

2026 Vermont Cost Modeling Report

*Report on the Cost of Providing Child Care in Vermont to the Department for
Children and Families*

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Executive Summary

The Vermont Department for Children and Families' Child Development Division (CDD) has engaged with First Children's Finance (FCF) to create an annual update of Vermont's child care cost model. Cost models estimate the costs associated with providing care for children in regulated early care and education (ECE) and afterschool programs. Vermont's cost model reflects the costs associated with meeting health, safety, and licensing standards and providing high quality care, as defined by a STARS level 5 program in Vermont's STep Ahead Recognition System (STARS). Annual cost model updates aim to better understand the current business landscape for child care providers and the extent to which Child Care Financial Assistance Program (CCFAP) subsidy rates support equitable access to child care for Vermont families.

This cost model update builds on the previous cost modeling work completed in Vermont across recent years. The goal of this update was to develop a responsive cost model that reflected the unique experience of Vermont's licensed and regulated child care programs as well as the goals of CDD for the field more broadly. Key updates include shifts in program structure and enrollment patterns, alignment with policy changes, and inflation updates. FCF modeled programs that included care of all age groups and prioritized an enrollment structure that could hypothetically support a family remaining enrolled throughout their child's first five years. Engagement with partners across the ECE field in Vermont shaped each of these updates. FCF prioritized the development of models that reflected the unique dynamics of Vermont's child care market. These updates limit direct comparability to previous cost modeling. Assumptions made in cost models will not reflect the experience of every program in the state.

FCF developed two sets of cost models: one with aspirational wages and the other with estimated current wages. FCF estimated current wages for the ECE workforce, including family child care home (FCCH) providers, using business and administrative data. The aspirational wages and benefits for the ECE workforce align with the recommendations of the Vermont Association for the Education of Young Children's Advancing ECE as a Profession Minimum Compensation Standards. The Minimum Compensation Standards are modeled on other recognized professions with similar education and experience requirements. Aspirational wages are 13–37% higher than current estimated wages, depending on the role. More detail on wage assumptions can be found in the full report.

FCCHs and centers often care for school age children, in addition to young children. School age enrollment is included in the cost models to reflect a program serving all age groups and in acknowledgement of the impact of school age care on the economics of each setting. The resulting school age care costs and results do not reflect the dynamics of afterschool only programs. FCF also created cost models that estimate the costs associated with being a Universal Prekindergarten Education (UPK) partner, detailed in the full report.

Cost Model Results

The following tables highlight key results from the updated cost models for a STARS level 5 program.

Annual Per-Child Cost in Family Child Care Homes, by Size and Model

Age Group	Small Registered Current	Small Registered Aspirational	Large Licensed Current	Large Licensed Aspirational
Age 0-5	\$12,899	\$18,558	\$15,324	\$22,214
School Age	\$7,690	\$11,064	\$9,135	\$13,243

Annual Per-Child Cost in Centers, by Size and Model

Age Group	Small Current	Small Aspirational	Medium Current	Medium Aspirational	Large Current	Large Aspirational
Infant	\$36,822	\$46,996	\$33,495	\$43,345	\$31,705	\$41,224
Toddler	\$36,822	\$46,996	\$27,437	\$35,317	\$25,968	\$33,584
Preschool	\$20,770	\$25,955	\$15,321	\$19,261	\$14,496	\$18,304
School Age	\$13,068	\$16,160	\$12,607	\$15,267	\$8,075	\$9,777

Net Revenue and Profit Margin in Current and Aspirational Models, by Program Structure

Modeled Program	Current Wages: Net Revenue	Current Wages: Profit Margin	Aspirational Wages: Net Revenue	Aspirational Wages: Profit Margin
Small Center	-\$172,894	-42%	-\$324,688	-80%
Medium Center	-\$142,281	-16%	-\$413,277	-47%
Large Center	-\$77,030	-4%	-\$578,227	-33%
Small FCCH	\$28,022	21%	-\$19,426	-14%
Large FCCH	\$32,425	16%	-\$41,903	-21%

These cost modeling results highlight important progress for the ECE field in Vermont. Findings include:

For Family Child Care Homes:

- ▶ The FCCH model results in positive net revenue with current available revenue and model assumptions. This is an important sign for the health and viability of the FCCH business model in Vermont. FCCH provider compensation and benefits are included as costs in the model. With their compensation addressed, this positive net revenue can support both personal and business savings, program growth, and sustainability.
- ▶ FCF modeled a program that maximized FCCH enrollment, providing proof of concept that the FCCH model can be sustainable at licensing maximums. FCCH providers are entrepreneurs that make varied choices about how they enroll their programs to align with personal and business goals. As a result, the net revenue of each FCCH will look different.

For Child Care Centers:

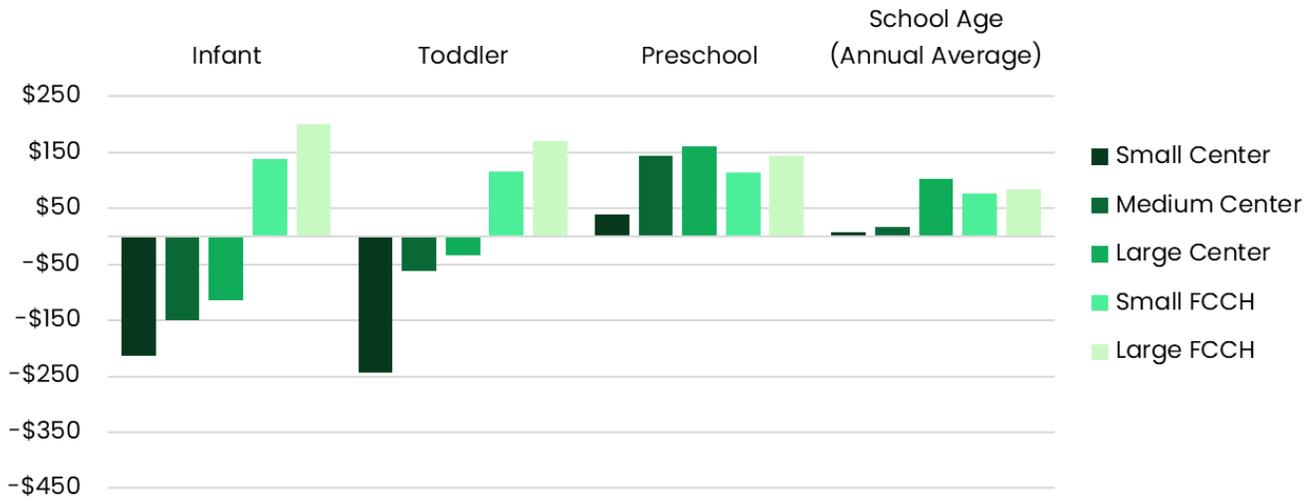
- ▶ All center models result in negative net revenues in the current state. FCF knows centers across the state could not continue to operate with regular losses, and many programs are sustainable and growing. Models represent assumptions that attempt to reflect a typical experience and/or the hope for program operations and will not reflect the experience of every center in the state. For example, the enrollment structure of a small center operating two mixed-age classrooms was selected to reflect a small program providing care to all age groups. This resulted in the provision of more infant care than is typical in a small center, shifting the resulting net revenue.
- ▶ This cost model update reflects the full implementation of state program and policy changes enabled by Act 76. Findings from the cost model suggest that Act 76 has made important positive impacts for ECE wage growth, program sustainability, and financial health. A comprehensive understanding of the full downstream impacts of Act 76 on the child care sector is still developing. Many ECE programs are making progress toward stabilizing after decades of underinvestment. Growth in family awareness and participation in CCFAP and additional time for program stabilization may produce additional shifts in ECE workforce compensation and other program-level investments in program quality.

All models result in negative net revenues when aspirational wages and benefits are included. This speaks to the need for continued investment to support compensation and benefits for the ECE workforce that reflect parity with other recognized professions. Cost modeling data can inform understanding the scale and scope of this needed investment or support.

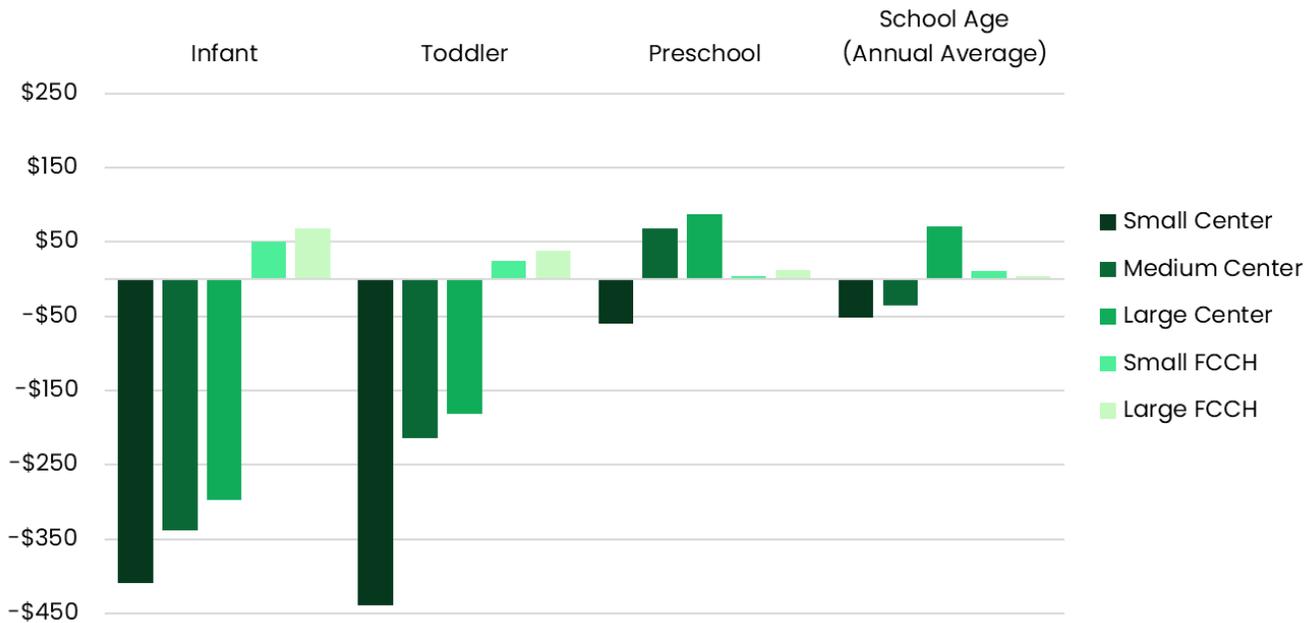
The difference between the modeled per-child cost of care and current CCFAP rates can inform future actions and investments. Figures below illustrate this difference between the weekly, full-time CCFAP rate and the weekly per-child cost of care for each age group and setting. Key findings include:



In the current wages models, weekly CCFAP subsidy rates do not meet the cost of care for infants and toddlers in centers. Weekly CCFAP rates meet or exceed the cost of care in FCCHs and for preschool and school age children.



In the aspirational wages model, the gap between current weekly CCFAP rates and the cost of care widens for infants and toddlers.



- ▶ Current CCFAP rates exceed the estimated per-child cost of care for preschool and school age children across program types in the current state. This reflects both longstanding dynamics in the child care business model where profits generated from preschool classrooms offset losses from operating infant and toddler classrooms and the historical use of tuition data to set subsidy rates. As a result, the balance of infants, toddlers, and preschoolers has a large impact on overall program sustainability. This is seen across the current state models. Within the enrollment assumptions made in the

current cost model, the small and medium model centers do not break even, even with 100% participation in CCFAP. The large center breaks even at 80% CCFAP participation. The ratio of preschool enrollment to total center enrollment shapes this program-level net revenue.

- ▶ Operating a preschool only program in Vermont can be financially viable. CCFAP rates currently cover the per-child cost of care for preschoolers in medium and large centers in the aspirational state. Many programs are using the available revenue from preschool care to pay the ECE workforce higher wages. These programs are often Universal Prekindergarten partners as well. This supports quality for the program, affordability for the family, and preparation for kindergarten. Preschool only programs sometimes face enrollment pressures from public school-based preschool programs that can impact their program sustainability.
- ▶ Vermont has made important progress toward closing the gap between CCFAP rates and the per-child cost of toddler care. Gaps persist between current CCFAP rates and the per-child cost of care for infants and toddlers across center sizes. This gap is shaped by the higher cost of care for these age groups given the ratios needed to safely care for younger children and the historical use of tuition data to inform CCFAP rates.
- ▶ FCCH CCFAP rates currently exceed the modeled per-child cost of care in both the current and aspirational state. When enrollment is maximized, current CCFAP rates for registered and licensed FCCHs can support FCCH provider compensation, program quality, and program sustainability and growth. This is an important sign of progress for the ECE field in Vermont.
- ▶ The large licensed FCCH model includes a full-time assistant, resulting in increased wages and benefits costs in the model. Because the large FCCH is a licensed program, the program accesses higher CCFAP rates than the small registered FCCH. The higher CCFAP rate helps offset the additional staffing and benefits costs.
- ▶ A large gap between current CCFAP rates and the per-child cost for caring for infants persists in the aspirational state across center sizes. The size of the gap, especially in the aspirational model, highlights the need for creative and broader solutions to address the costs of infant care. These could include policies that incentivize infant and toddler enrollment in FCCHs, innovative mixed age group license types, grants and contracts for infant care, and paid family leave, among others.
- ▶ Across all center sizes, the modeled centers cannot break even in the aspirational state, even with 100% CCFAP participation. Because modeled programs include care for all age groups, profit from preschool classrooms cover losses in infant and toddler classrooms. This highlights the need for additional investment in the field to support reaching these aspirational wages and benefits in a way that supports infant and toddler supply. Cost modeling data can inform the scale and approach taken for these investments.

Introduction

The Vermont Department for Children and Families' Child Development Division (CDD) has engaged with First Children's Finance (FCF) to create an updated Vermont child care cost model. Cost models estimate the costs associated with providing care for children in regulated early care and education (ECE) and afterschool programs. Vermont's cost model reflects the costs associated with meeting health, safety, and licensing standards and providing high quality care, as defined by a STARS level 5 program in Vermont's STep Ahead Recognition System (STARS). The annual update of a cost model aims to better understand the business landscape for child care businesses in the state and potentially inform subsidy rate setting.

Vermont has completed a series of child care cost models over recent years including the [2025 Vermont Cost Modeling Report](#), the [2024 Market Rate Survey and Cost of Care Report](#), and the [2023 Early Care and Education Financing Study](#) ("ECE Financing Study"). This past work serves as a foundation for updated cost modeling.

With additional time available to update Vermont's child care cost model, FCF aimed to more fully align cost modeling efforts with the realities of ECE programs in Vermont. In particular, FCF wanted to be sure to reflect the state's unique sector of small programs. Understanding and incorporating these state-specific dynamics into a cost model is critical to producing findings that can effectively inform efforts to shape child care business sustainability and supply building, especially in a very rural state like Vermont. The priority goal of this update was to accurately capture Vermont-specific dynamics, even though this limits comparability to prior modeling work.

This report provides an updated cost model that reflects changes in policy, inflation, and other factors over the last year. Engagement with partners across the ECE field in Vermont shaped each of these updates. The following section summarizes the benefits and limitations of cost modeling to inform CCFAP rates. Then, the methodology section details FCF's cost modeling approach. The following section highlights some key assumptions and inputs in the updated cost models. Next, the resulting cost model outputs are presented alongside key takeaways. Finally, FCF presents considerations for CDD and the legislature for using cost data to inform Child Care Financial Assistance Program (CCFAP) rate setting.

About First Children's Finance

Founded in 1991, First Children's Finance addresses the business and finance needs of child care in three different ways: building the financial sustainability of child care entrepreneurs, partnering with communities to preserve and grow their child care supply, and influencing state and federal systems to provide supports and investments needed to sustain child care businesses.

We are unique in working at all three levels: child care businesses, communities, and systems – and where they intersect. Our holistic approach ensures policies, practices, planning, and systems are informed by community and child care business owner needs while leveraging national resources, connections, and expertise.

The FCF Vermont team launched in 2023, working at the business and community level to provide training, business consulting, grant administration and lending services to programs in Vermont. 57% of regulated child care businesses in Vermont have worked with FCF. The FCF Vermont team has administered \$3.4 million in grants to child care businesses, helping to create child care spaces for 1,300 children.

For more information, visit www.firstchildrensfinance.org, follow FCF on [LinkedIn](#), or email us at infonational@firstchildrensfinance.org.

Uses of Cost Models

Child care cost models are tools that estimate the costs associated with providing early care and education services and can serve multiple purposes. State agencies administering child care assistance programs under the Child Care and Development Block Grant (CCDBG) Act of 2014 must consider cost information as part of their process to certify that child care assistance payment rates provide equal access to child care for eligible children when compared with children accessing care through the private child care market. This report and related cost model can be used to meet this requirement.

Most states, including Vermont, now conduct cost studies in conjunction with market rate surveys/market rate studies (MRS) to inform child care subsidy rate setting. Cost of care studies are different from MRS in important ways. While the MRS provides information about the prices charged for child care services, a cost study focuses on the actual expenses associated with caring for children. For many child care programs, the price of tuition does not reflect the full cost of providing care, especially high-quality care. Most child care programs set tuition rates based on what local families can afford and rely on various cost-cutting measures to balance their budgets. Some cost-cutting strategies, such as depending on donated facility space, fundraising, or volunteer labor, limit child care supply in communities where these resources are not readily available. Other measures, such as offering low wages and few benefits to staff, limit child care supply and impact the quality of care. Setting policies like Child Care Financial Assistance (CCFAP) payment rates based only on price, without understanding costs, can perpetuate inequity and misalignment. Better understanding program costs, through the development and use of a cost model, can inform state leaders and ECE programs' transition to a high-quality system that doesn't rely on cost-cutting measures that limit supply and reduce quality.

Vermont made historic investments in the child care sector in 2023 and 2024 through [Act 76](#), including increased CCFAP rates. Completion of an updated cost model can help the legislature continue to understand how increased payment rates compare to the costs that programs are currently experiencing to operate. Similarly, ongoing cost modeling updates can be an evaluation tool in understanding the impact of investments on the overall health of child care businesses in Vermont.

Cost models can also be used to better understand the costs that programs experience when offering particular types of care such as universal prekindergarten (UPK), school age care, inclusive care for children with special needs, or extended day care. Understanding unique costs can inform CCFAP rates as well as contracts, grants, or other financial supports that encourage these types of care.

Limitations of Cost Models

This cost model aims to reflect the average or “typical” program in the state. This means that it will not reflect the costs and revenue of all or any one specific program. Cost modeling requires making assumptions about many aspects of the modeled program. FCF engaged with partner organizations across the state to align assumptions with the experiences and realities of child care programs in Vermont. Some assumptions included in the updated cost model reflect aspirations for ways that child care programs could operate in a high quality, well-funded, and supported environment.

The current model does not include estimates of the costs associated with providing care for children who need additional support to be safely included in child care programs, for example, children with special health needs. This model also does not estimate costs associated with providing additional services based on child or family characteristics, such as English language learners, unhoused families, or children in foster care. When providing this care programs may shift their staffing or enrollment approach or experience additional costs for materials. These costs are unique and specific to the needs of individual children and their families. As a result, they are not included in this estimate.

Cost models provide information that can inform a wide range of policy questions. However, the information produced by the cost models is too generalized to be appropriate for programs to use to make individual business choices. Child care programs should make individualized choices about program quality and other business investments.

Methodology

First Children's Finance engaged with the Child Development Division and partners across Vermont in an iterative and collaborative process to update Vermont's cost model. The goal of the following methodology was to develop a responsive cost model that reflected the unique

experience of Vermont's licensed and regulated child care programs as well as the goals of CDD for the field more broadly. To reach this goal, FCF completed the following steps:

Model Review

To shape the model development process, FCF started the annual update of Vermont's cost models with a thorough review of prior cost modeling materials. This included FCF's [2025 Vermont Cost Modeling report](#), the [2023 Vermont Early Care and Education Financing Study](#) ("ECE Financing Study"), conducted by RAND and materials provided by CDD, including past cost models aligned with the Blue Ribbon Commission. With additional time for the 2026 update, FCF returned to these materials to assess areas to focus model update efforts. FCF engaged core partners at CDD and with community partners and organizations to guide this review and assessment. School age care, program size, universal prekindergarten (UPK) costs, and quality-related costs emerged as key areas for exploration.

Data Collection and Analysis

Partner and Community Engagement

Shaped by this initial review of Vermont's child care cost model, FCF engaged with additional staff at CDD and community partners to learn more about the Vermont-specific context and additional areas to explore in the model. To ensure an accurate reflection of UPK partner programming, FCF met with staff who co-administer UPK in CDD and the Vermont Agency of Education (AOE), as well as a group of UPK district coordinators. Staff from Vermont Association for the Education of Young Children (VTAEYC) and the CDD STARS team informed FCF's understanding of quality related costs. FCF also met with staff from Vermont Afterschool and AOE's 21st Century Grant program to understand the nuances of providing school age care in a licensed or registered child care program. These conversations shaped data collection and analysis plans. Throughout the cost modeling process, FCF cost modelers consulted regularly with the FCF Vermont team. The FCF Vermont team provides a range of business supports to providers, working with over half of regulated child care business in Vermont. With this depth and breadth of experience, the FCF Vermont team provided invaluable insight into the realities of child care businesses in Vermont.

Gathering and Analyzing Data

FCF followed a structured decision-making protocol to prioritize the level of exploration and analysis for cost model assumptions based on the relative budget share of each input and strength of available data. FCF reviewed all data sources from the 2025 model and considered whether more appropriate, precise, or timely sources may be better suited to reflect true costs faced by child care providers in Vermont. The Appendix provides a full overview of the data sources used for inputs in this updated cost model.

FCF engaged with staff from VTAEYC, Building Bright Futures, the Vermont Head Start Collaboration Office, and CDD to understand new and available data collected through other efforts to inform Vermont's cost model. When available, FCF collected and analyzed data from these partners to inform model assumptions.

The FCF cost modelers also collaborated with the FCF Vermont team to collect data on operating costs in FCF's annual State of Child Care survey and analyze data from financial analyses completed with Vermont child care businesses.

When new data sources were not available or necessary, FCF adjusted values from the prior cost models for inflation. The primary source for these inflation adjustments was the Consumer Price Index (CPI) from the Bureau of Labor Statistics.¹ Industry reports, state and federal data sources, as well as data collected from the FCF Vermont team were used to guide inflation adjustments for insurance, health care costs, rent/mortgage payments, benefits information and other significant costs. See the Appendix for additional details on these data sources and assumptions.

Model Development and Review

Building on this data collection and analysis process, FCF updated Vermont's child care cost model using FCF's Excel-based cost modeling tool. FCF engaged with CDD and the FCF Vermont team to review final cost model assumptions and resulting cost modeling results.

As with the 2025 report, FCF developed a "current" and "aspirational" set of models. The current model estimates current wages and practices of STARS level 5 child care programs in Vermont. The aspirational model reflects goal wages and benefits, aligned with the VTAEYC's Advancing ECE as a Profession workgroup.

Cost Model Inputs

Program Size, Structure, and Enrollment

FCF reviewed licensing data on typical licensed capacity in Vermont child care programs. This resulted in a shift in the program sizes modeled for child care centers in Vermont from the 2025 report. Tables 1 and 2 below outline the number of classrooms and licensed capacity for each age group in the modeled programs. This shift in program size and structure brings cost models closer in alignment with the current experience of programs in Vermont. However, it significantly limits the opportunities to compare the current cost model to prior years.

FCF modeled programs that included care of all age groups and prioritized an enrollment structure that could hypothetically support a family remaining enrolled throughout their child's first five years. FCF recognizes that this enrollment structure does not reflect the experience of

¹ The CPI measures average price changes for consumer goods and services nationally. Whenever possible, regional CPI data for the Northeast was employed to enhance the accuracy of adjustments.

every child care provider in Vermont. The small FCCH is a registered program, and the large FCCH is a licensed program.

Table 1: Number of Classrooms in Modeled Programs, by Age Group² and Center Size

Center Size	# Infant Classrooms	# Toddler Classroom	# Preschool Classrooms	# School Age Classrooms	Total # of Classrooms
Small	1 mixed age infant/toddler class	1 mixed age infant/toddler class	1 mixed age preschool/school age class	1 mixed age preschool/school age class	2 mixed age classrooms
Medium	1	1	1	0.5	3.5
Large	2	2	2	1	7

Table 2: Program Enrollment, by Age Group

Model	# Infants	# Toddlers	# Preschoolers	# School Aged	Total Enrollment
Small Center	5	3	10	6	24
Medium Center	8	10	20	13	51
Large Center	16	20	40	26	102
Small Registered FCCH	2	2	2	4	10
Large Licensed FCCH	2	3	4	3	12

Recognizing that it is not feasible to always maintain 100% enrollment, the model assumes that programs operate at 85% enrollment efficiency. Many programs enroll below 85% of their licensed enrollment, some by choice and some because of local market dynamics. Given the use of this model to inform rate setting, FCF chose this 85% enrollment benchmark to understand revenue and cost dynamics at relatively full enrollment. Cost models will not reflect the experience and dynamics of every program in the state. For school age children, cost models assume part-time enrollment during the school year and full-time enrollment during the summer.

Personnel Costs

As discussed above, FCF analyzed data from the Bureau of Labor Statistics, FCF's State of Child Care Survey, and financial analyses (FAs) completed with programs in Vermont by the FCF Vermont team to estimate current wages for the ECE workforce. Tables in the Appendix provide additional details on the data sources used for each role.

² Age groups align with Vermont licensing definitions. Infants are children from birth up to 24 months old. Toddlers are 2 years old. Preschool is 3 to 5 years. School age is 6 to 13.

The aspirational wages and benefits for the ECE workforce align with the recommendations of the Vermont Association for the Education of Young Children's (VTAEYC) Advancing ECE as a Profession Minimum Compensation Standards. The Minimum Compensation Standards are modeled on other recognized professions with similar education and experience requirements. Aspirational wages are 13–37% higher than current estimated wages, depending on the role. FCF relied on data and assumptions from prior cost modeling work to identify wage inputs for center administrative staff in the aspirational model.

Tables 3–5 outline the current estimated wages and aspirational wages across center teaching and administrative staff roles and FCCH educators as well as the staff full time equivalency (FTE) for each role. The Appendix includes additional details on benefits offerings in both the current and aspirational models.

FCF engaged with partners at CDD for a thorough review of center teaching staff coverage in a STARS level 5 program. FCF considered the activities associated with being a STARS level 5 program including planning time, professional development, mentoring and coaching, and time off to support staff wellbeing. Together with CDD partners, FCF ultimately decided that the staffing structure of the previous model (3.25 FTE of teaching staff per-classroom) was aligned with these activities. This reflects total coverage for the classroom and program, including staffing levels that cover PTO and sick time. Additional substitute hours are not included in the center model. FCF recognizes that many programs do not staff their classroom at these levels due to hiring challenges and revenue limitations.

FCF modeled a higher wage for lead teachers in Universal Prekindergarten (UPK) classrooms to reflect the potential increased competition for teachers that meet program requirements and labor dynamics with school districts in hiring these educators that may drive up their wages. In UPK partner FCCH programs, the FCCH provider wage reflects additional staff time for program administration, planning, and mentoring. The VTAEYC-informed aspirational wages used in previous cost modeling work reflect a lead teacher with credentials that meet UPK program

FCCH Provider Wages & Net Revenue

As outlined in table 5, FCF included a wage input for FCCH providers in the model. FCF recognizes that FCCH providers are entrepreneurs that take a wide range of approaches to managing their own compensation. Practically, the revenue left over after expenses are paid is the take home pay for many FCCH providers.

FCF chose to include a cost for a provider wage, health insurance, and retirement benefits as personnel expenses in the model, rather than a use of net revenue funds. This more accurately captures the compensation of a FCCH provider in the per-child cost of FCCH care.

In this context, net revenue resulting from the FCCH model would support emergency savings, progress toward business and personal savings goals, and investments in program quality and growth.

requirements. As a result, the wage for lead teachers and FCCH providers is not different across UPK and non-UPK partner programs in the aspirational models.

Table 3: Center Teaching Role Wage Inputs and Per-Classroom FTE

Center Teaching Staff Role	FTE Allocation Per Classroom	Current Estimated Annual Wage	Aspirational Annual Wage
Lead Teacher	1	\$49,795	\$78,663
UPK Lead Teacher	1	\$55,418	\$78,663
Assistant Teacher	1	\$39,349	\$60,510
Floater	1.25	\$39,349	\$45,023

Table 4: Center Administrative Role Wage Inputs and Per-Classroom FTE

Center Administrative Staff Role	FTE Allocation Small Center	FTE Allocation Medium Center	FTE Allocation Large Center	Current Estimated Annual Wage	Aspirational Annual Wage
Center Director	1	1	1	\$69,053	\$85,249
Administrative Assistant	1	1	1	\$41,876	\$41,876
Office Manager ³	0	0.5	1	\$54,485	\$55,984
Cook	0.5	1	1	\$43,071	\$43,071

Table 5: FCCH Wages and Roles

FCCH Roles	Role in Small FCCH	Role in Large FCCH	Current Estimated Annual Wage	Aspirational Annual Wage
FCCH Provider	1	1	\$51,548	\$78,663
UPK Partner FCCH Provider	1	1	\$58,615	\$78,663
Assistant Teacher	0	1	\$41,475	\$60,510

Universal Prekindergarten Partners

FCF created cost models for Universal Prekindergarten Education (UPK) partner programs to estimate the costs for providing UPK programming in a private child care program setting.

FCF included the following unique costs for UPK partner programs:

- ▶ As is discussed above, FCF modeled a higher wage for UPK lead teachers in centers and FCCH providers in UPK partner programs in the current state models.
- ▶ FCCH UPK models include the cost of contracting a mentor teacher for 105 hours each year, as detailed in the program requirements for FCCH providers in Act 166. FCF

³ UPK Partner programs have additional staff time for the office manager role to account for additional administrative time required for participating in the program. The additional FTE scales with the number of preschoolers. This results in 0.1 FTE in a small center, 0.65 FTE in a medium center, and 1.3 FTE in a large center.

reviewed data from CDD on the frequency of contracting a mentor teacher to inform this assumption. FCF recognizes that many FCC providers are licensed teachers and would not incur this cost.

- ▶ The per-child cost of using Teaching Strategies Gold (TSG) is included for UPK partner programs. Based on feedback from partners, it is assumed that STARS level 5 programs are most likely using a free child observation and assessment tool. The use of TSG is required for UPK partner programs.
- ▶ Additional administrative time for the center office manager to complete required reporting and program tracking. This time scales with the number of preschool classrooms, at about 0.15 FTE per-preschool classroom.

All other programmatic requirements of UPK are aligned with STARS level 5. Because the current model exclusively models STARS level 5 programs both UPK and non-UPK program models include equivalent costs for high quality care, other than the costs outlined above.

Non-Personnel Costs

The Appendix provides a full summary of the non-personnel cost inputs used in the model along with the data sources used. Partner engagement highlighted liability insurance and costs related to school age care as two priority areas for further exploration and analysis.

School Age Care

FCF is modeling the cost of school age care in a FCCH and center, not an afterschool-only program. FCF met with partners to learn more about unique programming costs and staffing patterns to support school age care in these early care and education settings. Informed by these discussions, FCF adjusted the staffing and enrollment structure of these school age classrooms to reflect full-time operation during the summer and school breaks, and part-time enrollment during the school year. Per-child costs were adjusted to reflect this part-time enrollment. While differences in some of the types of per-child costs were identified by partners for school age care (ex: more expensive learning materials), further discussion determined that, on average, these costs were balanced by costs for younger children that did not apply to school age care. Partners also suggested that replacement of materials likely occurred at a lower rate for school age care. Therefore, no additional costs were added to school age costs in this model.

Liability Insurance

Partners highlighted a changing and challenging landscape in accessing liability insurance for child care businesses in Vermont. As a result, FCF collected data on liability insurance in the 2025 State of Child Care survey, administered by the FCF Vermont team. Data on average costs from this survey, along with previous data collection efforts, informed the insurance inputs in the model.

Revenue Inputs

For the private tuition inputs in the model, FCF used adjusted data from the 2024 Market Rate Survey (MRS). The Vermont ECE landscape has changed significantly since the MRS was last administered. FCF anticipated that the documented market rates in the MRS may not be representative of current prices. Therefore, for private tuition inputs to the model, FCF used the 2024 MRS 75th percentile rates, plus an additional 7% growth. This was informed by anecdotal experience on the ways that STARS level 5 programs had adjusted their tuition rates since January 2024.

The July 13, 2025, CCFAP subsidy payment rates were used as subsidy inputs into the cost model. These rates reflect a 5% increase in rates for infants and toddlers that was passed in the FY26 budget. FCF assumed all children with subsidies had full-time certificates. The model assumes that 39% of children in centers and 69% of children in family child care homes are participating in CCFAP. FCF used administrative data on the number of active certificates and currently enrolled licensed capacity in the state to estimate the proportion of children in the modeled program enrolled in CCFAP. This assumption has a significant impact on the model. FCF recognizes that in practice, this percentage looks very different in each program and in different regions in the state. In alignment with Act 76, child care programs receive the full subsidy rate even when it is above their private pay tuition rate.

In addition to revenue from CCFAP and private pay tuition, FCF estimated Child and Adult Care Food Program (CACFP) revenue for the modeled programs, assuming that the program offers breakfast, lunch and a snack. FCF used state demographic information to determine the applicable revenue tiers for the modeled programs. The model also includes estimated revenue from the Quality and Capacity Incentive Program and the STARS renewal bonus.

Cost Model Results

Per-Child Costs

Table 6 and 7 below outline the per-child costs of operating the modeled programs. Because FCCH programs operate as one mixed-age classroom, FCF has produced per-child costs for children ages 0-5 who are in full-time care and for school age children to reflect their part-time school year enrollment.

These results reflect the operations of the modeled STARS level 5 program and will not reflect the experience of every STARS level 5 program or any specific program. Differences in program structure, enrollment, and staffing would have large impacts on the resulting per-child cost. As noted above, the cost inputs and assumptions used in the model aim to reflect both “typical” practice for STARS level 5 programs, as well as strategic priorities for CDD in the supply and quality of care operated. For example, the enrollment structure of a small center operating two mixed age classrooms was selected to reflect a program providing care to all age groups.

However, this is not a common enrollment structure for small centers in Vermont. Informed by CDD’s goals, FCF made this choice to reflect an enrollment structure that could hypothetically support a family remaining enrolled throughout their child’s first five years. Understanding the cost of this scenario can inform CCFAP rates and other supports that facilitate and allow for these hoped for conditions.

Table 6: Annual Per-Child Cost in Family Child Care Homes, by Size and Model

Age Group	Small Current	Small Aspirational	Large Current	Large Aspirational
Age 0-5	\$12,899	\$18,558	\$15,324	\$22,214
School Age	\$7,690	\$11,064	\$9,135	\$13,243

Table 7: Annual Per-Child Cost in Centers, by Size and Model

Age Group	Small Current	Small Aspirational	Medium Current	Medium Aspirational	Large Current	Large Aspirational
Infant	\$36,822	\$46,996	\$33,495	\$43,345	\$31,705	\$41,224
Toddler	\$36,822	\$46,996	\$27,437	\$35,317	\$25,968	\$33,584
Preschool	\$20,770	\$25,955	\$15,321	\$19,261	\$14,496	\$18,304
School Age	\$13,068	\$16,160	\$12,607	\$15,267	\$8,075	\$9,777

UPK Costs

As outlined above, FCF modeled the experience of operating a UPK partner program. The “Per-Child Cost of UPK-Specific Program Elements” column in Table 8 shows these program-level unique UPK costs in the current wages model, divided by the number of preschoolers in the program. Especially within the FCCH model, the additional cost for operating as a UPK partner is relatively fixed at a program level, regardless of the number of preschoolers. (ex: The additional cost for engaging a consulting teacher remains the same if there are one or six preschoolers in the program). As a result, the number of preschoolers in the model program has a large impact on the estimated per-preschooler cost. Providers may choose different enrollment structures, shaping the per-child UPK cost and program-level revenue. Additionally, the UPK-specific costs for any one UPK partner program may differ from the model assumptions.

Table 8 also estimates the prorated per-preschooler cost of providing care for the proportion of hours that are UPK service hours in a UPK partner program.⁴ The Total Estimated Per-Preschooler Cost for UPK column is a sum of the two prior columns and illustrates the total per-preschooler cost for UPK programs. Table 8 shows the estimated cost using current estimated wages.

Table 9 shows the estimated cost using aspirational wages for the ECE workforce. These aspirational wages are more aligned with the wages and benefits of preschool teachers in

⁴ This assumes 36 hours of care, the minimum number of hours that a child could be in care and still have a full time CCFAP certificate with UPK participation. FCF used this minimum value for hours of care to ensure that the cost model results provide information that reflects financial viability at this minimum value.

public schools. UPK tuition rates that are more aligned with aspirational wage costs can support programs offering wages and benefits on par with school districts. Data on the total annual estimated per-preschool cost can shape decisions about changes to the UPK tuition rate or additional investments in supports to UPK partner programs.

However, it is important to consider the total estimated per-preschool cost of UPK within the context of the larger program. As has been discussed elsewhere in this report, the revenue brought in from caring for preschoolers often offsets losses in caring for infants. If revenue available from UPK participation results in programs breaking even on preschool care, this will challenge the program-level balance of revenue and costs, further disincentivizing infant care. In addition, the statewide UPK partner tuition does not vary for economically disadvantaged students, English language learners, and students receiving special education services as it does for public school operated programs.

Table 8: Current Wage UPK-Associated Costs, by Model

Modeled Program	Preschoolers Served in the Model	Prorated Cost of Preschool Slot for UPK Service Hours (350 hours annually)	Per-Child Cost of UPK-Specific Program Elements	Total Annual Estimated Per-Preschooler UPK Cost
Small Center	10	\$3,994	\$1,313	\$5,308
Medium Center	20	\$2,946	\$820	\$3,766
Large Center	40	\$2,788	\$824	\$3,611
Small FCCH	2	\$2,481	\$5,511	\$7,991
Large FCCH	4	\$2,947	\$2,779	\$5,726



Table 9: Aspirational Wage UPK-Associated Costs, by Model

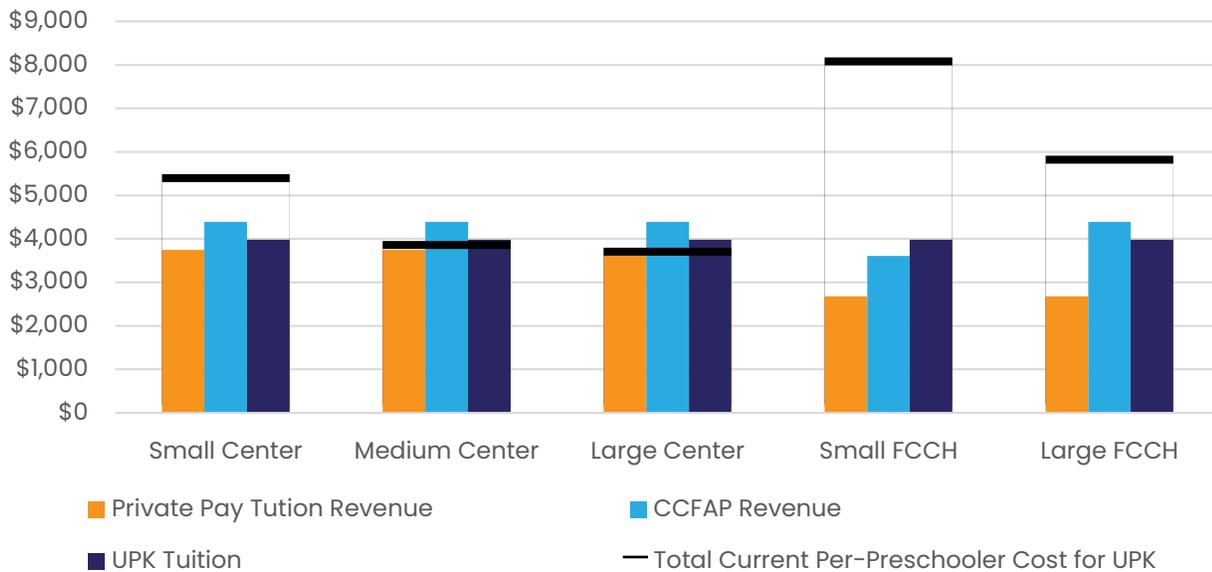
Modeled Program	Preschoolers Served in the Model	Prorated Cost of Preschool Slot for UPK Service Hours (350 hours annually)	Per-Child Cost of UPK-Specific Program Elements ⁵	Total Annual Estimated Per-Preschooler UPK Cost
Small Center	10	\$4,991	\$719	\$5,710
Medium Center	20	\$3,704	\$535	\$4,240
Large Center	40	\$3,520	\$539	\$4,059
Small FCCH	2	\$3,569	\$1,624	\$5,193
Large FCCH	4	\$4,272	\$820	\$5,092

Child care programs face multiple pressures when considering participating in UPK. Being a UPK partner can help a program maintain their preschool enrollment, as families remain enrolled in a familiar program that meets their overall child care needs while also accessing prekindergarten education and benefitting from tuition savings. However, the revenue available from UPK participation needs to align with revenue available for caring for a preschooler from private pay tuition and/or CCFAP for it to be practical for a program to be a UPK partner. Figure 1 shows the total annual estimated per-preschooler UPK cost in comparison to the revenue available for the portion of hours covered by UPK from private pay tuition, CCFAP, and UPK tuition. It is important to remember that UPK tuition that is higher than private pay tuition is not seen as additional revenue for programs, as that revenue is passed on to a family through decreased tuition.



⁵ As discussed above, in the aspirational model the wages for UPK and non-UPK teachers don't vary because it's assumed that all educators meet UPK qualification requirements. As a result, the per-child cost of UPK-specific program elements is smaller in the aspirational model.

Figure 1: Estimated Total Current Per-Preschooler Cost for UPK in comparison to revenue available from private pay tuition, CCFAP, and UPK



Current UPK rates slightly exceed costs in some models. To support access to prekindergarten for children and participation in UPK among programs, higher rates or shifts in rate structure or payment approaches are needed, especially for sites with smaller preschool enrollment. Increased rates or different payment structures would also enable programs to offer wages that are competitive with public school systems and address additional costs related to UPK participation.

Net Revenue

Assessing the net revenue of models supports understanding how the mix of available revenue can support the identified per-child costs. Figure 2 illustrates the total costs, broken down by personnel and other costs and revenue in each modeled program. Table 10 shows the resulting net revenue across all the produced models.

Figure 2: Current Wages Modeled Program Costs and Revenue

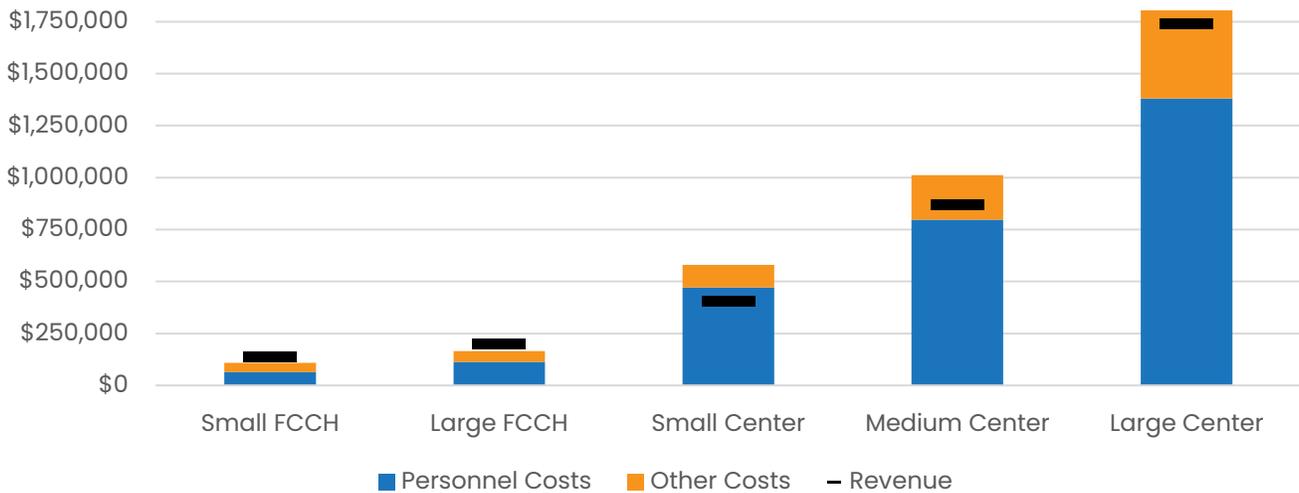


Table 10: Net Revenue and Profit Margin in Current and Aspirational Models, by Program Structure

Modeled Program	Current Wages: Net Revenue	Current Wages: Profit Margin	Aspirational Wages: Net Revenue	Aspirational Wages: Profit Margin
Small Center	-\$172,894	-42%	-\$324,688	-80%
Medium Center	-\$142,281	-16%	-\$413,277	-47%
Large Center	-\$77,030	-4%	-\$578,227	-33%
Small FCCH	\$28,022	21%	-\$19,426	-14%
Large FCCH	\$32,425	16%	-\$41,903	-21%

FCF recognizes that centers could not continue to operate across the state with regular net revenue losses. As discussed above, models represent assumptions that attempt to reflect a typical experience and/or the hope for program operations and will not reflect the experience of every center in the state. Differences in enrollment structure, staffing, wages, and tuition will result in different net revenue pictures. This is particularly true for small centers. FCF recognizes that many small centers operate with a much higher proportion of preschool children or without the number of school age children enrolled. These enrollment shifts would result in positive net revenue changes.

Programs are creative and resourceful in managing their budgets to remain in operation within currently available revenue streams. Some of these strategies, such as lower wages or limited benefits for staff, limit the sustainability and quality of child care programs. Others, like a focus on preschool enrollment given the cost and revenue dynamics for this age group, may constrain the available supply of infant and toddler care.

Revenue assumptions, including CCFAP participation, drive available revenue in the models. FCF recognizes that the proportion of enrolled children and families that participate in CCFAP varies widely across the state. This will impact the revenue available to programs.

All models result in negative net revenues when aspirational wages and benefits are included. This speaks to the need for continued investment to support compensation and benefits for the ECE workforce that reflect parity with other recognized professions. Cost modeling data can support understanding the scale and scope of this needed investment or support.

Rate Setting Considerations

Estimating the per-child cost of operating can provide context to current CCFAP rates. Table 11 outlines the difference between current [weekly CCFAP rates](#) and the weekly modeled per-child costs across models in the current state and Table 12 shows the difference in the aspirational models. Negative values in the tables below show that weekly CCFAP rates are currently below the weekly estimated cost-per child. For example, weekly infant CCFAP rates are currently \$213 below the modeled per-infant cost of care in the modeled small center.

Table 11: Weekly Difference Between the Per-Child Cost of Care and CCFAP Rates in the Current State

Current State Modeled Program	Infant	Toddler	Preschool	School Age ⁶
Small Center	-\$213	-\$243	\$40	\$7
Medium Center	-\$149	-\$63	\$144	\$16
Large Center	-\$115	-\$34	\$160	\$103
Small FCCH	\$159	\$134	\$113	\$76
Large FCCH	\$200	\$170	\$144	\$83

Table 12: Weekly Difference Between the Per-Child Cost of Care and CCFAP Rates in the Aspirational State

Aspirational State Modeled Program	Infant	Toddler	Preschool	School Age
Small Center	-\$409	-\$439	-\$60	-\$52
Medium Center	-\$339	-\$214	\$69	-\$35
Large Center	-\$298	-\$181	\$87	\$71
Small FCCH	\$50	\$25	\$4	\$11
Large FCCH	\$68	\$38	\$12	\$4

⁶ This reflects the average weekly difference between the per-child cost and the CCFAP rate. The CCFAP rates for school age children change as their enrollment shifts from full to part-time.

Family Child Care Homes

Figures 3 and 4 below highlight the difference between the per-child cost in the current estimated wage and aspirational wage model to the current annualized CCFAP rate for FCCHs. Current CCFAP rates exceed the per-child cost across all age groups in FCCH models. Current CCFAP rates for registered and licensed FCCHs can support FCCH provider compensation, program quality, and program sustainability and growth. This is an important sign of progress for the ECE field in Vermont.

FCCH providers are business owners and entrepreneurs who make independent and diverse decisions about how to operate their business in a way that aligns with their personal and professional goals. FCF chose to model FCCH programs that aim to maximize enrollment to understand if the business model is possible or sustainable given current available revenue. Both the small and large FCCH models support both FCCH provider salaries and benefits and positive net revenues, suggesting that the business model can be sustainable. This is a positive sign for the health of the ECE system in Vermont. However, contributions to rainy day funds or investments in expansion or improvement are not included as business expenses in the model. The net revenue in the models reflects the funding available to address these longer-term purposes.

The large licensed FCCH model includes a full-time assistant, resulting in increased wages and benefits costs in the model. Because the large FCCH is a licensed program, the large FCCH accesses higher CCFAP rates than the small registered FCCH. The higher CCFAP rate helps offset the additional staffing and benefits costs. The estimated private pay tuition rates for licensed FCCHs do not meet this higher per-child cost of care for a licensed FCCH. This highlights the importance of CCFAP participation and licensing to support the sustainability of a FCCH with an assistant.

Current CCFAP rates can support the per-child cost of care for the aspirational cost models in both small and large FCCHs. However, the current estimated private pay tuition rate does not support this aspirational wage and benefit picture for the workforce. A FCCH program would need to be at 100% enrollment in CCFAP and fully enrolled at their licensed capacity to break even when earning this aspirational wage and benefits picture. Of note, the higher aspirational wages in the FCCH model means that FCCH providers no longer benefit from health insurance subsidies, reflecting federal policy change from H.R. 1. This results in health care costs that nearly triple for FCCH providers when wages increase to the aspirational state. Anecdotally, FCCH providers in Vermont reported challenges in accessing affordable and sufficient health insurance, impacting retention in the field. This is an opportunity for future exploration and potential investment.

Figure 3: Current Model Difference Between Annualized CCFAP Rates and Cost of Care, by FCCH Size and Age Group

In the current wage models, current CCFAP rates meet or exceed the cost of care for all children in Family Child Care Homes.

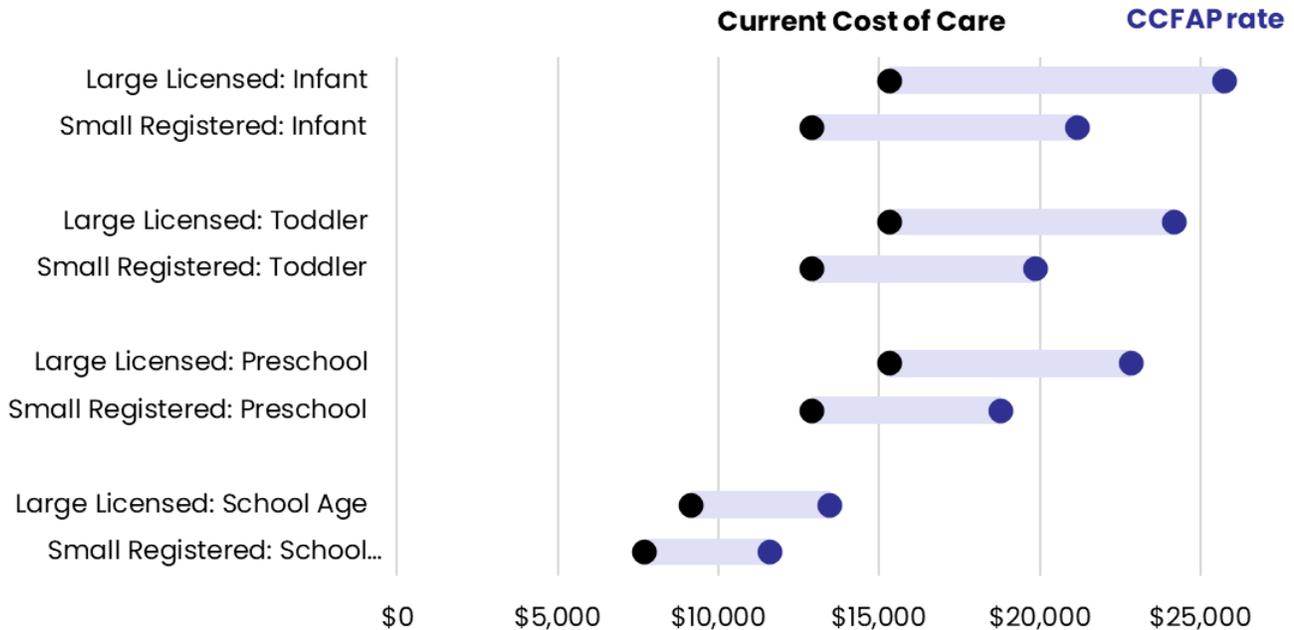
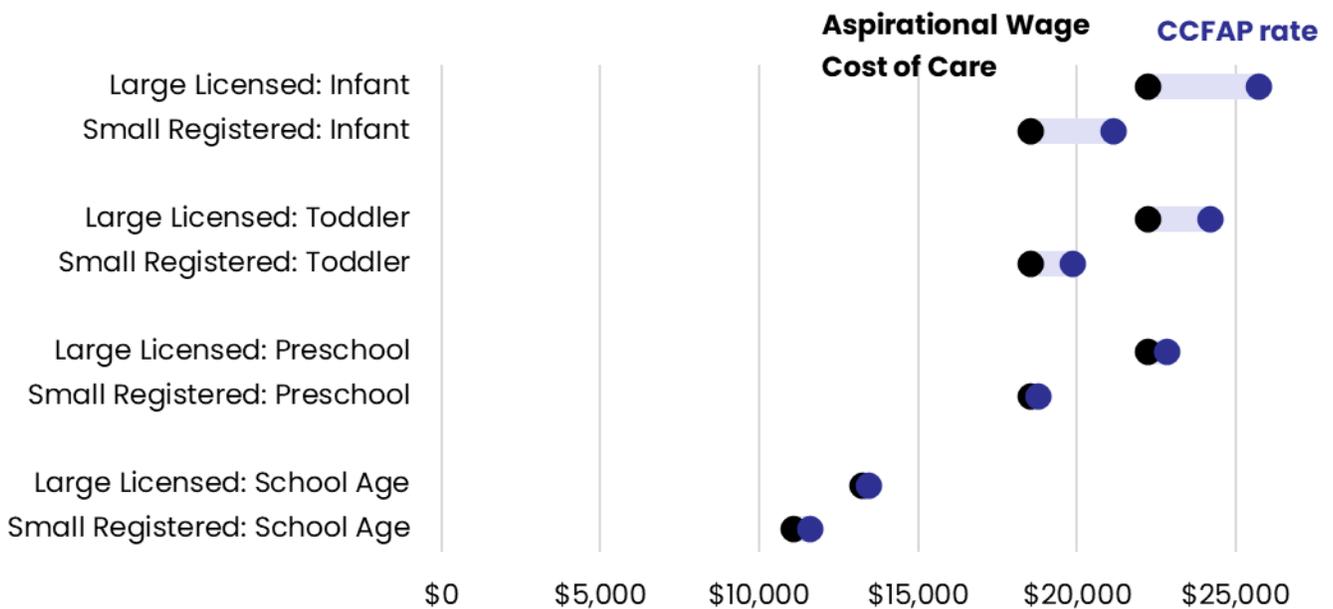


Figure 4: Aspirational Model Difference Between Annualized CCFAP Rates and Cost of Care, by FCCH Size and Age Group

In the aspirational wage models, current CCFAP rates meet or exceed the cost of care for all children in Family Child Care Homes.



Child Care Centers

Figures 5 and 6 below illustrate the difference between annualized current CCFAP rates and the estimated per-child cost across age groups and center sizes for both the current and aspirational models. Current CCFAP rates exceed the estimated per-child cost of care for preschool and school age children across all program models in the current state. This reflects longstanding dynamics in the child care business model where profits generated from preschool classrooms offset losses from operating infant and toddler classrooms. The different required ratios to safely care for these age groups drive the difference in classroom operating costs. Because CCFAP rates have historically been based on market-rate tuition prices, rates continue to reflect this dynamic. This is a dynamic seen in child care centers across the country.

State leaders should consider the profits and losses generated at the per-child level within the context of a full center enrollment. The current funding model maintains reliance on strong preschool enrollment to support overall child care business sustainability. Shifts in enrollment of preschool children to programs within K-12 systems may upend this balance. Continuing to increase infant and toddler rates could begin to unwind this dynamic.

This dynamic is seen across the current state models. Within the assumptions made in the current cost model, the small and medium model centers do not break even, even with 100% participation in CCFAP. The large center breaks even at 80% CCFAP participation. The ratio of preschool enrollment to total center enrollment shapes this program-level net revenue.

Vermont has made important progress toward addressing the gap between CCFAP rates and the infant and toddler cost of care in the current state models. However, this gap persists. Current rates are close to the per-child cost for toddlers in the medium and large centers. Because the small center operates a mixed age infant and toddler classroom, the per-toddler cost is the same as the per-infant cost in the model. In these very small centers, programs are not able to benefit from higher ratios for older age groups because of the mixed age group setting. This disincentivizes infant enrollment in these small programs.

Figure 5: Current Model Difference Between Annualized CCFAP Rates and Cost of Care, by Age Group and Center Size

In the center current wage models, infant and toddler CCFAP rates do not meet the cost of care across program size.

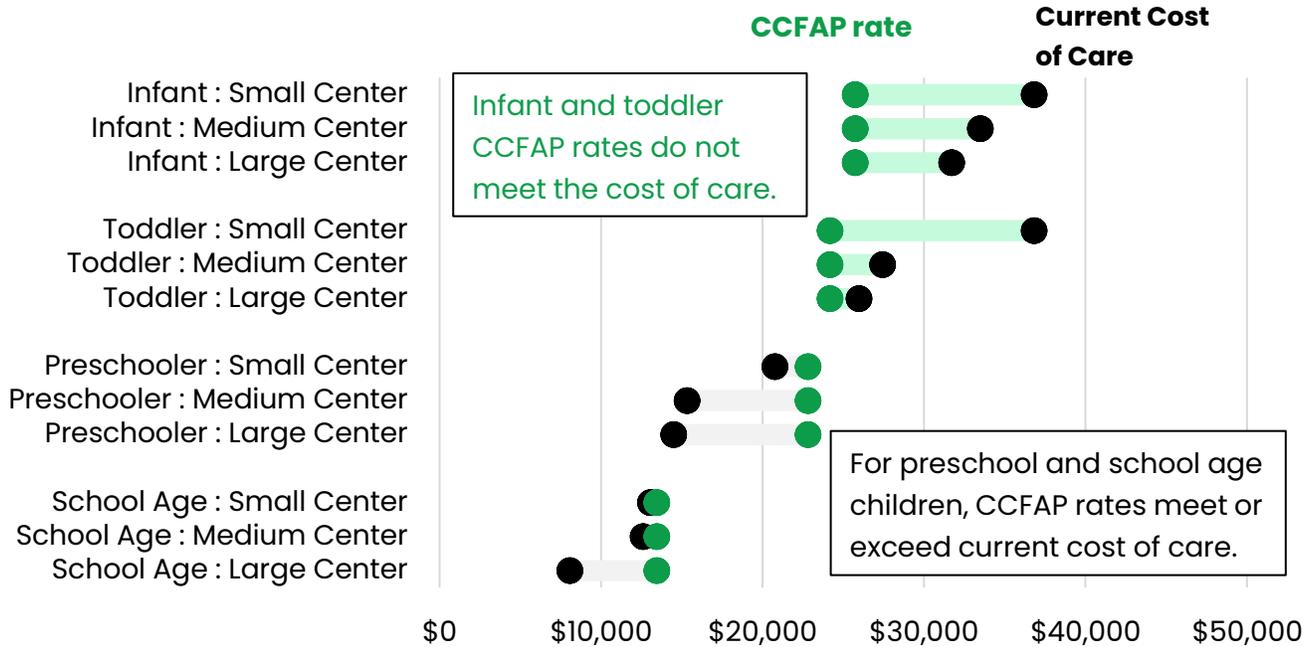
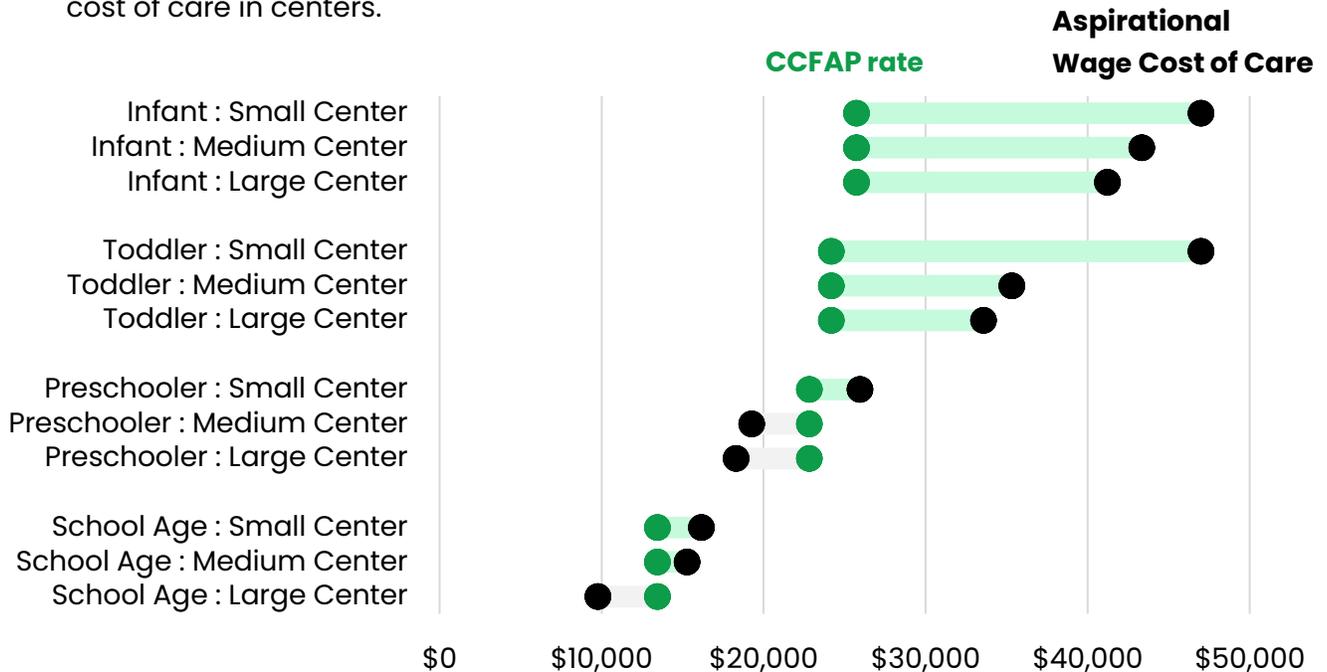


Figure 6: Aspirational Model Difference Between Annualized CCFAP Rates and Cost of Care, by Age Group and Center Size

In the aspirational wage models, most CCFAP rates do not meet the current cost of care in centers.



Operating a preschool only program in Vermont can be financially viable and many programs are using available revenue to pay the ECE workforce higher wages. Current CCFAP rates can support the aspirational cost of care for preschoolers in medium and large centers. However, a large gap remains between CCFAP rates and the aspirational wage model cost of care for infants, across center sizes. When considering available revenue at a program level, none of the modeled centers can break even in the aspirational state, even with 100% CCFAP participation. Because modeled programs include care for all age groups, profit from preschool classrooms goes toward covering losses in infant and toddler classrooms. This program-level view highlights the need for additional investment in the field to support reaching these aspirational wages and benefits in a way that supports infant and toddler supply. These investments could be structured at the classroom, program, or educator-level. Cost modeling data can inform the scale and approach taken for these investments.

Vermont has made progress in providing funding that meets the aspirational wage cost of care. However, the ratios needed to safely care for infants means that the cost per child of infant care with aspirational wages is high and the gap between the cost of care and CCFAP rates is large. The size of the gap, especially in the aspirational model, highlights the need for creative and broader solutions to address the dynamics and needs of infant care. These could include policies that incentivize infant and toddler enrollment in FCCHs, innovative mixed age group license types, grants and contracts for infant care, and paid family leave, among others.

Appendix

Wages and Benefits

Wages & Data Sources

Staff Role	Current Estimated Annual Salary	Data Source	Aspirational Annual Salary	Data Source
Lead teacher	\$ 49,795	FCF State of Child Care Survey	\$ 78,663	VTAEYC Minimum Compensation Standards
UPK lead teacher	\$ 55,418	Bureau of Labor Statistics	\$ 78,663	VTAEYC Minimum Compensation Standards
Assistant teacher	\$ 39,349	Bureau of Labor Statistics, State of Child Care Survey	\$ 60,510	VTAEYC Minimum Compensation Standards
Floater	\$39,349	Bureau of Labor Statistics, State of Child Care Survey	\$45,023	VTAEYC Minimum Compensation Standards
Center director	\$69,053	FCF Vermont Financial Analyses	\$85,249	ECE Financing Study
Center office manager	\$ 54,485	Bureau of Labor Statistics	\$ 55,984	ECE Financing Study
Center administrative assistant	\$ 41,876	ECE Financing Study	\$ 41,876	ECE Financing Study
Center cook	\$ 43,071	Bureau of Labor Statistics	\$ 43,071	Bureau of Labor Statistics
FCCH Owner	\$51,548	Bureau of Labor Statistics, FCF Vermont Financial Analyses	\$78,663	VTAEYC Minimum Compensation Standards
UPK FCCH Owner	\$ 58,615	Bureau of Labor Statistics	\$ 78,663	VTAEYC Minimum Compensation Standards
FCCH Assistant	\$41,475	State of Child Care Survey	\$ 60,510	VTAEYC Minimum Compensation Standards

FCCH Benefits and Additional Staff Costs

Additional Staff Costs	Current	Aspirational
Health Insurance for FCCH Owner	\$5,300	\$15,001
Health Insurance Stipend for Assistant	\$2,530	\$5,489
Retirement Contribution for FCCH Owner	10% of salary	10% of salary
Substitute Time Owner	100 hours	100 hours
Substitute Time Assistant	0.2 FTE	216 hours

Center Benefits and Additional Staff Costs

Additional Staff Costs	Current	Aspirational
Per-Staff Health Insurance	\$4,186.43	\$6,034
Workers' Compensation Insurance	1.45%	1.45%
Retirement	2% of salary	3% of salary
Disability	1%	1%
PTO	200 hours	216 hours

Revenue Assumptions

FCCH Revenue

FCCH: 69% of Children participate in CCFAP.

Age Group	Weekly Subsidy Rates	Weekly Private Pay Rates⁷
Infants	Registered: \$407 Licensed: \$495	\$268
Toddlers	Registered: \$382 Licensed: \$465	\$268
Preschoolers	Registered: \$361 Licensed: \$439	\$268
School Age: School Year	Registered: \$176 Licensed: \$204	\$187
School Age: Summer	Registered: \$321 Licensed: \$371	\$268

Additional Revenue Sources	Small Registered FCCH	Large Licensed FCCH
STARS Renewal Bonus ⁸	\$420	\$540
Quality and Capacity Incentive Program (QCIP)	\$2,000	\$2,400

⁷ Private pay inputs reflect 7% growth over the 75% percentile of the 2024 Market Rate Survey.

⁸ A third of the total STARS bonus, reflecting the total revenue for the bonus spread out across three years.

Center Revenue

Centers: 39% of Children participate in CCFAP.

Age Group	Weekly Subsidy Rates	Weekly Private Pay Rates
Infants	\$495	\$417
Toddlers	\$465	\$401
Preschoolers	\$439	\$375
School Age	School year: \$204 Summer: \$371	School year: \$262 Summer: \$348

Additional Revenue Sources	Small	Medium	Large
STARS Renewal Bonus	\$1,008	\$1,836	\$3,366
QCIP	\$3,840	\$8,160	\$15,300

Additional revenue sources available from CDD were also included in the model. Given the modeled program's 5 STAR level, FCF assumes that the program will renew its STARS rating, thus making them eligible for the triannual STARS Renewal Bonus. FCF included a third of the total STARS bonus in the model, reflecting the total revenue for the bonus spread out across three years. The modeled programs are also eligible for the Annual Quality and Capacity Incentive Payment. FCF estimated the additional grant amounts for STARS level 5 programs at each applicable program size with the relevant bonuses, given program characteristics.

The model assumes that 5% of children with CCFAP have a specialized child care certificate. Data from CDD also informed the number of CCFAP certificates that include the additional 10% for specialized child care to inform revenue estimates in the model. While FCF included this revenue for specialized child care certificate, FCF did not estimate costs associated with providing specialized child care. These specific costs can vary widely and are very specific to the child and their needs. Additional grants for providing care for children with special needs, or achieving certificates or credentials are not included as revenue in the models.

FCF estimated UPK revenue for partner programs. No additional revenue was included for private pay preschoolers, as UPK revenue is functionally passed on to families as tuition savings. FCF assumed that preschoolers with CCFAP subsidy would have a care need of 36 hours per week. The 10 hours of care provided by UPK would still result in a full-time subsidy certificate. As a result, FCF modeled additional revenue to the program for preschool children receiving CCFAP subsidy in UPK partner programs, assuming no family copay.

Non-Personnel Cost Assumptions

Center Non-Personnel Cost Inputs

Additional Per-Staff Costs

Per-Staff Costs	2025 Value	Source Used to Inform Input or Update	2024 Value	Source Used to Inform Input or Update
Online Orientation Finger Printing, Background Checks	\$14	Assumes 20% of all staff turnover annually and all staff need new fingerprinting every 5 years	\$26.25	VT Crime Identification Center
Professional Development	\$600	Hold from 2025	\$600	CPI General

Per-Child Costs

Per-Child Costs	2025 Value	Source Used to Inform Input or Update	2024 Value	Source Used to Inform Input or Update
Equipment & Curriculum	\$140	CPI: General	\$ 135	CPI: General
Educational Supplies	\$175	CPI: General	\$ 169	CPI: General
Food and Food Preparation	\$1,817	CACFP Reimbursement Rates	\$ 1,742	CACFP Reimbursement Rates
Kitchen Supplies	\$69	CPI: General	\$67	CPI: General
Medical Supplies	\$140	CPI: General	\$135	CPI: General
Office Equipment	\$70	CPI: General	\$68	CPI: General
Insurance (Liability, Accident)	\$239	Cost of Child Care	\$218	Industry Report
Curricula, Assessment and Screening Materials	\$91	CPI: General	\$88	CPI: General
Advertising	\$29	CPI: General	\$28	CPI: General
Professional Memberships	\$88	CPI: General	\$85	CPI: General

Per-Square Foot Costs

Per-Square Foot Costs	2025 Value	Source Used to Inform Input or Update	2024 Value	Source Used to Inform Input or Update
Rent/ Lease/ Mortgage	\$21.12	American Community Survey, Median Rent percent change	\$ 19.25	ACS. Median Rent percent change
Utilities	\$5.25	CPI: Energy Services in Northeast	\$ 4.69	CPI: Energy Services in Northeast
Building Insurance	\$3.38	Commercial Property Insurance Percent Change Annual Average Changes	\$ 7.16	Industry Report
Maintenance, Repair, Cleaning	\$5.16	CPI: General	\$ 4.99	CPI: General

Per-Site Costs

Per-Site Costs	2025 Value	Source Used to Inform Input or Update	2024 Value	Source Used to Inform Input or Update
Phone and Internet	\$6,092	CPI: Phone & Internet	\$ 6,224	CPI: Phone & Internet
Transportation	\$1,820	Standard Mileage Reimbursement Rates (2025) Held distance assumptions	\$ 1,742	Standard Mileage Reimbursement Rates (2024)
Legal Fees	\$4,289	CPI: General	\$ 4,150	CPI: General
Licensing Permits & Fees	\$3,047	CPI: General	\$ 2,948	CPI: General
Payroll Processing	\$3,285	CPI: General	\$ 3,179	CPI: General

FCCH Non-Personnel Cost Inputs

Additional Per-Staff Costs

Per-Staff Costs	2025 Value	Source Used to Inform Input or Update	2024 Value	Source Used to Inform Input or Update
Professional Development	\$600	Align with center value	\$ 244	CPI General

Per-Child Costs

Per-Child Costs	2025 Value	Source Used to Inform Input or Update	2024 Value	Source Used to Inform Input or Update
Equipment & Curriculum	\$140	CPI: General	\$ 135	CPI: General
Educational Supplies	\$175	CPI: General	\$ 169	CPI: General
Food and Food Preparation	\$1,817	CACFP Estimated Costs	\$ 1,742	CACFP Estimated Costs
Kitchen Supplies	\$69	CPI: General	\$ 67	CPI: General
Office and Medical Supplies	\$140	CPI: General	\$ 135	CPI: General
Office Equipment	\$70	CPI: General	\$ 68	CPI: General
Insurance (Liability, Accident)	\$159	Hold constant	\$ 159	VT Provider Cost Survey
Curricula, Assessment and Screening Materials	\$91	CPI: General	\$ 88	CPI: General
Advertising	\$29	CPI: General	\$ 28	CPI: General
Professional Memberships	\$88	CPI: General	\$ 85	CPI: General

Occupancy Costs

Occupancy Costs	2025 Value	Source Used to Inform Input or Update	2024 Value	Source Used to Inform Input or Update
Mortgage Interest, Property Taxes	\$5,272	Percent change: Tax Rate Averages between FY 24 & 25	\$ 5,047	FCF VT Business Analysis Data
Utilities	\$2,031	CPI: Energy Services in Northeast	\$ 1,814	FCF VT Business Analysis Data
Homeowners or Renters Insurance	\$636	Industry Report: Reflects 3% increase estimated average across Vermont	\$ 617	FCF VT Business Analysis Data
Maintenance, Repair, Cleaning	\$2,229	CPI: General	\$ 2,157	FCF VT Business Analysis Data

Per-Site Costs

Per-Site Costs	2025 Value	Source Used to Inform Input or Update	2024 Value	Source Used to Inform Input or Update
Phone and Internet	\$1,001	CPI: Phone & Internet	\$ 1,023	FCF VT Business Analysis Data
Transportation	\$1,820	Standard Mileage Reimbursement Rates (2025)	\$ 1,742	Standard Mileage Reimbursement Rates (2024)
Professional Services and Legal Fees	\$4,289	CPI: General	\$ 4,150	CPI: General
Licensing, Accreditation, Permits & Fees	\$3,047	CPI: General	\$ 2,948	CPI: General
Depreciation of Equipment	\$62	CPI: General	\$ 60	FCF VT Business Analysis Data

Non-Personnel Cost Adjustments from Prior Models

FCF made adjustments to data sources and assumptions used in the model for the 2026 report across the following inputs:

Center Adjustments

- ▶ Program Size and Enrollment Structure: FCF shifted the assumptions around center size and enrollment to reflect the smaller centers that are more common in Vermont. FCF prioritized enrollment for all age groups in each modeled program and an enrollment structure that allowed a family to remain enrolled in the same program for their child's first five years.
- ▶ Center Liability insurance: FCF used data from the Vermont State of Child Care Survey to determine typical values. FCF shifted to the survey data because we felt it was more accurate than a national average from an industry source.

FCCH Adjustments

- ▶ FCCH Professional Development: FCF adjusted professional development values, in partnership with CDD partners, to align with center staff. Financial analyses from the FCF Vermont team, which were used to determine 2025 values, provided limited information.
- ▶ Mortgage Interest and Property Taxes: In the 2025 model, FCF used financial analyses from the FCF Vermont team to determine a typical value for an FCCH in Vermont. To inform this update, an analysis determined the average percent change of Homestead Tax Rates across Vermont comparing fiscal years 2024 and 2025. That percent change was then applied to the 2025 value.

- ▶ **FCCH Liability Insurance:** For the 2025 model, FCF derived a liability insurance value from a limited survey of child care providers. In 2026, FCF included a question on liability insurance in the annual Vermont State of Child Care Survey. When comparing results across the two surveys, FCF found that average values were lower in the 2026 data. Given the concerns around mounting liability insurance costs and the differences in data collection methods across the two years, FCF held this value constant.

Across All Models

- ▶ **Utilities:** Shifted to the Consumer Price Index's measure for Energy services in the Northeast, in alignment with Center input update sources.
- ▶ **Maintenance, Repair, Cleaning:** Shifted to the Consumer Price Index's measure for all items in New England, in alignment with Center input update sources.
- ▶ **Phone:** Shifted to the Consumer Price Index's measure for wireless telephone services in the U.S., in alignment with Center input update sources.
- ▶ **Building Insurance:** FCF used industry level data to determine changes in typical values of building insurance. This industry data is the same source used in the 2025 model, however the approach to using this data differed.