

# Annual Quality and Capacity Incentive Payment Program

# Charge as established in Act 76 of 2023

## § 3515. CHILD CARE QUALITY AND CAPACITY INCENTIVE PROGRAM

(a) The Commissioner shall establish a child care quality and capacity incentive program for child care providers participating in the Child Care Financial Assistance Program pursuant to sections 3512 and 3513 of this title. Annually, consistent with funds appropriated for this purpose, the Commissioner may provide a child care provider with an incentive payment for the following achievements:

- (1) achieving a higher level in the quality rating and improvement system, including increasing access to and provision of culturally competent care and multilingual programming and providing other family support services similar to those provided in approved Head Start programs;
- (2) increasing infant and toddler capacity;
- (3) maintaining existing infant and toddler capacity;
- (4) establishing capacity in regions of the State that are identified by the Commissioner as underserved;
- (5) providing nonstandard hours of child care services;
- (6) completing a Commissioner-approved training on protective or family support services; and
- (7) other quality- or capacity-specific criteria identified by the Commissioner.

(b) The Commissioner shall maintain a current incentive payment schedule on the Department's website.

# Criteria

- Focused – closely tied to quality and capacity, tied to identified priorities
- Equitable – considers accessibility and impact on multiple dimensions
- Feasible – for child care programs, for CDD, for the Business office
- Flexible – allows us to adapt to uptake, future priorities
- Clear and timely – programs know what to expect when

# Program Framework



## Technical Assistance

- Quality
- Capacity and Sustainability



## One-time Recognition Bonus

- STARS
- Specialized Child Care
- Professional Development



## Annual Quality and Capacity Incentive

- Formula-based payment for programs accepting CCFAP and meeting identified quality and capacity indicators

# Annual Quality and Capacity Incentive Payment Program

- Payments will begin in Fall 2026.
- Child care providers will have flexibility in how they use the payments to support:
  - Quality
  - Access
  - Inclusion
- Goal is to increase access to high-quality child care across Vermont, with a focus on:
  - Infants and toddlers
  - Families needing full-time or extended hours of care
  - Children with specialized needs

# Eligibility

- Have an active registered or licensed family child care home (FCCH), center-based child care and preschool program (CBCCPP), or afterschool child care program (ASP) license from the State of Vermont.
- Be open and serving children as of the date of your application.
- Intend to stay open and serve children through at least June 2027.
- Currently accept or are able to accept payments from the Child Care Financial Assistance Program (CCFAP) on behalf of children in your care **AND** charge tuition to families for child care services, or be a Head Start recipient.

# Application and Payment Process

- Applications are being accepted from **August 14, 2026, to September 14, 2026.**
- Eligible programs will apply by submitting an [online form](#). **Please submit one application per license.**
- Applications will be processed within 10 business days of receipt. Payments will be issued the same way in which your program has chosen to receive CCFAP payments from the State (direct deposit or paper check).
- Payments will begin in late September.
- Please consult an accountant for specific information on how these payments may impact your tax liability.

## Payment Amounts

- Payment amounts will be determined based on a formula that reflects the Quality and Capacity Incentive Program's intention to support quality, access, and inclusion.
- The formula was designed based on priorities identified in Act 76.
- Each eligible program will receive a one-time, per-child base payment based on their enrollment and program license type.

| License Type                                  | Base Rate Per Child |
|-----------------------------------------------|---------------------|
| Registered or Licensed Family Child Care Home | \$100               |
| Licensed CBCCPP (1-59)                        | \$80                |
| Licensed CBCCPP (60+)                         | \$75                |
| Afterschool Program                           | \$55                |

## Bonus Rate

- Programs will receive an additional “bonus” per child added for various criteria. The intention is to support programs that cover the additional costs associated with each of these factors.
- These bonus payments are 5% to 20% of the per-child base payment. For instance, if the base rate is \$100, then a bonus of 10% is \$10 per child.
- Information will be extracted from our data system and the application.

# Bonus Rates

- Program provides specialized child care. (30%)
- Program participates in STARS.
  - 1-STAR (5%)
  - 2-STARS (10%)
  - 3-STARS (20%)
  - 4-STARS (30%)
  - 5-STARS (40%)
- Program enrolls infants and toddlers. (10% - 20%)
  - <20% infants and toddlers enrolled = 10% bonus
  - >20% infants and toddlers enrolled = 20% bonus
- Program operates at least 45 hours per week. (10%)
- Program operates year-round; defined as serving children every month of the year. (10%)

# Example Payment

## Registered or Licensed Family Child Care Home

Enrollment at time of application – 10  
Per Child Base Payment – \$100

$1,000 + 300 + 200 + 100 =$   
**Total Payment**  
**\$1,600.00**

### Base Payment

**$10 \times \$100 = \$1,000$**

✓ Provides specialized child care

$\$1,000 \times 30\% = \$300$

✓ 3 STARS

$\$1,000 \times 20\% = \$200$

✓ Operates year-round

$\$1,000 \times 10\% = \$100$

# Example Payment Center Based Child Care and Preschool Program



Capacity  
1-59

Enrollment at time of application – 35  
Per Child Base Payment – \$80

$$2,800 + 840 + 1,120 + 280 =$$

**Total Payment**  
**\$5,040.00**

## Base Payment

$$35 \times \$80 = \$2,800$$

✓ Provides specialized child care

$$\$2,800 \times 30\% = \$840$$

✓ 5 STARS

$$\$2,800 \times 40\% = \$1,120$$

✓ Operates 45+ hours

$$\$2,800 \times 10\% = \$280$$

# Example Payment Center Based Child Care and Preschool Program



Capacity  
60+

Enrollment at time of application – 65  
Per Child Base Payment – \$75

$4,875 + 975 + 1,462.50 + 487.50 =$   
**Total Payment**  
**\$7,800.00**

## Base Payment

$65 \times \$75 = \$4,875$

✓ Enrollment is 20%+ infants and toddlers

$\$4,875 \times 20\% = \$975$

✓ 4 STARS

$\$4,875 \times 30\% = \$1,462.50$

✓ Operates 45+ hours

$\$4,875 \times 10\% = \$487.50$

# Example Payment

## Afterschool Child Care Program

Enrollment at time of application – 40  
Per Child Base Payment – \$55

$2,200 + 660 + 880 =$   
**Total Payment**  
**\$3,740.00**

### Base Payment

$40 \times \$55 = \$2,200$

✓ Provides specialized child care

$\$2,200 \times 30\% = \$660$

✓ 5 STARS

$\$2,200 \times 40\% = \$880$

# Reporting

- Participating programs will be required to complete a brief survey at the end of the program, describing how they used the funds and the impact the program had on their quality, access, and inclusion.
- Programs may also be selected for interviews or site visits to gather additional data on the effects of these funds.

## Additional Requirements

- If your program closes, or you otherwise become ineligible, you must notify [CDD via email](#) and return any unspent funds.
- If you realize that you intend to close your program before June 2027, you must notify [CDD via email](#).

## Resources and Support

- [Program webpage](#)
- Questions or Comments:  
[AHS.DCFCDDQCIPAnnual@vermont.gov](mailto:AHS.DCFCDDQCIPAnnual@vermont.gov)

# Questions

