

Department for Children and Families
Child Development Division
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Memorandum

To: All Regulated Child Care Programs and Providers
From: Janet McLaughlin, Deputy Commissioner, DCF Child Development Division
Date: May 20, 2025
Re: Act 76 Changes: Tuition Rates and Allowability of Additional Fees

This memorandum replaces one issued on August 1, 2024 to reflect changes and updates. Updated information is highlighted in yellow and underlined.

A recent legal change affecting child care tuition rates goes into effect July 1, 2025. The law amends section 3517 of Vermont's child care statutes (33 V.S.A. § 3517), which now states:

A child care provider shall ensure that its tuition rates are available to the public. A regulated child care provider shall not impose an increase on annual child care tuition that exceeds 1.5 times the most recent annual increase in the NAICS code 611, Educational Services. This amount shall be posted on the Department's website annually.

This statute requires child care providers to make their tuition rates available to the public. The Division recommends making rates available to the public by posting rates on your program's website, sharing your rates with your local Community Child Care Support Agency, or providing them upon request to all who ask. Doing so will meet the requirement of the law. In the future, the Division plans to update the Child Care Development Information System (CDDIS) to permit programs to post their rates through the portal. This change will also be incorporated into the next revision of child care licensing rules.

The recent amendment to section 3517 places a cap on annual child care tuition increases starting July 1, 2025. Under the law, the cap on tuition rate increases is 1.5 times the percentage change of the most recent Employment Cost Index for Educational Services.¹ As directed, the Division has posted [notice](#) of this new requirement on its website, and regulated child care programs may not increase their

¹ This figure comes from the [U.S. Bureau of Labor Statistics'](#) measurement of change in total compensation for all educational services workers (NAICS code 611).

annual tuition more than **5.85%** for the year ending June 30, 2026. (Any communications or notices from the Division related to tuition rate caps from 2023 and 2024 may be disregarded.)

How to calculate a rate increase:

Divide the amount of your program's planned tuition increase by your current tuition amount.

For example, if you plan to set your tuition at \$25,000 per year, and your current rate is \$20,000 year, then the new tuition rate minus the current rate is the increase in tuition amount ($\$25,000 - \$20,000 = \$5,000$ increase).

The \$ amount increase divided by the current tuition rate is the percentage increase in tuition rate ($\$5,000 \div \$20,000 = 25\%$ increase).

In this example, the rate increase (25%) *exceeds* the cap set in the law (5.85%). So, the planned tuition rate is too high under section 3517.

The annual tuition rates for your program on July 1, 2025, will be the initial rates by which all future rate increases will be measured. Any annual tuition increase afterwards must be no more than the percentage cap established by law, currently 5.85%. The Division strongly recommends that your program maintain documentation on rate changes, including any documentation regarding rationale and communications about the rate increase, in case such records are needed.

While intended to make the cost of child care more affordable for families, the Division understands this rate cap limits programs' ability to manage budgets in response to unforeseen circumstances. Although the Division may seek waiver authority in the future, programs should make plans to come into compliance with section 3517 as soon as possible. Failure to comply may affect a program's ability to receive grants or other financial assistance from the Division.

The Division will respond to any complaints or concerns alleging rate increases beyond what is allowed by law. In addition, this change will be added to the child care licensing rules during the revision process.

It is important to note that the amount your program charges for tuition does not impact the amount the State pays for CCFAP reimbursement. The State pays a CCFAP state rate regardless of your program's "usual and customary rate," and the Division no longer compares CCFAP payments to the rates in your Provider Rate Agreement. Your program *does not* need to increase its tuition rates to receive the full CCFAP state rate.

Another important law prohibits regulated child care programs and providers in Vermont from charging waitlist fees and application fees. Specifically, section 3516 of Vermont's child care statutes (33 V.S.A. § 3516) states:

A child care provider shall not charge an application or waitlist fee for child care services where the applying child qualifies for the Child Care Financial Assistance Program pursuant to section 3512 or 3513 of this title. A child care provider shall reimburse an individual who is charged an application or waitlist fee for child care services if it is later determined that the applying child qualified for the Child Care Financial Assistance Program at the time the fee or fees were paid.

This law *only* governs application and waitlist fees; these are fees that some programs collect *before* a child is offered a place in a program. This law does *not* apply to fees that are associated with offering services to an enrolled family, such as an enrollment fee to cover supplies or an enrollment deposit that would then be applied against tuition payments. This law applies to any waitlist and application fees collected after July 1, 2023.

If your program has not already done so, it should revise its policies and practices as soon as possible to eliminate these fees. Additionally, programs must refund any such fees they have collected since July 1, 2023, from parents of children who qualify for the Child Care Financial Assistance Program (CCFAP). The Division has added this legal requirement to all CCFAP Provider Agreements. The Division also issued an [administrative memo](#) on June 28, 2024, announcing updates and changes to the CCFAP rules to conform to changes in state and federal law. These rule changes will be formally adopted when the CCFAP rules are amended next year.

Questions?

The [Vermont office of First Children's Finance](#) is funded by CDD to offer business-related technical assistance to child care programs. The Office can offer advice and training on approaches to setting tuition rates for your child care business.

The Child Development Division team is also here to help. Please send your questions to ahs.dcfcdinfo@vermont.gov.