

Case Study: Vermont

VERMONT

In 2023, Vermont was deliberating potentially historic changes to its child care system— what would become Act 76¹ and result in a significant investment in the state's child care system. This legislation represented the culmination of years of policy and advocacy work to increase investment in child care in the state. At the same time, Vermont families with children at a Vermont child care program, Little Sprouts,² received a “blindsid[ing]” letter notifying them that tuition rates were being significantly increased.³ When concerned families dug deeper,⁴ they discovered that Little Sprouts had been acquired by Balibou Family,⁵ a large, French-based company that had been purchased by Antin Infrastructure Partners, and that Antin Infrastructure was an international private equity fund.⁶ Put another way, this small group of programs had become part of the growing “private equity footprint” in child care around the country.⁷

Up until that point, child care advocates had not focused on the influence of private equity in Vermont’s child care system. Public education was considered “sacrosanct” in the state and most stakeholders in and outside the movement considered private equity in child care “abhorrent.”⁸ Moreover, it was assumed that Vermont’s economy was too small to be an “attractive market” for private equity.⁹ Instead, advocates had been working to increase public funding to support child care:¹⁰ as they saw it, increased public investment was a core solution to the child care crisis.¹¹

1 No. 76. An act relating to child care, early education, workers’ compensation, and unemployment insurance, H.217, General Assembly of the State of Vermont, 2023, <https://legislature.vermont.gov/Documents/2024/Docs/ACTS/ACT076/ACT076%20As%20Enacted.pdf>.

2 Little Sprouts is the parent name of the company that operates schools called Loveworks, Heartworks and STEAMworks in Vermont. Alison Novak, “A French Private Equity Firm Owns Six Vermont Childcare Centers, a Possible Harbinger of Things to Come,” Seven Days, April 5, 2023, <https://www.sevendaysvt.com/news/a-french-private-equity-firm-owns-six-vermont-childcare-centers-a-possible-harbinger-of-things-to-come-37945827/>.

3 Novak, “A French Private Equity Firm.” While the rate increase was actually due to necessary budget increases, including for raising staff salaries and other quotidian operating expenses, the nature of the increase was not clearly communicated to parents. Instead, the impression that rates were going up to line investor profits proliferated, and parents and policymakers organized around that concern. Jen Horwitz, email correspondence with Nina Dastur and Sonia Marton, January 13, 2026.

4 Novak, “A French Private Equity Firm.”

5 Novak, “A French Private Equity Firm.”

6 Novak, “A French Private Equity Firm.”

7 Novak, “A French Private Equity Firm.”

8 Aly Richards, interview by Nina Dastur and Sonia Marton, December 11, 2025.

9 Richards, interview.

10 Richards, interview.

11 An unavoidable conclusion advocates consider both the “best” and “worst” part about child care policy. Richards, interview; Horwitz, email.

Indeed, advocates had spent years educating the public and lawmakers around the necessity of increased public investment to holistically address the child care crisis.¹² To help lawmakers and other stakeholders understand and support such investment, advocates focused on the realities of the current market failure: the depth of the state's care crisis and the importance of early education for children, their families, and the economy. Advocates intentionally included the business community in their efforts, with an econometrics pitch demonstrating how a thriving childcare system would generate millions in sustainable economic growth for all.¹³ Over the years and through a variety of measures, advocates successfully "built a movement" with the "collective goal" of increasing public funding to support Vermont's child care system.¹⁴

Once they had secured a campaign aligned around increased public funding, advocates worked to determine where that funding would come from. It quickly became clear that the state would need new revenue to make substantial investments in child care, given other budget outlays. A payroll tax had been under consideration for some time in the state for

other affordability priorities.¹⁵ While such a tax had not been implemented by 2023, the idea offered a path toward increased revenue for child care. Notably, prominent advocates from the business community served as "key messengers" for a payroll tax as the most feasible site of reform.¹⁶ Especially thanks to support from that otherwise unlikely source, the lawmakers coalesced around this new tax as a key source of funds for Act 76.¹⁷

The combination of support for increased state investment via a new payroll tax and the Little Sprouts situation¹⁸ prompted a larger conversation among families, legislators and advocates in the state about how to keep public funds away from private equity. The final version of Act 76 included child care tuition rate caps in an effort to "proactively prevent profiteering" from the new increased state funding.¹⁹ These conversations were focused around "how do we put enough guardrails for things like private equity, but also just for a general, smooth massive transformation" toward comprehensive reform of the state's care system, advocates noted.²⁰ The resulting Act 76 was one of the boldest equitable childcare system expansions

12 Richards, interview.

13 Not just longitudinally, but also one that would pay off quickly in terms of labor force availability and other factors. Richards, interview.

14 Richards, interview.

15 For example, it had been discussed to help close the Medicaid funding gap (which had not been particularly popular) as well as to fund paid family leave (which had been more palatable). Richards, interview.

16 One CEO even literally showcased his bottom line to highlight how quickly a 1% payroll tax would pay off -- in four months, he said, because it would allow him to hire a position he had not been able to fill because lack of childcare had hurt the process so significantly. This was all due to the years of strategic advocacy that had moved that community to consider the care crisis the "business model problem" it was. Richards, interview.

17 "The 2023 Child Care Bill Passed into Law. Now What?," Let's Grow Kids, accessed February 12, 2026, <https://letsgrowkids.org/vermont-child-care-bill-act-76-educators-families-kids#families>.

18 Discussed above.

19 The cap was to apply to all regulated child care programs. Act 76 also included child care program ownership disclosure requirements "that would allow for the identification of private equity owned or controlled programs." Horwitz, email.

20 Richards, interview.

in the nation. Grounded on the core pillars of affordability, accessibility, and quality,²¹ Act 76 was a “quantum leap” toward “long-term, sustainable, public investment” in Vermont’s child care system.²²

Act 76 was so revolutionary because it made child care part of the substance and mechanics of state governance. Substantively, Act 76 provides for significant investment in the state’s child care system. It added \$125 million, annually, in public funds;²³ raised the ceiling of income eligibility for the state’s child care subsidy program (known as CCFAP) to 575% of the federal poverty level; increased the income eligibility for no co-pay child care subsidies; increased reimbursement rates paid by CCFAP to child care programs by more than 35%; and invested in expanding child care capacity throughout the state.²⁴ Mechanically, Act 76 set a new and robust baseline of state support for families and providers. Only two years in, for example, lawmakers decided to increase²⁵ because the cost of care for those children is higher than the Act’s rates provided for.²⁶ By expanding family eligibility for CCFAP, increasing

state funding for the system more broadly, Act 76 has already been an enormous support to “the overall quality and capacity” of child care.²⁷

Thanks to advocates’ efforts, constituent advocacy, and the citizen legislature’s alignment, Act 76 largely came together “elegantly.”²⁸ The process was not entirely seamless, however. Notably, the Governor vetoed the bill – holding his line on no new taxes.²⁹ There was also some discussion about whether private equity investment might inject much needed capital and capacity into the system.³⁰ But in a state deeply committed to education as a public good, the campaign for public investment as the primary means to sustainably bolster the child care sector was powerful enough to convince the legislature to override the Governor and pass Act 76 into law.

As intended, Act 76 ignited a radical transformation of Vermont’s child care system.³¹ Over 100 new child care programs have opened, over 400 early childhood educator jobs have been created, and family enrollment in CCFAP has

21 Richards, interview.

22 “The 2023 Child Care Bill,” Let’s Grow Kids, accessed February 12, 2026, [https://letsgrowkids.org/client_media/files/Bill%20Summary%20One%20Pager%20\(final\).pdf#Open%20a%20PDF%20version%20of%20the%202023%20Child%20Care%20Bill%20summary](https://letsgrowkids.org/client_media/files/Bill%20Summary%20One%20Pager%20(final).pdf#Open%20a%20PDF%20version%20of%20the%202023%20Child%20Care%20Bill%20summary).

23 Funds raised from the new payroll tax as well as other sources, including the state’s general fund. Aaron Loewenberg, “One Year Later, Vermont’s Act 76 Is Showing Promise,” New America, November 14, 2024, <https://www.newamerica.org/education-policy/edcentral/one-year-later-vermonts-act-76-is-showing-promise/>.

24 Loewenberg, “One Year Later.”

25 Interview with Aly Richards, December 11, 2025. See also, [Child Care Progress During the 2025 Legislative Session – Let’s Grow Kids](#)

26 Richards, interview; “Child Care Progress During the 2025 Legislative Session,” Let’s Grow Kids, June 2, 2025, <https://letsgrowkids.org/newsroom/child-care-progress-during-the-2025-legislative-session>.

27 “2023 Child Care Bill Passed,” Let’s Grow Kids.

28 Even despite the 11th hour Little Sprouts hiccup. Richards, interview.

29 Richards, interview.

30 Richards, interview.

31 Loewenberg, “One Year Later.”

increased by over 60% since the Act passed.³² Indeed, and perhaps most tellingly, more centers have opened than closed every quarter since the bill was passed.³³

Like the path to passage, implementation has not been perfect, however. The child care tuition rate caps have proved particularly difficult to operationalize, largely because of a core mismatch between them and the key aim of Act 76.³⁴ Act 76 was intended to work towards systematically “correcting the child care market.”³⁵ To that end, the Act’s state funding provisions were intended to “move [the sector] closer to long-term financial stability.”³⁶ Tuition rate caps, meanwhile, impede child care programs’ ability to make tuition rate increases when necessary. As such, the caps unintentionally “undermined” the original vision of the bill, by “disproportionately impact[ing] child care programs [] trying to sustain operations. Ultimately, the institution of a tuition rate cap at the same time as

significant system change [] limited the intended economic benefits to some child care programs.”³⁷ (Indeed, and not insignificantly, the tuition rate cap also ran head-long into a “multi-year, consensus-based project seeking professional recognition and increased compensation for early childhood educators in Vermont. With a tuition rate cap in place, some programs could not adjust tuition rates to provide fair wages for their staff.”³⁸) Implementation of the rate cap was temporarily delayed due to this inconsistency;³⁹ going forward, some advocates would prefer to do away with it entirely.⁴⁰

Nonetheless, Vermont advocates and legislators have continued to build on the enormous initial success of Act 76. Lawmakers updated the Act to make child care functionally an entitlement program, ensuring that CCFAP will always be able to meet the needs of all children and families who qualify for the program.⁴¹ Advocates are similarly building on the bill, to further support

32 Martha Braithwaite, “Act 76 in the 2025 Legislative Session,” Building Bright Futures, September 30, 2025, <https://www.buildingbrightfutures.org/act-76-update/>.

33 Richards, interview.

34 Not least because the caps were a “reactive” measure included in an otherwise deliberately crafted bill. Horwitz, email.

35 Horwitz, email.

36 Horwitz, email.

37 “Essentially, programs that had suppressed their rates for years (because the families in their programs could not afford higher rates) would be penalized, while programs that had been charging higher rates would now be able to access higher reimbursement rates from the state.” Horwitz, email.

38 Horwitz, email.

39 “Temporary Repeal of Child Care Tuition Rate Cap,” Agency of Human Services, Department for Children and Families, August 8, 2024, <https://dcf.vermont.gov/cdd-blog/temporary-repeal-child-care-tuition-rate-cap>.

40 “It is imperative that the cap on tuition rate increases for child care programs be permanently lifted and alternative protectionary measures to prevent unethical profiteering should be considered, such as establishing a child care tuition rate advisory committee, similar to Vermont’s Green Mountain Care Board for health care, or local ownership transfer plans.” Horwitz, email.

41 They did this by removing a phrase that made funding of the program conditional on the availability of funds. Loewenberg, “One Year Later;” No. 113. An act relating to making appropriations for the support of government, H.883, General Assembly of the State of Vermont, 2024, <https://legislature.vermont.gov/Documents/2024/Docs/ACTS/ACT113/ACT113%20As%20Enacted.pdf>.

early childhood educators with professional recognition.⁴² Some advocates consider fair wages for early childhood educators the most reliable intervention to promote better care both because pay is a key proxy for quality and because minimum worker compensation standards necessarily protect public funding from private equity profiteering.⁴³

Advocates agree that keeping their campaign focused, with a deadline that kept them accountable, was critical.⁴⁴ They know that keeping the community engaged was key, including

integrating on-the-ground insight from early educators and families and making strategic political choices when necessary.⁴⁵ Perhaps most importantly, they are clear that keeping the business community in the lead was critical to be able to develop realistic and pragmatic solutions. In 2023, all of these elements, all grounded in grassroots mobilization, came together so Vermont could pass Act 76 and create transformative change for child care in Vermont.

42 Discussed above; Richards, interview.

43 Minimum pay standards for early childhood educators necessarily “limit the ability for profit margin” by virtue of their very existence. Richards, interview.

44 The deadline here was the planned sunset of Let’s Grow Kids, the advocates’ coalition. Richards, interview.

45 Including opening a 501(c)(4) organization. Richards, interview.

