



STRENGTHENING THE FOUNDATIONS OF A THRIVING ECONOMY: CHILD CARE

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APRIL 15, 2024



AN OVERVIEW OF THE FRAGILE ECONOMICS OF CHILD CARE

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CHILD CARE

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CURRENT STATE OF NEW HAMPSHIRE'S CHILD CARE SECTOR

- Child care is unaffordable to most NH families
 - In 2022, tuition for center-based care for an infant was approximately \$15,000. Families paid about roughly \$28,000 for two children under 5.
- Not enough child care slots available in NH to meet demand
 - During 2018-2022, about 53,000 children under 5 may have needed child care.
 - There was an average of approximately 45,800 licensed child care slots between 2018-2022.
 - There was a shortage of roughly 7,200 child care slots.
- NH child care workers do not make livable wages, and many do not have benefits
 - A typical NH child care worker earned roughly \$32,500 in 2023. The federal poverty guideline for a family of 4 in 2023 was \$30,000.
- In 2021, the U.S. Department of the Treasury reported profit margins for child care providers were usually < 1 percent

THE PRICE OF CHILD CARE

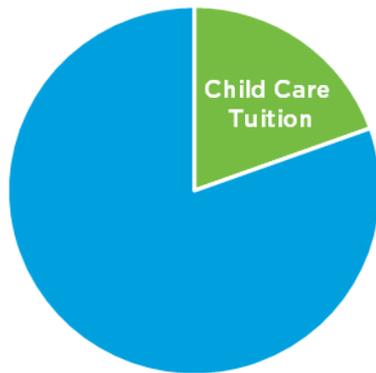
AFFORDABLE CHILD CARE SHOULD BE NO MORE THAN 7 PERCENT OF HOUSEHOLD INCOME

PERCENTAGE OF MEDIAN HOUSEHOLD INCOME NEEDED FOR TWO CHILDREN IN CENTER-BASED CARE

Percent of Median Income for Households with Children during 2018-2022 Equivalent to the Unsubsidized Price of Tuition for an Infant and Four-Year-Old Child to Attend Center-Based Child Care

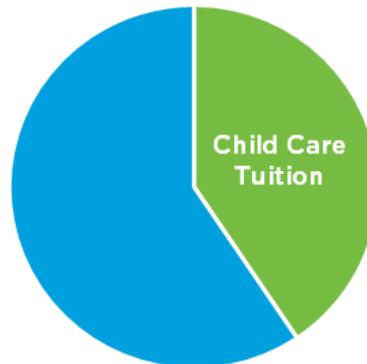
MARRIED-COUPLE FAMILY

20%



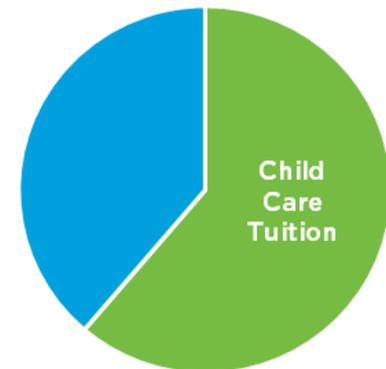
SINGLE MALE HOUSEHOLDER

41%



SINGLE FEMALE HOUSEHOLDER

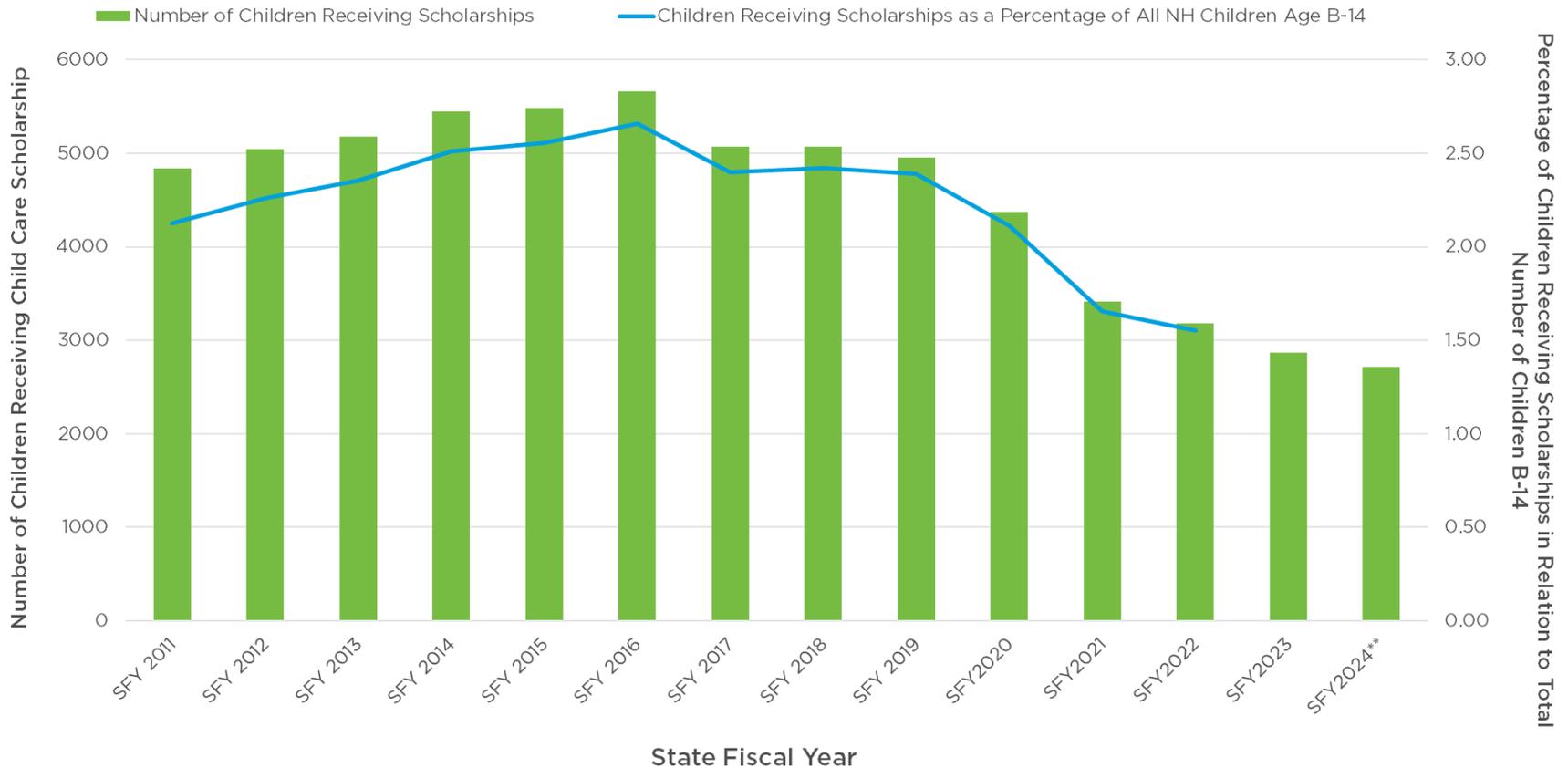
61%



PERCENTAGE OF CHILDREN RECEIVING SCHOLARSHIPS HAS DECREASED SINCE 2016

PROPORTIONAL NH CHILD CARE SCHOLARSHIP PROGRAM USE

Number of Children Receiving Child Care Scholarships from State Fiscal Years 2011-2024 as a Percentage of All Children Birth to Age 14



Note: Percentages created using U.S. Census Bureau's Annual Estimates of Resident Population that are calculated for July 1 of the calendar year. State Fiscal Years run July 1 of previous calendar year to June 30 of current calendar year. **July 2023-February 2024.

Sources: Child care employment related cases in New Hampshire Department of Health and Human Services' Operating Statistics Dashboard submitted for Fiscal Meeting March 2024. Data as of February 29, 2024. U.S. Census Bureau's Annual Estimates of the Resident Population 2011-2022.

NEW HAMPSHIRE CHILD CARE SCHOLARSHIP ELIGIBILITY EXPANSION

CHILD CARE SCHOLARSHIP AND REDUCED COST SHARE ELIGIBILITY

Annual Household Income Caps for Child Care Scholarship, No Cost Share, and \$5 Per Week Cost Share Eligibility

Family Size	Scholarship Less than 85% of State Median Income	No Cost Share Less than or equal to 100% of Federal Poverty Guidelines	\$5 Cost Share Between 100% to 138% of Federal Poverty Guidelines
1	\$55,207	\$14,580	\$20,120
2	\$72,193	\$19,720	\$27,214
3	\$89,180	\$24,860	\$34,307
4	\$106,167	\$30,000	\$41,400
5	\$123,153	\$35,140	\$48,493
6	\$140,140	\$40,280	\$55,586
7	\$143,325	\$45,420	\$62,680
8	\$146,510	\$50,560	\$69,773

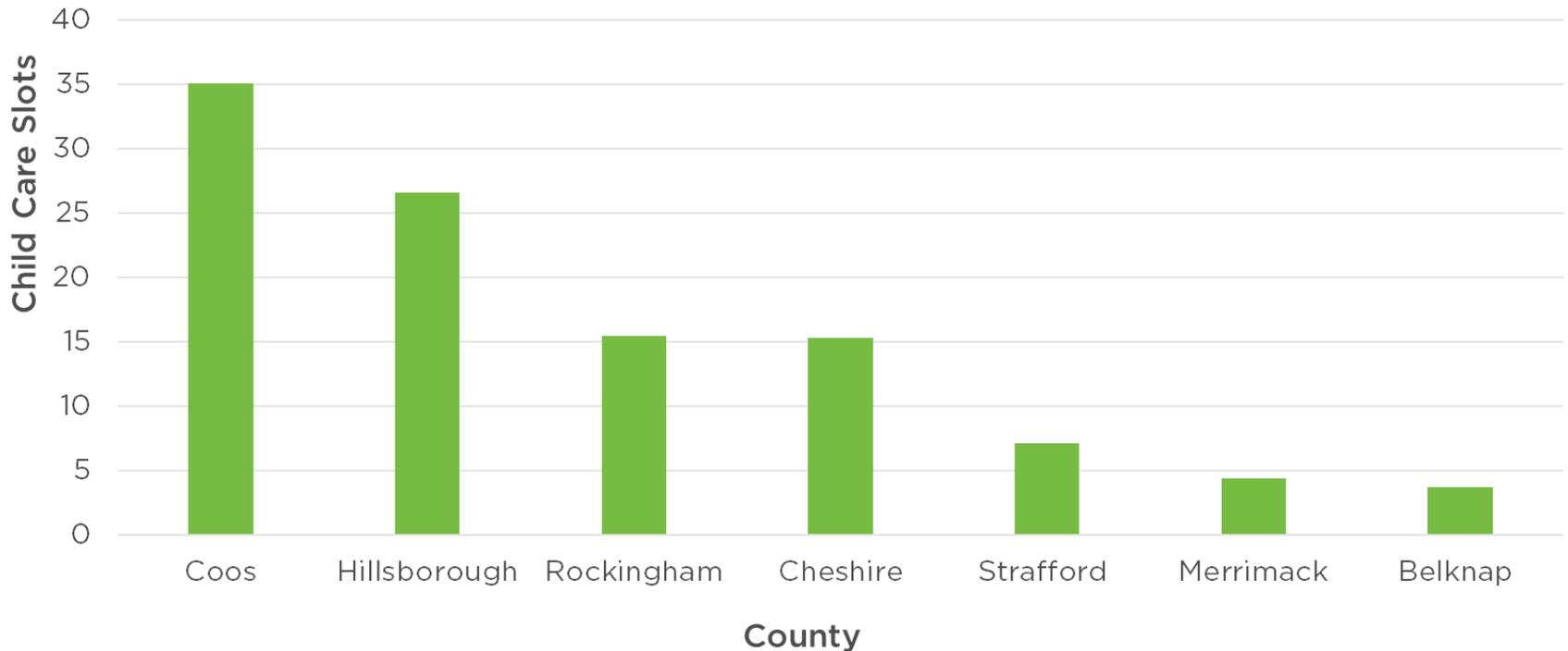
Sources: New Hampshire Department of Health and Human Services Bureau of Child Development and Head Start Collaboration Child Care Scholarship Income Eligibility Levels (Updated July 1, 2023), U.S. Department of Health and Human Services 2023 Poverty Guidelines for 48 Contiguous States (Updated January 2022)

LIMITED SUPPLY OF CHILD CARE

SEVEN NH COUNTIES MAY HAVE SHORTAGES

AVERAGE NUMBER OF ADDITIONAL SLOTS NEEDED PER PROVIDER

Number of Additional Child Care Slots Needed per Provider by NH County Based on 2018-2022 U.S. Census Bureau Estimates of Children Under Six with Both Parents, or Sole Parent, in the Workforce



Note: Assumes children attend child care in the county in which they reside, providers have adequate staffing to operate at full licensing capacity, and that the number of children under 6 with parents in the workforce has not substantially changed since 2018-2022 5-year ACS estimates were calculated. Average 2021 licensed capacity per provider in NH = 59 child care slots.

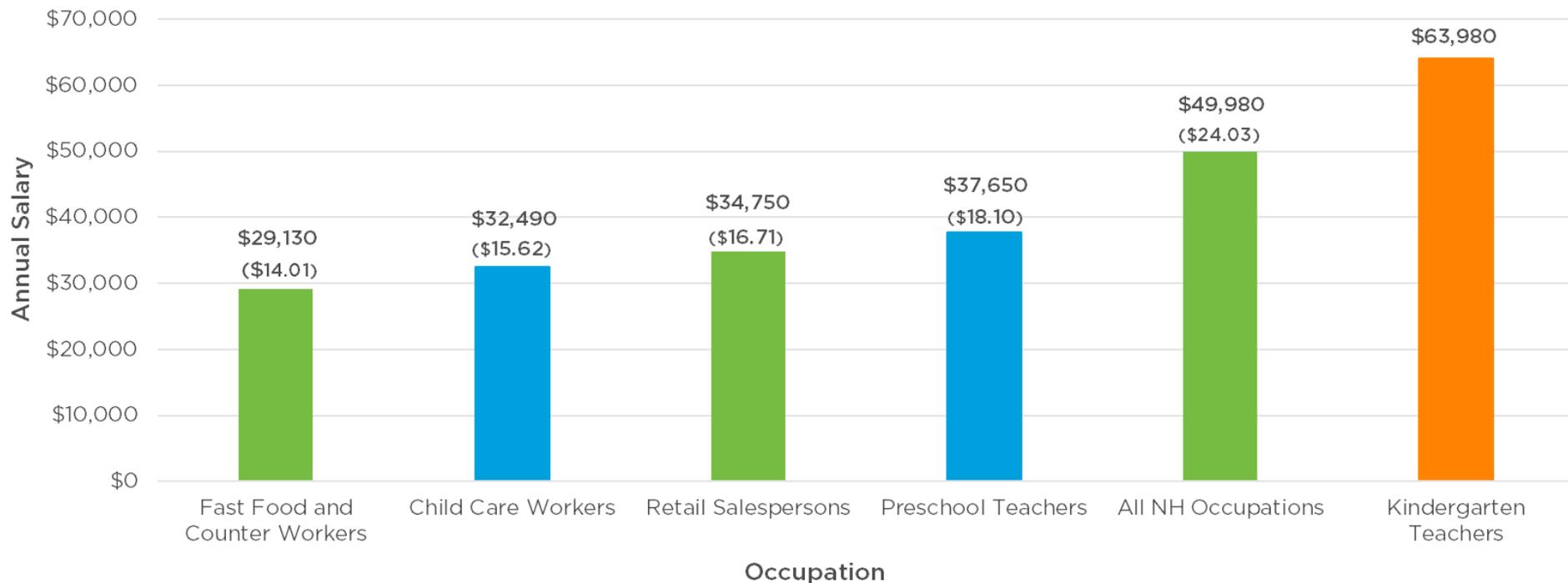
Sources: 2021 New Hampshire Child Care Market Rate Survey Final Report, August 2021. American Community Survey 2018-2022 5-year Estimates. NH Connections' New Hampshire Child Care Search, Accessed March 25, 2024.

CHILD CARE WORKER WAGES

NH EARLY CHILDHOOD EDUCATORS' WAGES ARE NOT COMPETITIVE

2023 MEDIAN ANNUAL SALARIES FOR SELECT NH OCCUPATIONS

U.S. Bureau of Labor Statistics May 2023 State Occupational Employment and Wage Estimates for Selected New Hampshire Occupations; Hourly Wages in Parentheses

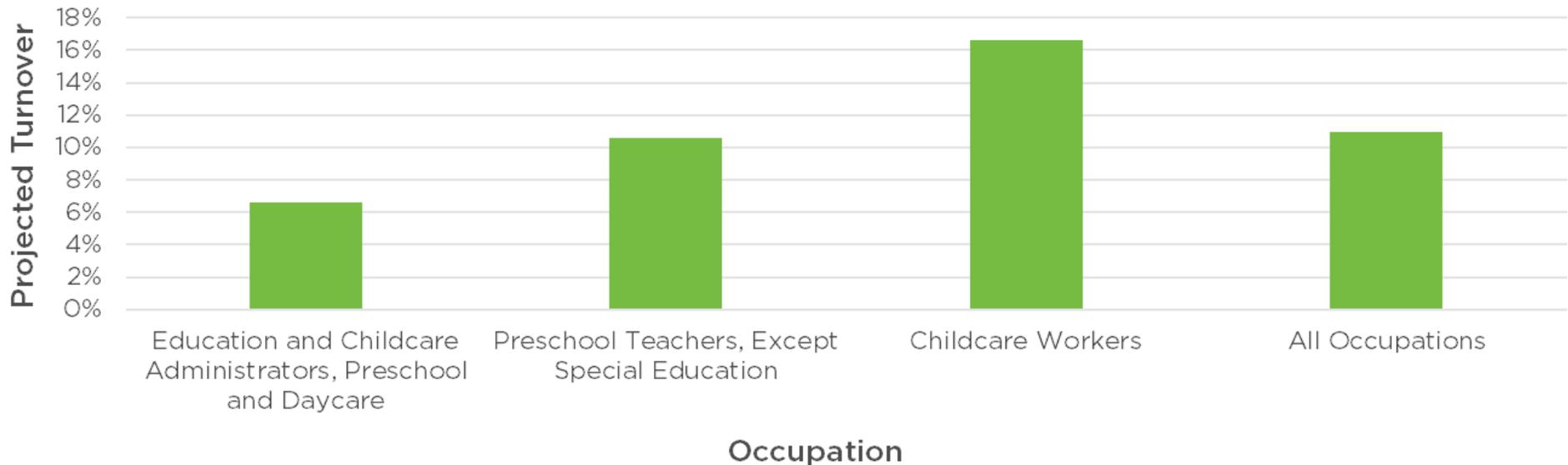


Source: U.S. Bureau of Labor Statistics' May 2023 State Occupational Employment and Wage Estimates for New Hampshire

PROJECTED HIGH TURNOVER AMONG CHILD CARE WORKERS

PROJECTED ANNUAL TURNOVER FOR NH CHILD CARE WORKFORCE

New Hampshire Employment Security's Short-Term Occupational Projections of Exits and Transfers as a Proportion of Estimated Occupation Category during October to December 2023



Source: New Hampshire Employment Security

NEED FOR ADDITIONAL INVESTMENTS

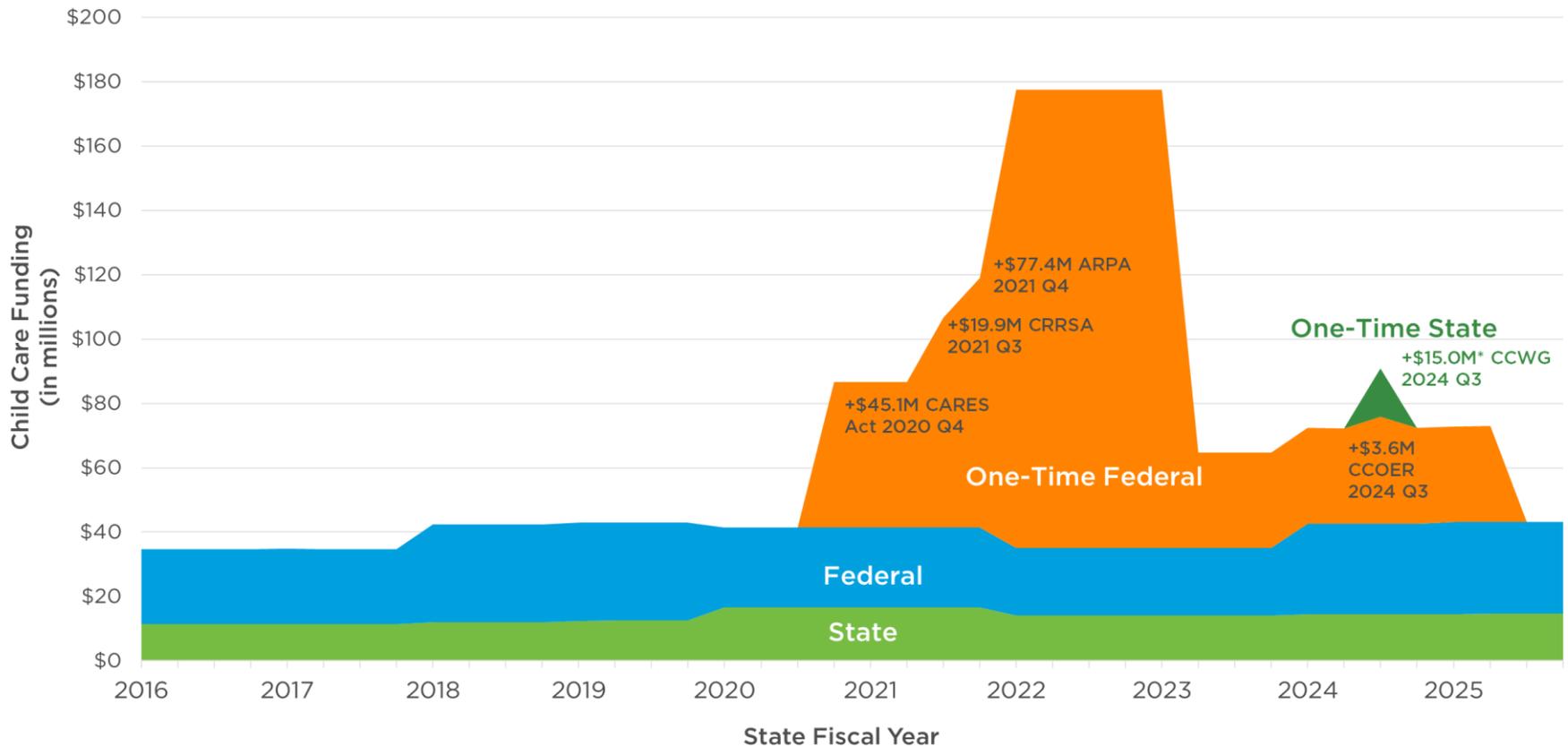
TRUE COST OF HIGH-QUALITY CHILD CARE

- Revenue from tuition and NH Child Care Scholarships may not generate enough funds to cover necessary program costs
- Costs may include:
 - Payroll and benefits
 - Professional development for staff
 - Food and diapers
 - Toys, furniture, and playground equipment
 - Curricula and assessments
 - Reducing child to teacher ratios, as needed
 - Cleaning supplies
 - Rent or Mortgage
 - Insurance
 - Utilities
 - Additional office and business expenses
- Difficult to streamline or consolidate child care costs due to unique business model

THE STATE OF CHILD CARE IN NEW HAMPSHIRE: END OF ONE-TIME FEDERAL INVESTMENTS MAY REDUCE INDUSTRY STABILITY

NEW HAMPSHIRE CHILD CARE FUNDING

State and Federal One-Time and Regular Funding for State Fiscal Years 2016-2025



For all Notes and Sources, see NHPFI's February 2024 Issue Brief *The State of Child Care in New Hampshire: End of One-Time Federal Investments May Reduce Industry Stability*. Acronym Definitions: New Hampshire's Child Care Workforce Grant (CCWG). Coronavirus Aid, Relief, and Economic Security (CARES) Act. Coronavirus Response and Relief Supplemental Appropriations Act (CRRSA). American Rescue Plan Act (ARPA). Child Care Operating Expense Reduction (CCOER).

KEY POINTS

- System is not working well for anyone:
 - Child care is unaffordable to families
 - Low wages for workforce; poor retention
 - Program revenues do not cover “true cost of care”
 - Small, if any, profits for providers
 - End of one-time funding for the sector

ADDITIONAL RESOURCES

- Issue Brief: The State of Child Care in New Hampshire: End of One-Time Federal Investments May Reduce Industry Stability – February 2, 2024
<https://nhfpi.org/resource/the-state-of-child-care-in-new-hampshire-end-of-one-time-federal-investments-may-reduce-industry-stability/>
- Blog: New Hampshire Child Care Scholarship Eligibility to be Expanded in 2024, Provider Reimbursement Rates Increased – January 19, 2024
<https://nhfpi.org/blog/new-hampshire-child-care-scholarship-eligibility-to-be-expanded-in-2024-provider-reimbursement-rates-increased/>
- Fact Sheet: Child Care in New Hampshire: High Price, Low Supply – October 13, 2023 <https://nhfpi.org/resource/child-care-in-new-hampshire-high-price-low-supply/>



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