156, 05150, 05143
St. Albans	05478
St. Johnsbury	05819, 05863, 05851, 05838, 05824
Waterbury	05671, 05676, 05677
Williston	05495
Winooski	05404