

Child Development Division, Child Care Financial Assistance Program (CCFAP) Self-Employment Policy FAQ

This document helps summarize and answer frequently asked questions related to the CCFAP policy [CDD.1125 Self-Employment](#). For more support, please contact your [Community Child Care Support Agency](#) or Child Development Division Grant Monitor.

To receive this information in an alternative format or for other accessibility requests, please contact:

Natalie Nachtigal, Policy and Process Administrator

Agency of Human Services, Department for Children and Families

natalie.nachtigal@vermont.gov, 802-989-9685

Changes made in the new self-employment policy as of August 11, 2025

- Expanded start-up self-employment from one year to two years.
- Simplified options to determine income for caretakers with self-employment as a service need.
- Included step-by-step calculations and a calculator to assist with understanding how income and hours are determined.

Eligibility

1. Do self-employed caregivers have a different CCFAP application?
 - a. No. Applicants who are self-employed fill out the same application as anyone else applying for CCFAP. Additional documentation may be requested by the eligibility specialist assigned to your application to support the self-employment service need.
2. Why does the application require different forms than the policy?
 - a. The application currently requests taxes broadly and the policy identifies which tax documents are needed for each situation. The application will be updated to reflect the forms required in the policy soon.
3. Will you only look at previous year's taxes to determine eligibility?
 - a. Not always. Self-employment is based on the previous year's taxes. However, if a business is less than two years old, a Statement of Self-

Employment Form will be used to determine eligibility. Also, if a business had an unusual year, or taxes do not accurately reflect the business, the primary caretaker may write a letter to be reviewed by the Child Development Division (CDD) to allow for the use of the Statement of Self-Employment Form to determine eligibility.

4. Will my family have to figure out what option benefits us the most on our own?
 - a. No. Eligibility specialists will help determine what option benefits your family the most and will work with you if the available options provide different benefits. A family has the option to read the policy and use the [provided calculator](#) to see the options available to them on their own as well as receive support from an eligibility specialist.

Income

5. How much does a self-employed person have to make to be eligible for CCFAP?
 - a. A self-employed person must earn a minimum of one hour of Vermont minimum wage earnings per week as determined by CDD.
 - b. To be eligible for part-time care or a minimum of one hour per week, a self-employed person must earn approximately \$725 annually. This is based on the current Vermont minimum wage of \$14.01.
 - c. To be eligible for full-time care or a minimum of 26 hours per week, a self-employed person must be earning a minimum of \$18,800 annually. This is based on the current Vermont minimum wage of \$14.01. The minimum income may be lower based on the amount of approved travel time.
6. What if I work 40+ hours a week but do not earn enough income to qualify?
 - a. Self-employment is defined as a trade or business activity conducted to make a profit. A primary caretaker's self-employment must be making a profit after the first two years of being in business to be eligible for CCFAP. If you have extenuating circumstances that caused the business to not make enough money to qualify, please contact an eligibility specialist to determine if you may be allowed to submit a Statement of Self Employment Form instead of taxes. You may also be eligible with the service need of seeking employment for three months.
7. If my income is too low to qualify for full time, but I work full-time hours, how do I qualify for more hours?
 - a. If your business is less than two-years old, your hours will be determined by the hours listed on the submitted Business Plan Form. If after two years your business does not earn enough income to qualify for the hours worked, you will only be approved for the hours for which you are eligible . If you decide to look for additional work, you may want to re-determine eligibility under the Seeking Employment service need.
8. What if I have self-employment income listed on a 1099 or a W2?

State of Vermont, Child Development Division
Self-Employment Policy FAQ

- a. For business types that pay W2 wages for Compensation of Officers, the Compensation of Officers is included in the self-employment calculations. A primary caretaker who receives income with a 1099 is considered a self-employed independent contractor and would submit self-employment documentation based on how the business files taxes.
9. Are self-employment taxes deducted from the reported income?
 - a. No, self-employment taxes are not an allowable expense that is deducted from income.
10. I am unable to accurately predict my income due to flexible work throughout the year, what do I do?
 - a. If your business is less than two years old, income can be determined through the Statement of Self-Employment Form. This form requests your best estimate for predicted income, but CDD recommends estimating conservatively. There is no penalty for inaccurate estimations.
11. Are partnership distributions counted as income?
 - a. Yes, partnership distributions are counted as income when they are listed on the Schedule K-1 tax form.
12. My business had a loss in income after the first year, how does that affect my eligibility?
 - a. There is no minimum income requirement during the first two years of a start-up self-employment business. Eligible hours are based on the submitted business plan for the start-up business.
13. My business is less than two years old, what income is used to determine eligibility?
 - a. If your business is less than two-years old, it is considered start-up self-employment. If there are no taxes filed, income will be determined based on the Statement of Self-Employment Form. If there are 12 months of taxes available, taxes will be used to determine income. Please contact your eligibility specialist or refer to section A in CDD.1125 Self-Employment policy for more guidance.
14. What is the difference between primary caregiver income and household income?
 - a. Primary caregiver income refers to the income of just one primary caregiver. Household income is the total of all countable income sources for the household. CCFAP eligibility is based upon the household income. Each individual's income is determined separately and added together to determine household income.
15. How is income determined if the caregiver is self-employed and also has a part-time job?

- a. Income from self-employment and the part-time job will be calculated separately and added together to determine household income. Paystubs will be used to verify the employment income and the previous year's taxes or the Statement of Self-Employment Form will be used to determine the self-employment income.
16. What if I predict more income than I make in a year?
- a. If you use the Statement of Self-Employment Form to report your income through actuals and/or projections and predict more income than you actually made, you can report a change in income to your eligibility specialist at any time within your eligibility period. It is recommended that you estimate as accurately and conservatively as possible, as there is no penalty for over or under estimating income, though you may have a larger family share if you overestimate.
17. What if my gross income does not reflect my take home pay?
- a. You may benefit more from the Half of Gross Income or Itemized Deductions options outlined in section D of CDD.1125 Self-Employment policy. Your eligibility specialist will help you determine what option will benefit your family the most.

Hours

18. How are hours of child care determined?
- a. Service need hours are determined using the minimum wage formula as follows and found in section B of CDD.1125 Self-Employment policy. You must make enough for one hour of care. Current Vermont minimum wage is used to allow everyone the ability to receive as many hours as possible and align with the requirements applied to those who have an employer.
 - i. Annual income divided by 12 = monthly income
 - ii. Monthly income divided by 4.3 = weekly income
 - iii. Weekly income divided by current Vermont minimum wage = service need hours.
19. What if hours of work exceed the hours calculated with the minimum wage formula?
- a. If the business is two-years old or less, the service hours will be determined based on the submitted business plan. If the business is older than two years but has had an exceptional year, they may have the option to submit a Statement of Self-Employment Form to determine income and hours. See section F of CDD.1125 Self-Employment policy for more information on exceptions.
20. Why is one hour of work per week required?

- a. Self-employment is defined as a trade or business activity conducted to make a profit. The Child Development Division has set the minimum profit at a minimum of one hour of Vermont minimum wage earnings per week.

Business Types

21. Why are farms allowed to have their hours determined by the submitted business plan?
 - a. Farms are allowed to have their hours determined by the business plan to better align with the Fair Labor Standards Act, which exempts certain types of employees from the State minimum wage law. Instead of a formula that involved Vermont minimum wage, CDD has decided to allow for farms to self-attest their business hours of operation.
22. Are registered family child care homes eligible for CCFAP under self-employment?
 - a. Yes. A registered family child care home may be eligible for CCFAP under self-employment as a service need when all other eligibility criteria are met and when their child(ren) attends another registered or licensed child care provider.
23. What if a family has multiple self-employment businesses?
 - a. Each business is calculated separately. Income and hours from each business are added together to determine household income and number of eligible hours.
24. What does an unusual year mean?
 - a. If the business was significantly more or less successful than previous years, this change may not be accurately represented in the taxes from the previous year. See section F of CDD.1125 Self-Employment policy for more information on exceptions.

Forms

25. Why is a business plan required when taxes are already provided?
 - a. A business plan is required even when taxes are provided because the business plan allows for verification of the business start date and may be required for determination of eligible hours. The Business Plan Form has been simplified to reduce the burden on families but still allows for collection of necessary information.
26. Do I have to provide all my tax documents?
 - a. No. Your eligibility specialist will help guide you to the specific documents and forms required for your application depending on your business type. A detailed list of documents and forms required is also provided within the CDD.1125 Self-Employment policy.

Formulas

27. Can the formulas be simplified?

- a. CDD has simplified the formulas as much as possible while still allowing flexibility and customization depending on the needs of each family. Your eligibility specialist can help you navigate the formulas if you would like additional understanding of how eligibility is determined.

28. Why is gross income used in some options and net income used in others?

- a. Eligibility determination for CCFAP is based on gross income, per state law. Net income is used in some options to recognize that self-employment requires expenses to operate the business.

29. Why is adjusted gross income not used?

- a. State law does not allow for adjusted gross income to be used for eligibility determination. CCFAP is funded with federal and state dollars and must meet the requirements of both funding sources. Adjusted gross income includes and excludes some income sources and expenses that do not align with the income sources and expenses used to determine CCFAP eligibility.

30. Do I need to do the calculations for each option myself?

- a. No. An eligibility specialist will be your first resource for support in determining your eligibility under each option. You have the option to use the [CCFAP Self-Employment Calculator](#) as well to see the options on your own.

31. Why is Vermont minimum wage used instead of federal minimum wage?

- a. Vermont minimum wage is used because CCFAP is a Vermont based program.

What's Next?

32. Is the option for itemized deductions plus depreciation minus 179 expenses going away?

- a. Maybe. With the expanded options of gross income or half of gross income additional simplification of CDD.1125 Self-Employment policy may be possible. Over the next year, CDD will be monitoring how many families benefit from each option. If the option of itemized deductions no longer serves Vermont families, we will re-evaluate the current policy. If further simplification does happen, CDD ensures that families that currently benefit from this option will continue to have this option available to them until it no longer is the most beneficial option for their family.

More Support

For additional support, please connect with an eligibility specialist through your regional [Community Child Care Support Agency](#).

Example filled out forms or case studies may be available in the future but are not available at this time.

Additional business supports available in Vermont:

- [Vermont211](#)
 - A free, confidential information and referral program of the United Ways of Vermont, helping to connect Vermonters with a wide range of community, health, and human resources and services.
- [Vermont legal aid](#)
 - Assistance for low-income residents facing civil legal problems.
- [Micro Business Development Program \(MBDP\)](#)
 - Provides training, coaching, and access to financing for low-to-moderate-income Vermont entrepreneurs.
- [Community action agencies](#)
 - Organizations that helps families and individuals focus on making ends meet, building stronger families, creating warm and healthy homes, and opening doors to economic opportunity.
- [Vermont Small Business Development Center](#)
 - One on one support for small businesses.
- [First Children's Finance](#)
 - Business support for child care providers.
- [SCORE](#)
 - Organization that provides mentoring to help launch or support an existing business, along with tools and local resources.