



EARLY CHILDHOOD EDUCATION AND THE GRANITE STATE ECONOMY

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NEW HAMPSHIRE CHILD CARE ADVISORY COUNCIL
ECONOMICS OF CHILD CARE WEBINAR SERIES

SEPTEMBER 18, 2024

GOALS

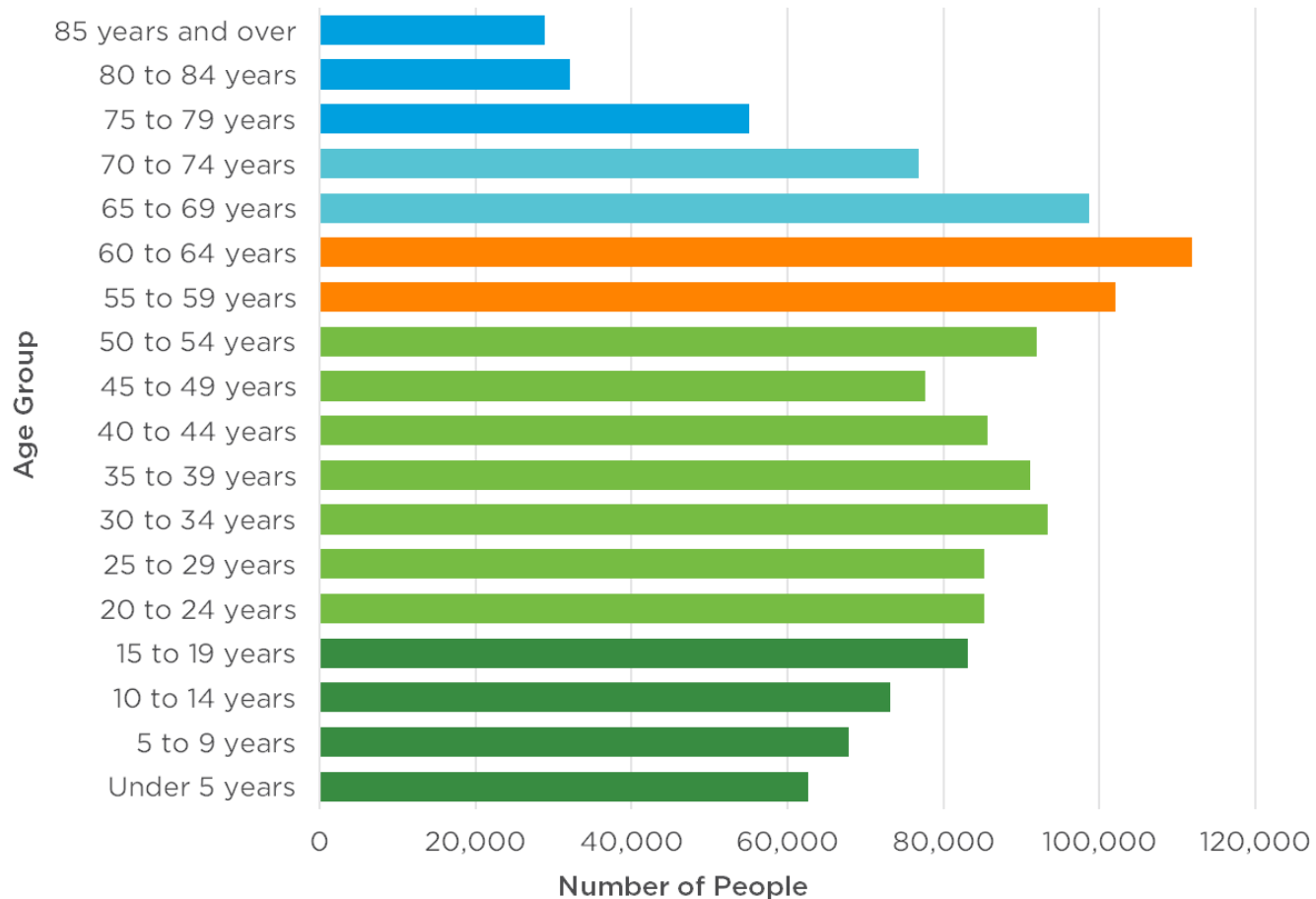
- Be able to explain why early childhood education is important to the whole New Hampshire economy using examples from data related to:
 - New Hampshire Demographics
 - New Hampshire's Labor Force
 - The Impact of Child Care Providers
 - Child Care Tuition Impact on Family Income and Spending
 - Impacts from the Child Care Workforce Shortage
 - Federal and State Spending on Child Care

NEW HAMPSHIRE DEMOGRAPHICS

NEW HAMPSHIRE IS AGING

NEW HAMPSHIRE POPULATION BY AGE GROUP

Number of People by Age Group as of July 1, 2023

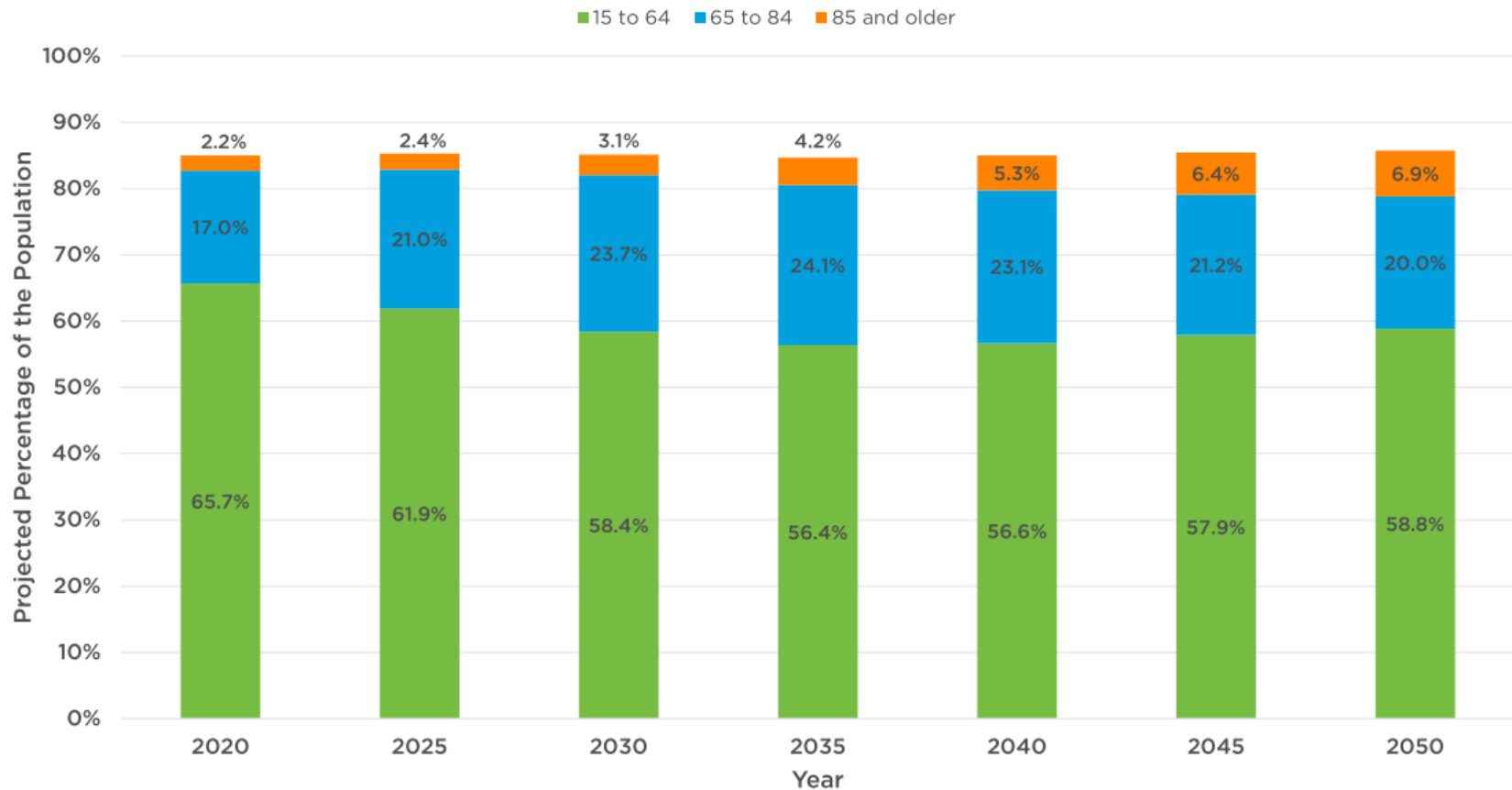


Source: U.S. Census Bureau, Population Estimates Program, July 1, 2023 Estimates

FEWER POTENTIAL WORKERS IN THE SHORT- AND LONG-TERMS

NEW HAMPSHIRE AGE PROJECTIONS

Projections by Age Group, for 2020 to 2050



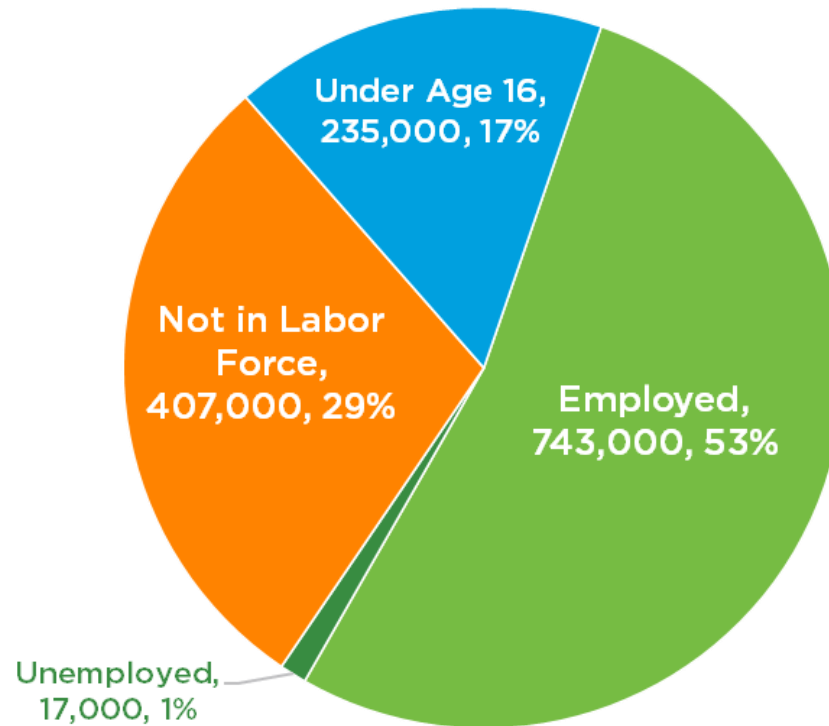
Source: NH Department of Business and Economic Affairs, State, County, and Municipal Population Projections, 2020-2050

LABOR FORCE

WHO IS “THE LABOR FORCE”?

NEW HAMPSHIRE POPULATION BY LABOR FORCE PARTICIPATION

2023 Data, Labor Force Participants Age 16 or Over Unless Otherwise Labeled, Rounded to Nearest 1,000

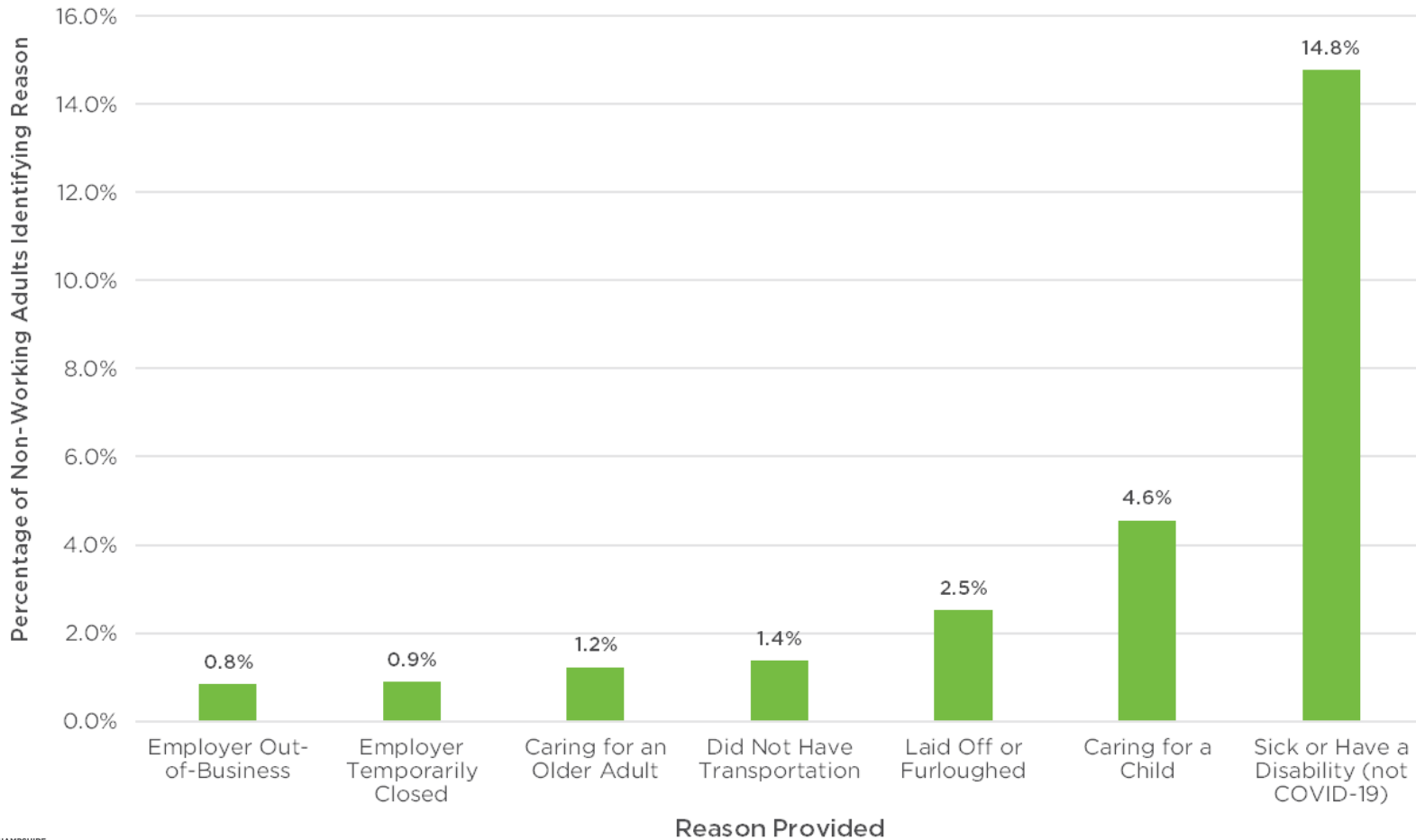


Sources: New Hampshire Employment Security, U.S. Bureau of Labor Statistics, U.S. Census Bureau

WHY ARE PEOPLE OUT OF THE LABOR FORCE?

MOST COMMON REASONS FOR NOT WORKING

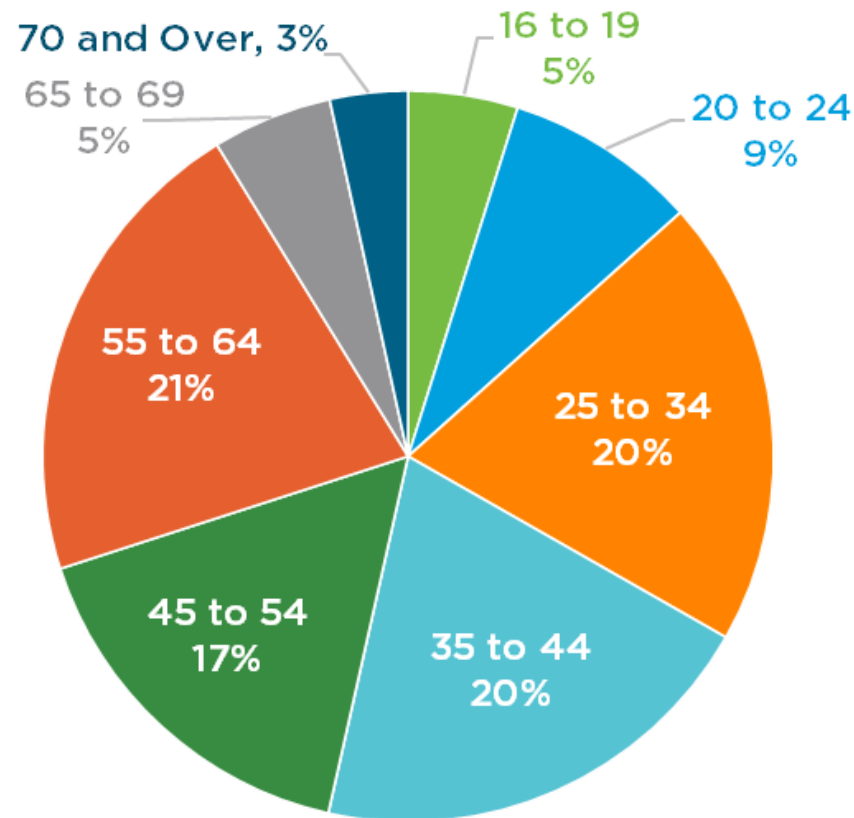
*Based on Surveys of New Hampshire Adults, July 2023 to July 2024
Excluding Respondents Who Are Working, Identified as Retired (Half of People Not Working),
Gave an Uncategorized Reason, or Did Not Report a Reason*



54 PERCENT OF NEW HAMPSHIRE'S LABOR FORCE IS BETWEEN 16 AND 44 YEARS OF AGE

NEW HAMPSHIRE'S LABOR FORCE BY AGE IN YEARS

For the Year Ending April 2024



Source: New Hampshire Employment Security

DEMOGRAPHICS AND WORKFORCE QUESTIONS

ECONOMIC IMPACT OF CHILD CARE PROVIDERS: CASE STUDIES

AVAILABLE LICENSED CHILD CARE SLOTS IN 2023

- Estimate of children under 6 with sole parent or both parents in the labor force: 54,097
- 2023 average number of licensed slots: 44,645
- Estimated potential gap: 9,452
- Number of providers in December 2023: 719
- Considerations for the estimated gap:
 - Potential gap may be smaller:
 - Data limitations only allow for estimates of children under 6 when kindergarten begins at 5
 - Not all families want to use child care
 - Potential gap may be larger:
 - Licensed capacity, not current capacity
 - Not all children attend full-day kindergarten and may still need child care
 - Only includes children under 6, some school-age children also need out-of-school time care
 - Driving distance for families
 - Right setting or environment for families and children

FAMILY CHILD CARE HOME EXAMPLE

- Enrollment: 6 full-time children
- Approximately 3 to 6 parents available to work full-time
 - Assumes average of 1-2 children per parent entering the labor force
 - Assumes two part-time workers within a household combine hours to create a full-time equivalent worker
- Median New Hampshire Wages in 2023
 - \$24.03/hour
 - \$49,982/year

Median New Hampshire Yearly Wages x Available Workers =
About \$149,946-\$299,892 in collective wages available to families

CENTER-BASED CHILD CARE EXAMPLE

- Enrollment: 72 full-time children
- Approximately 36-72 parents available to work full-time
 - Assumes average of 1-2 children per parent entering the labor force
 - Assumes two part-time workers within a household combine hours to create a full-time equivalent worker
- Median New Hampshire Wages in 2023
 - \$24.03/hour
 - \$49,982/year

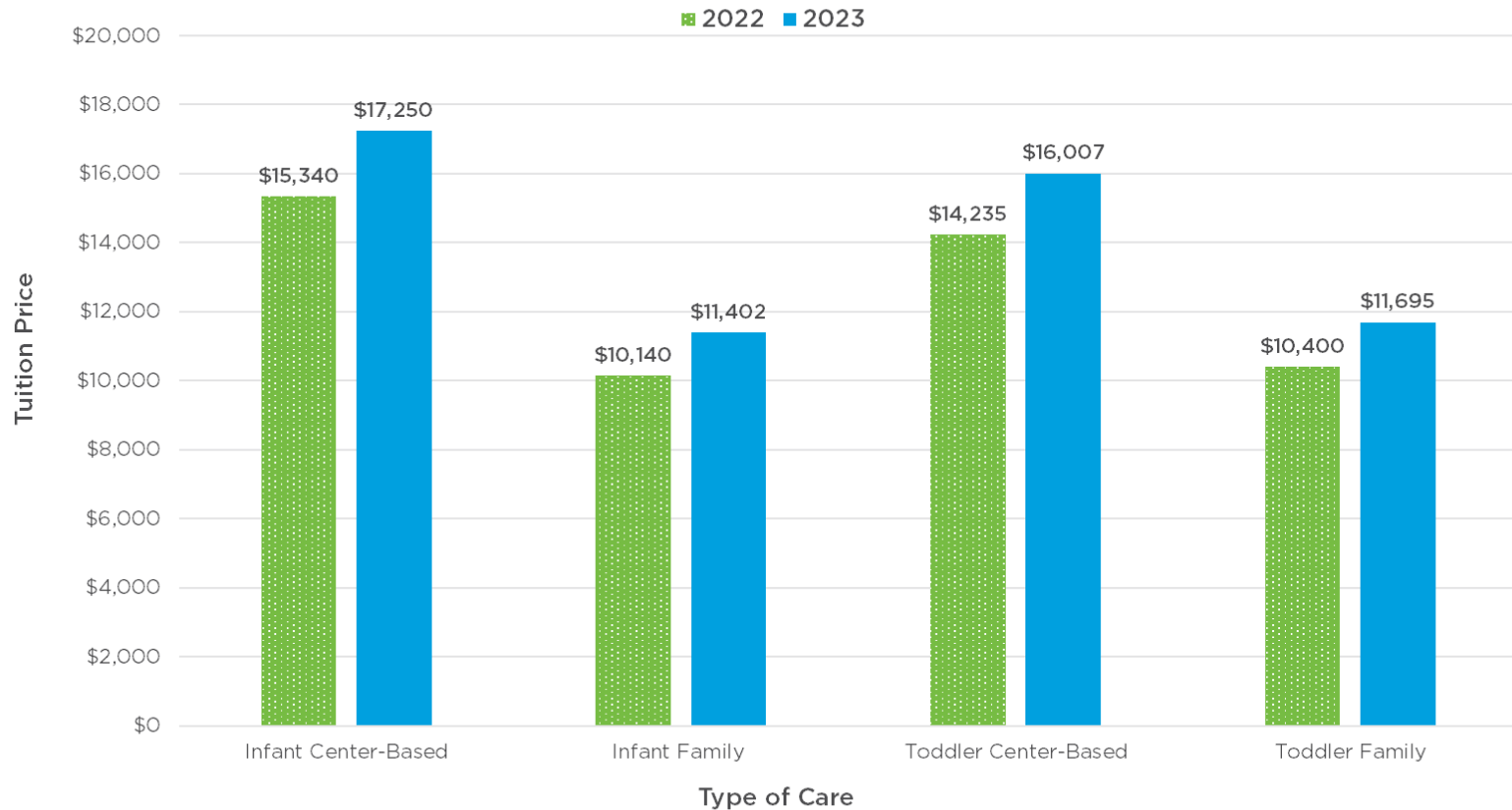
Median New Hampshire Yearly Wages x Available Workers =
About \$1.8M- \$3.6M in collective wages available to families

FAMILY INCOME AND SPENDING

CHILD CARE PRICES INCREASED APPROXIMATELY 12.5 PERCENT ACROSS ALL TYPES OF CARE FROM 2022 TO 2023

NEW HAMPSHIRE CHILD CARE PRICES IN 2022 AND 2023

Child Care Tuition Prices for Center-Based and Family Child Care for Infants and Toddlers



Source: Child Care Aware of America

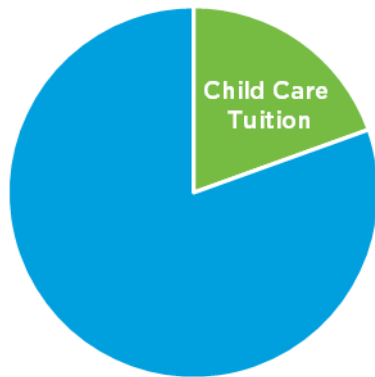
FEDERAL BENCHMARK: AFFORDABLE CHILD CARE SHOULD BE NO MORE THAN 7 PERCENT OF HOUSEHOLD INCOME

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

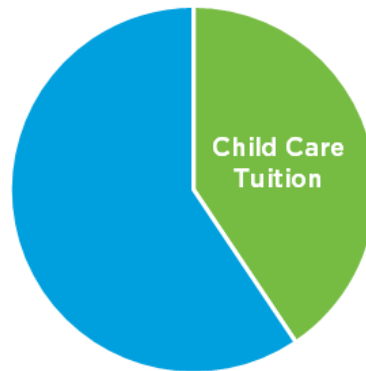
MARRIED-COUPLE FAMILY

20%



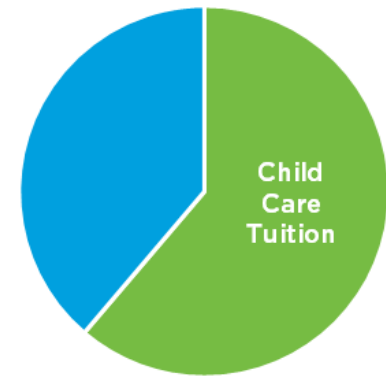
SINGLE MALE HOUSEHOLDER

41%



SINGLE FEMALE HOUSEHOLDER

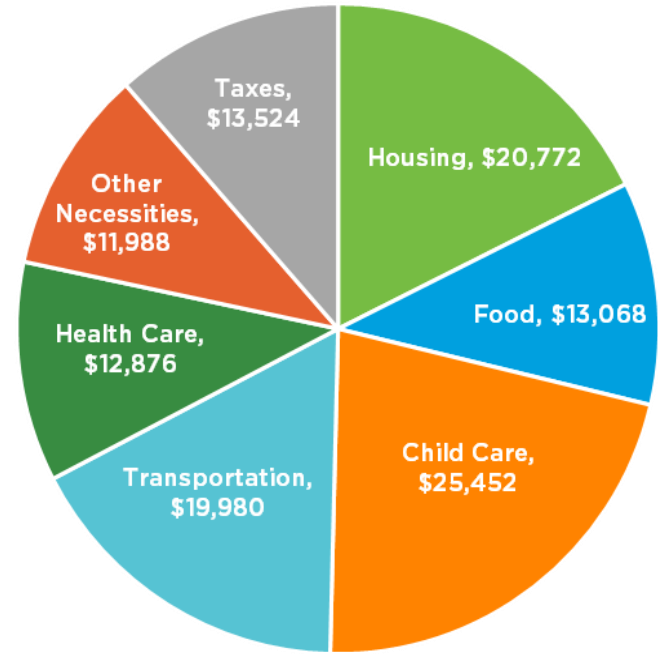
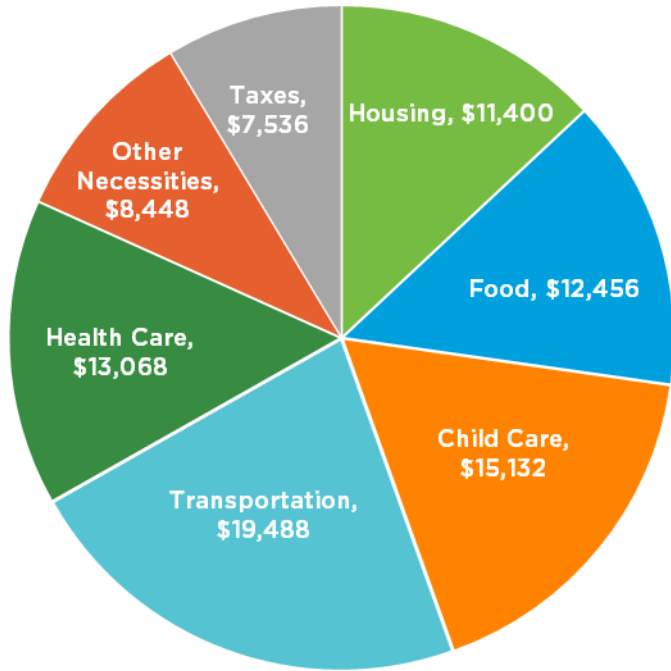
61%



COST OF LIVING IN 2023

ECONOMIC POLICY INSTITUTE
 FAMILY BUDGET CALCULATOR
 TWO ADULTS, TWO CHILDREN: \$87,528
Coos County, New Hampshire in 2023 dollars

ECONOMIC POLICY INSTITUTE
 FAMILY BUDGET CALCULATOR
 TWO ADULTS, TWO CHILDREN: \$117,672
Rockingham County, New Hampshire in 2023 dollars



Source: Economic Policy Institute, Family Budget Calculator, September 9, 2024

Source: Economic Policy Institute, Family Budget Calculator, September 9, 2024

NEW HAMPSHIRE CHILD CARE SCHOLARSHIP ELIGIBILITY EXPANSION

2024 CHILD CARE SCHOLARSHIP INCOME ELIGIBILITY

Annual Household Income Caps for 2024 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	\$58,985	\$15,060	\$20,783
2	\$77,134	\$20,440	\$28,208
3	\$95,283	\$25,820	\$35,632
4	\$113,432	\$31,200	\$43,056
5	\$131,581	\$36,580	\$50,481
6	\$149,731	\$41,960	\$57,905
7	\$153,133	\$47,340	\$65,330
8	\$156,536	\$52,720	\$72,754

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, 2024), U.S. Department of Health and Human Services 2024 Poverty Guidelines for 48 Contiguous States (Updated January 2024)

CHILD CARE PRICE: 2023 FAMILY EXAMPLE 1

NOT ELIGIBLE FOR SCHOLARSHIP: PAYS \$36,121 (25 PERCENT OF INCOME)

Parents

Child
Social
Worker:
\$58,060

Web
Designer:
\$83,820

Household Income:
\$141,880

Scholarship Cutoff:
\$123,153

Children

Infant

Toddler

First-
Grader

Total Center-Based: \$36,121*
Total Family-Based: \$25,458*

*Note: Does not include before and after school care and assumes no copayment.

Sources: U.S. Bureau of Labor Statistics; New Hampshire Occupational Employment and Wage Estimates; Child Care Aware of America; New Hampshire Department of Health and Human Services.

CHILD CARE PRICE: 2023 FAMILY EXAMPLE 2

ELIGIBLE FOR SCHOLARSHIP: PAYS \$6,465 (7 PERCENT OF INCOME)

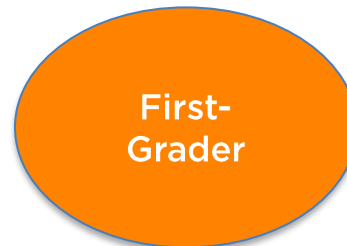
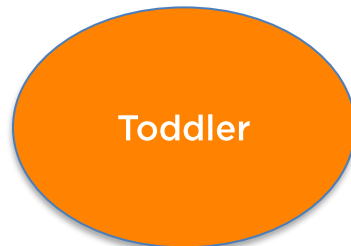
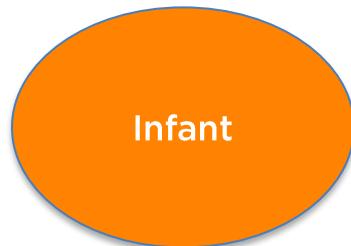
Parents



Household Income:
\$92,350

Scholarship Cutoff:
\$123,153

Children



Total Center-Based: \$36,121*
Total Family-Based: \$25,458*

*Note: Does not include before and after school care and assumes no co-payment.

Sources: U.S. Bureau of Labor Statistics; New Hampshire Occupational Employment and Wage Estimates; Child Care Aware of America; New Hampshire Department of Health and Human Services.

ESTIMATED PRICE OF SENDING ONE CHILD TO CENTER-BASED CARE IN NEW HAMPSHIRE (2019-2024)

YEAR	AGE OF CHILD	AVERAGE TUITION RATE
2019 (January)	3 months - 1 year (infant)	\$13,044
2020	1-2 years old (infant)	\$13,355
2021	2-3 years old (toddler)	\$13,151
2022	3-4 years old (preschooler)	\$13,000
2023	4-5 years old (preschooler)	\$14,618
2024 (using 2023 prices)	5 years old (preschool for 9 months)	\$10,964
	TOTAL	\$78,496

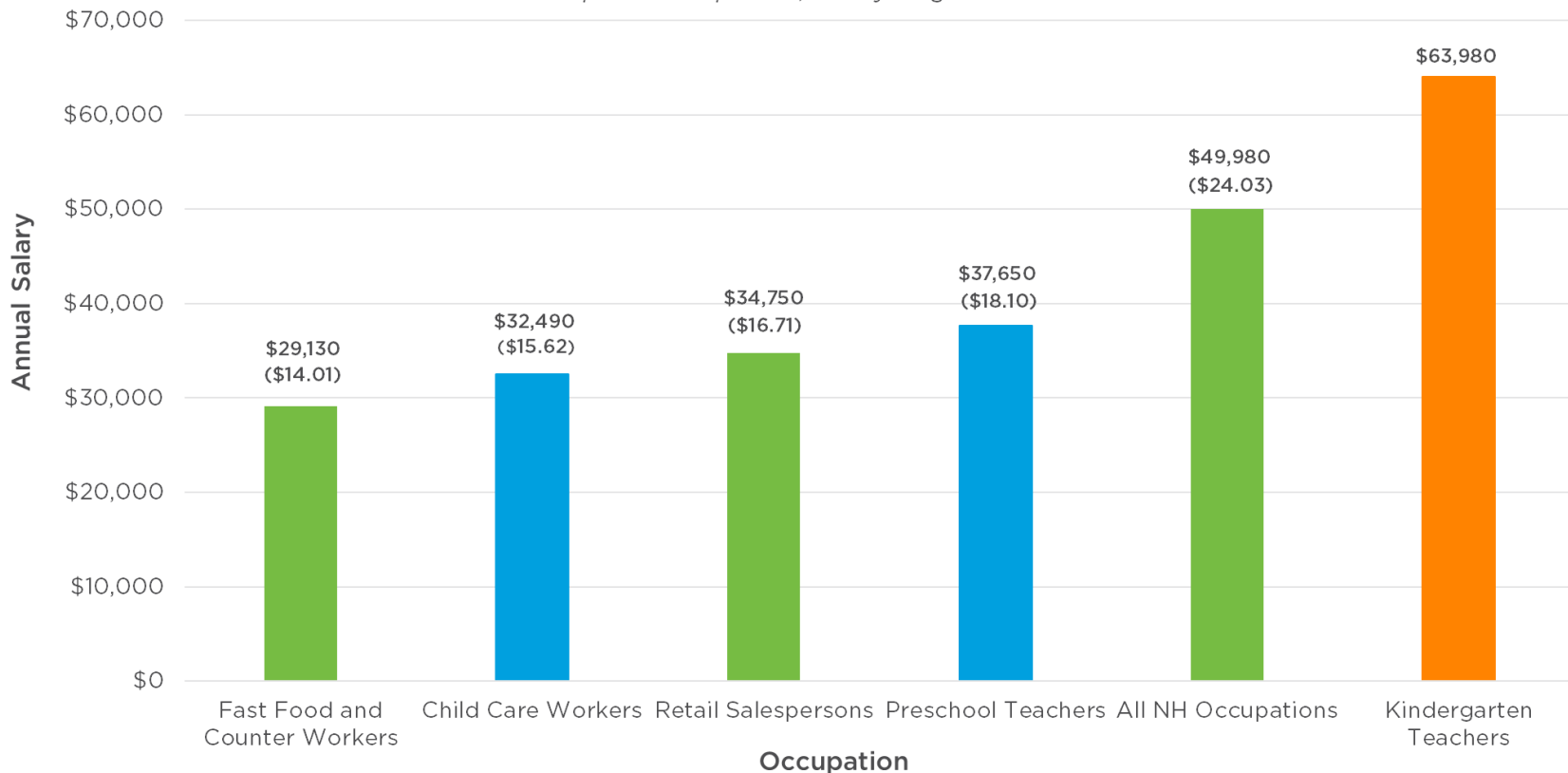
ECONOMIC IMPACT OF CHILD CARE PROVIDERS AND FAMILY INCOME & SPENDING QUESTIONS

CHILD CARE WORKFORCE SHORTAGE

NEW HAMPSHIRE EARLY CHILDHOOD EDUCATORS' WAGES ARE NOT COMPETITIVE

2023 MEDIAN ANNUAL SALARIES FOR SELECT NEW HAMPSHIRE OCCUPATIONS

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



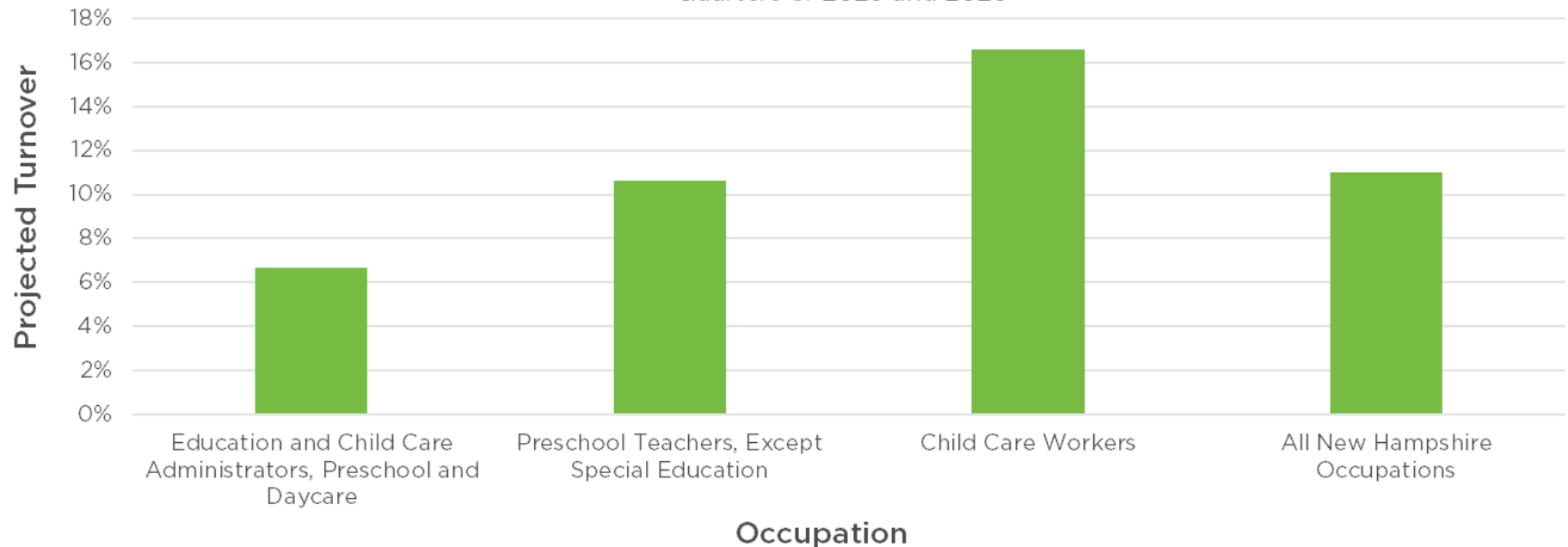
Note: Kindergarten teacher income is only reported as an annual salary.

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

HIGH PROJECTED TURNOVER AMONG CHILD CARE WORKERS

PROJECTED ANNUAL TURNOVER FOR NEW HAMPSHIRE CHILD CARE WORKFORCE

New Hampshire Employment Security's Short-Term Occupational Projections of Exits and Transfers as a Proportion of Estimated Occupation Category during Second Quarters of 2023 and 2025



Source: New Hampshire Employment Security

TRUE COST OF HIGH-QUALITY CARE

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

EXAMPLES OF INCREASED COSTS FOR HIGH QUALITY CARE IN 2023

- Funding out-of-classroom time (planning, conferencing)
 - 1 hour of planning/day/teacher
 - 5 classrooms with 1 lead and 1 assistant teacher, each teacher gets 5 hours prep time/week for 52 weeks/year
 - Using child care workers median wage in 2023 (\$15.62/hour) for someone to be with the children while the other teachers prep
 - \$40,612/year
- Caring for children with higher needs
 - Preschool classroom with average 2023 tuition rate
 - Reducing 1 classroom by 1 child = \$14,618
 - Reducing 1 classroom by 2 children = \$29,236
 - Adding an additional teacher to 1 classroom = \$32,489

EXAMPLES OF INCREASED COSTS FOR HIGH QUALITY CARE IN 2023

- Pay raise
 - 10 teachers earning 2023 median salary (\$32,489)
 - 5% = \$16,245
 - 10% = \$32,489
 - 15% = \$48,734
 - 20% = \$64,978
 - Parity with Kindergarten teachers = \$314,910

- Offering retirement contributions for full-time employees
 - 10 teachers earning 2023 median salary (\$32,489/year)
 - 3% contribution = \$9,747/year
 - 5% contribution = \$16,245/year

Note: Calculations do not include employer payroll taxes or retirement plan administrator costs
Sources: U.S. Bureau of Labor Statistics, Child Care Aware

EXAMPLES OF INCREASED COSTS FOR HIGH QUALITY CARE IN 2023

- Out-of-class time 1 hour/day/teacher: \$40,612
 - Reducing class size by 1 child in 1 classroom: \$14,618
 - 20 percent raise: \$64,978
 - 3 percent retirement contribution based on increased salaries: \$11,696
 - Total: \$131,904/year
-
- Average ratio for children 6 weeks to 4 years old is 1 teacher: 7 children
 - If a center has 70 children, each child's tuition would need to be raised by about \$1,884 annually (\$157 monthly) to meet these increased costs

Note: These examples serve to illustrate how the ECE sector could increase and improve educational outcomes by aligning its workforce with standards as observed in other professional sectors.

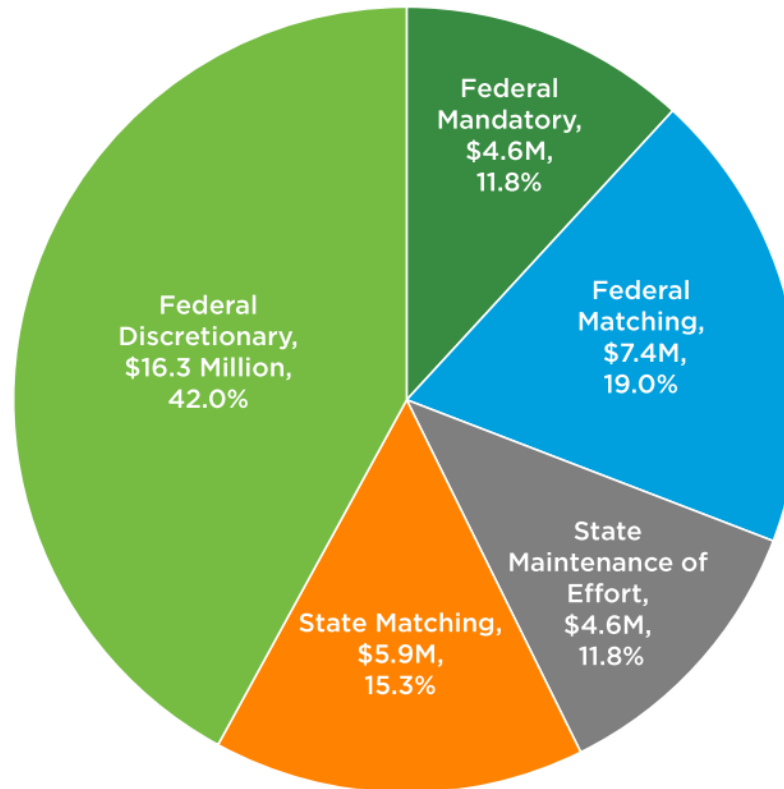
CHILD CARE WORKFORCE SHORTAGE AND TRUE COST OF HIGH-QUALITY CHILD CARE QUESTIONS

FEDERAL AND STATE FUNDING

CHILD CARE DEVELOPMENT FUNDS (CCDF) A STATE-FEDERAL PARTNERSHIP

NEW HAMPSHIRE CHILD CARE AND DEVELOPMENT FUND ALLOCATIONS 2023

*Total Combined Federal and State CCDF Allocations Based on Federal
Grant Year 2023 Appropriations*

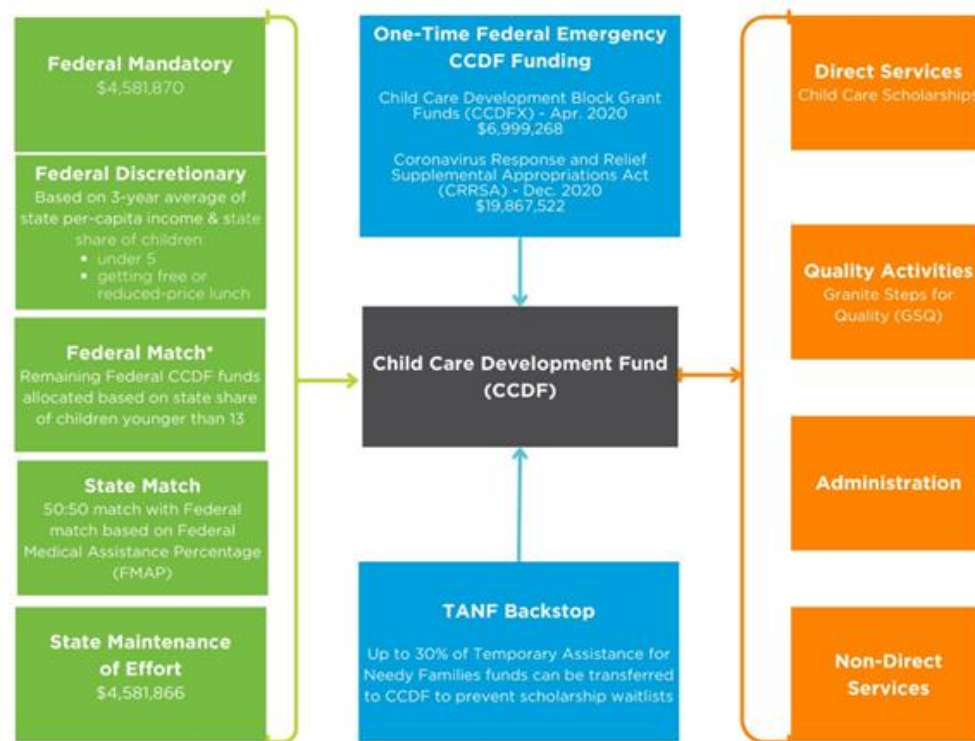


Note: Grant year refers to the year federal funds were awarded to states. States may spend funds in later fiscal years.
Source: U.S. Department of Health and Human Services' Office of Child Care Data and Funding:
CCDF State and Territory Funding Allocations - GY2023 as of January 30, 2023. Accessed December 12, 2023.

RULES FOR CCDF FUNDS

NEW HAMPSHIRE'S CHILD CARE DEVELOPMENT FUND ALLOCATION FORMULA AND ALLOCATIONS

Federal and State Funding Streams to the Child Care Development Fund (CCDF) and Activities and Services for Which the Funds Can Be Used



- Allocate at least 12 percent to quality initiatives
- No more than 5 percent toward administration
- At least 70 percent of remaining funds toward direct services to working parents with low-incomes through certificates and grants or contracts
- NH TANF fund at end of SFY 2024: \$74,473,969

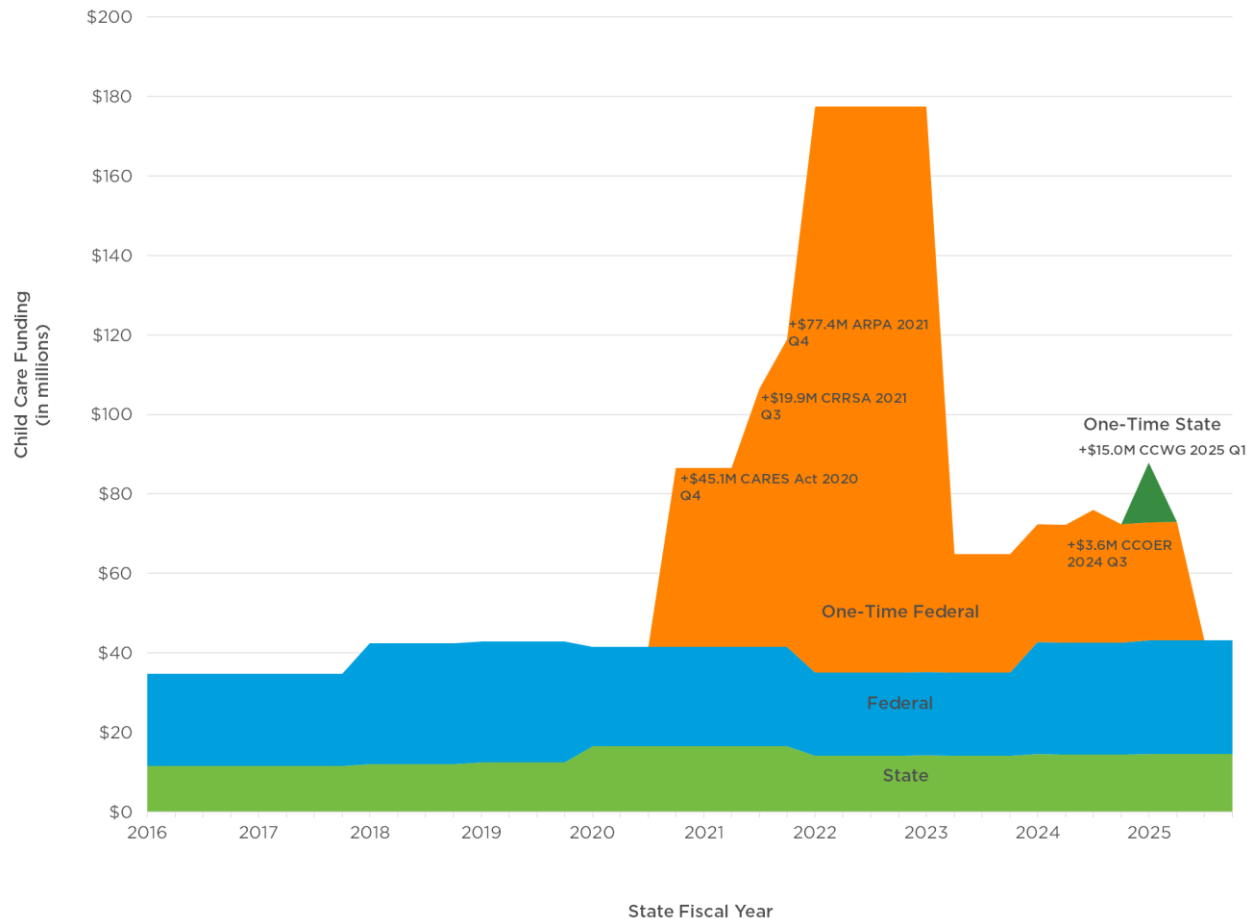
Note: *To receive Federal Matching funds, a state must provide matching funds based on Federal Medical Assistance Percentage (FMAP), obligate federal and state matching funds in the year the matching funds are awarded, obligate all mandatory funds in the fiscal year the funds are awarded, and obligate and expend all maintenance of effort funds in the year in which the matching funds are awarded]

Source: U.S. Department of Health & Human Services' Administration for Children & Families' Office of Child Care's Child Care Technical Assistance Network Fundamentals of CCDF Administration - Allocation Formulas

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



INVESTMENTS IN CHILDREN & FAMILIES

INVESTMENTS THAT HELP THE ECONOMY

RETURNS ON INVESTMENT FROM CERTAIN POLICIES

Fiscal Stimulus Multipliers, 2021

Estimates of Change in Size of the Economy (Gross Domestic Product) in the Fourth Quarter of 2021 for Each \$1.00 Change in Selected Federal Expenditure or Tax Changes in the First Quarter of 2021

Policy Change Analyzed	Economic Growth Per \$1 Invested
Supplemental Nutrition Assistance Program Benefits	\$1.61
Supplemental Unemployment Insurance	\$1.49
Work-Share Unemployment Insurance	\$1.37
Aid to State and Local Governments	\$1.34
Low Income Home Energy Assistance Program (LIHEAP)	\$1.31
Transportation Infrastructure Spending	\$1.29
Earned Income Tax Credit	\$1.27
Child Tax Credit	\$1.25
Defense Spending	\$1.24
Child Care (Universal Child Care Act)	\$1.19
Universal Pre-Kindergarten	\$1.17
Care for Older Adults	\$1.15
Economic Impact Payments	\$1.09
Payroll Tax Holiday for Employees	\$1.07
Payroll Tax Holiday for Employers	\$0.95
Nonrefundable Lump Sum Tax Rebate	\$0.93
Personal Income Tax Rate	\$0.88
Housing Tax Credit	\$0.80
Student Loan Debt Forgiveness	\$0.65
Dividend and Capital Gain Tax Rate Reduction	\$0.38
Corporate Tax Rate Reduction	\$0.32
Accelerated Depreciation for Business Taxes	\$0.27
Business Net Operating Losses Tax Offset	\$0.24

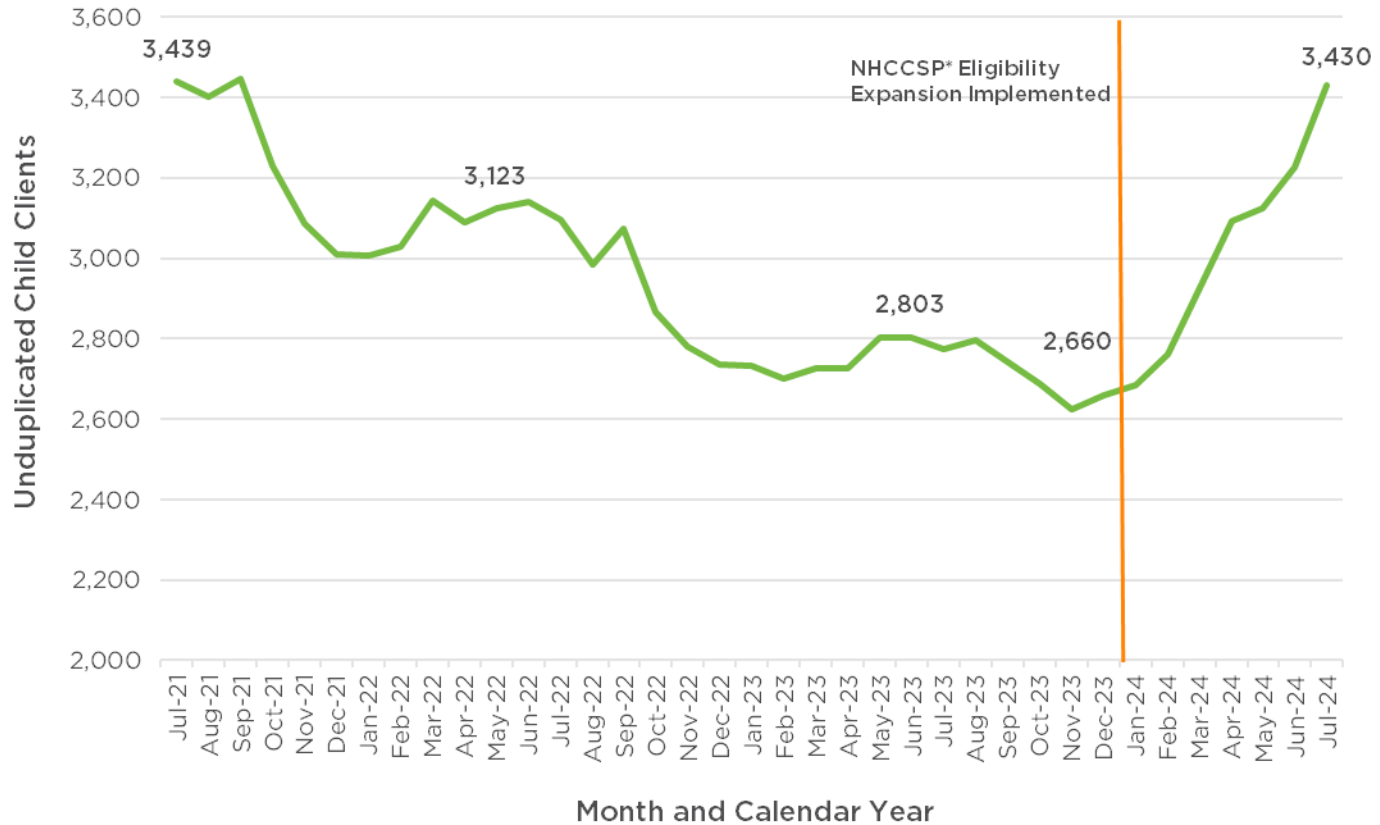
Note: Evaluated relative to the parameters of the federal 2021 American Rescue Plan Act as proposed in January 2021.

Source: Moody's Analytics, *The Biden Fiscal Rescue Package: Light on the Horizon*, January 15, 2021

POLICIES IN ACTION

NEW HAMPSHIRE CHILD CARE SCHOLARSHIP USAGE

Number of Children Served Monthly by the New Hampshire Child Care Scholarship Program from July 2021 to July 2024



*Note: NHCCSP is the New Hampshire Child Care Scholarship Program, which provides subsidies to help families access and afford child care services.

Source: New Hampshire Department of Health and Human Services

KEY POINTS

- System is not working well for anyone:
 - New Hampshire's population, and labor force, is aging
 - Majority of New Hampshire's labor force is of child-bearing age
 - Over 4 percent of Granite Staters are out of the labor force to care for children
 - Affordable and accessible child care is needed for a robust labor force
 - Child care is unaffordable to the majority of families
 - Low wages and poor workforce retention contributes to a child care shortage
 - Cost of high-quality care exceeds available resources to providers
 - End of one-time funding for the sector
 - Investments in children have favorable returns

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: Child Care Scholarship Usage Increased Over 21 Percent in First Half of 2024 – August 26, 2024
<https://nhfpi.org/blog/child-care-scholarship-usage-increased-over-21-percent-in-first-half-of-2024/>
- Fact Sheet: High Prices and Low Availability of Child Care in New Hampshire: Challenges Continue in 2024 – June 4, 2024
<https://nhfpi.org/resource/high-prices-and-low-availability-of-child-care-in-new-hampshire-challenges-continue-in-2024/>
- Resource Pages: Economy, Education
<https://nhfpi.org/topic/economy/>
<https://nhfpi.org/topic/education/>



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