

Agency of Human Service
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: August 1, 2024
Re: Act 76 Changes: Tuition Rates and Allowability of Additional Fees

This memorandum replaces one issued on September 14, 2023 to reflect changes and updates. Updated information is highlighted in yellow and underlined.

On June 20, 2023, the Vermont Legislature passed a new law affecting child care programs, [Act 76](#). Among other things, the Act created two new statutes, 33 V.S.A. § 3516 and 33 V.S.A. § 3517, which went into effect on July 1, 2023. This memo provides information on how these two statutes affect the rates and fees charged by all regulated child care programs and providers in Vermont.

Section 3516 of Vermont's child care statutes (33 V.S.A. § 3516) governs child care waitlist and application fees. The law 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.

Child care programs should revise their policies and practices as soon as possible to eliminate these fees, and programs should refund any such fees they have collected since July 1 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. An administrative memo released on June 28, 2024 amends the state's CCFAP regulations to include this provision. The Division will also incorporate these changes into update CCFAP regulations via the state's formal rulemaking process later in 2024.**

Section 3517 of Vermont's child care statutes (33 V.S.A. § 3517) governs child care tuition rates. The law states:

A child care provider shall ensure that its tuition rates are 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 regulations.

Act 76 of 2023 also placed a cap on annual child care tuition increases starting July 1, 2023 ((33 V.S.A. § 3517). **However, this new statute was temporarily repealed on May 22, 2024 in Act 113 of 2024.**

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 requirement is now scheduled to be effective on July 1, 2025. This means that there is no annual tuition rate increase cap in effect from May 22, 2023 to June 30, 2025. Any communications or notices related to the tuition rate increase caps from the Child Development Division from 2023 are no longer in effect.

Next Spring, CDD will calculate the new tuition increase rate cap as directed by the law and notify programs of that change. As prescribed in statute, the amount will be 1.5 times the percentage change of the most recent [Employment Cost Index](#), for March 2025.¹

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).

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 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

Your program will compare its planned tuition increase against the % increase cap set in Spring 2025 to confirm that is allowed.

While intended to support affordability of child care for families, we understand this rate cap limits programs' ability to manage costs in response to unforeseen circumstances. It is possible the Division may seek to adjust the requirement or receive waiver authority in the future.

It is important to note that, per another provision in Act 76, the amount your program charges for tuition will not impact the amount the State pays for CCFAP reimbursement in the future. **Beginning January 1, 2024, 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 beginning in 2024.**

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 on approaches to setting tuition rates for your child care business. Their website includes videos explaining these changes.

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

You can also reach out to the licensor on duty: 800-649-2642, option 3, or ahs.dcfddchildcarelicensing@vermont.gov.