



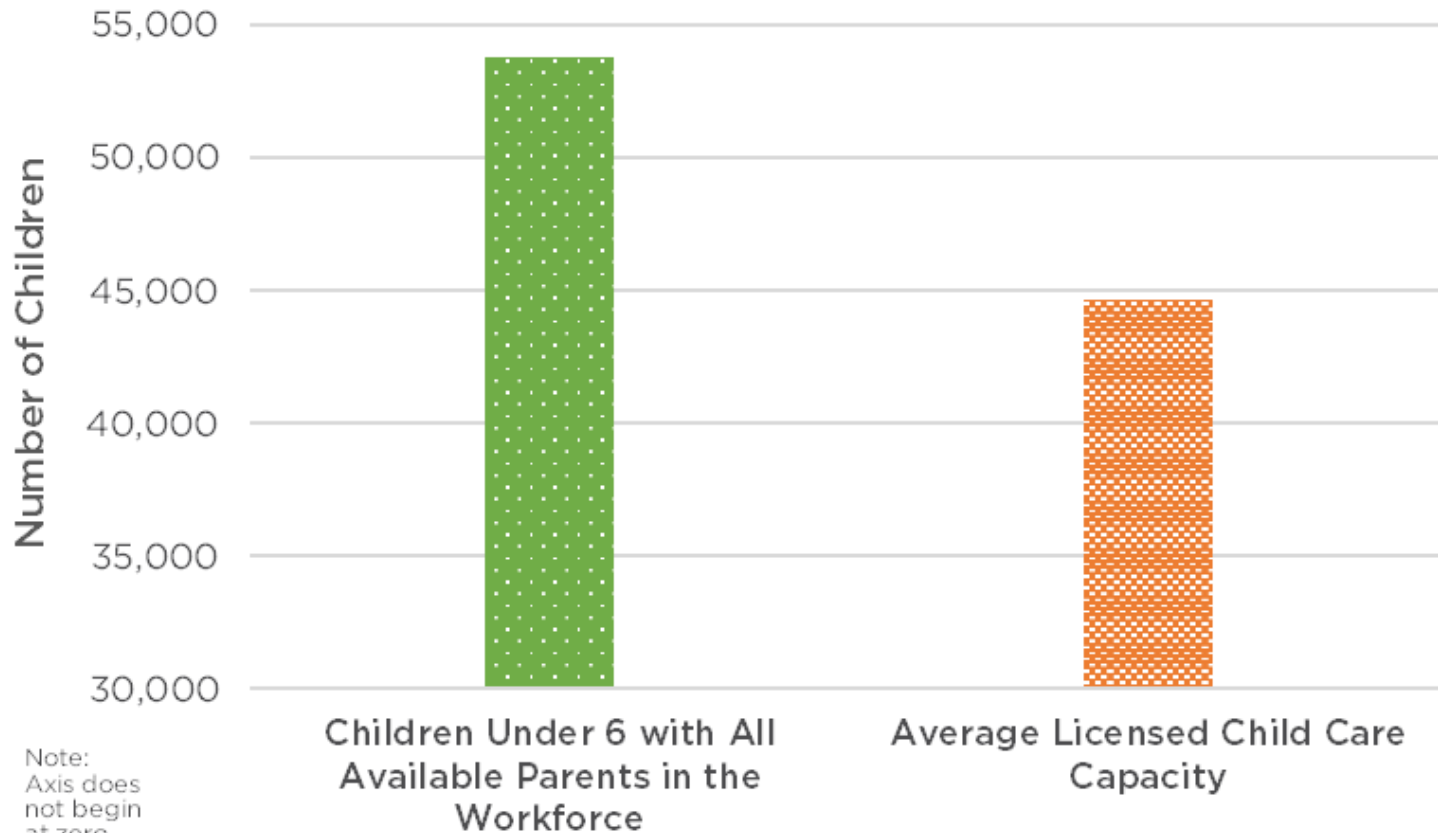
THE GRANITE STATE'S CHILD CARE SHORTAGE AND THE IMPACT ON THE NEW HAMPSHIRE ECONOMY

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COUNCIL FOR THRIVING CHILDREN
MARCH 19, 2025

SHORTAGE OF OVER 9,000 SLOTS IN 2023

ESTIMATED SHORTAGE OF CHILD CARE SLOTS IN 2023



Note:
Axis does
not begin
at zero.

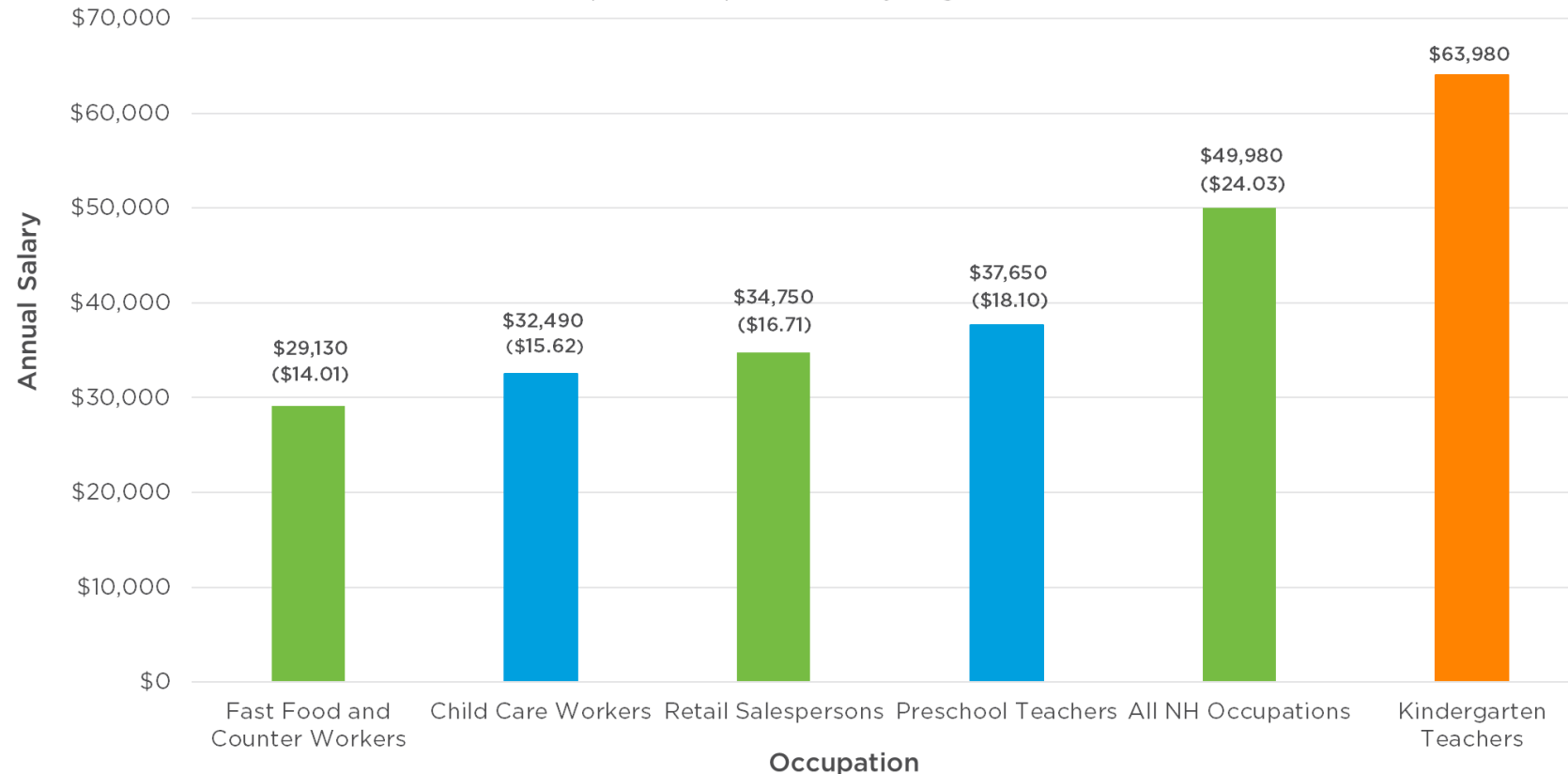
Sources: U.S. Census Bureau's American Community Survey Five-Year Estimates 2019-2023, New Hampshire Department of Health and Human Services Child Care Licensing Unit Program Data (Updated 6/13/2024)

- Between July 2017 and October 2024, ECE capacity dropped by nearly 13% (Carson & Sarup, 2024)
- From 2017 to 2023, the number of Granite State children under 5 dropped by approximately 1.6% (U.S. Census)
- NH ECE providers may have been collectively operating at only 85% of full licensed capacity in September 2024 (NH DHHS, 2024)

NH 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



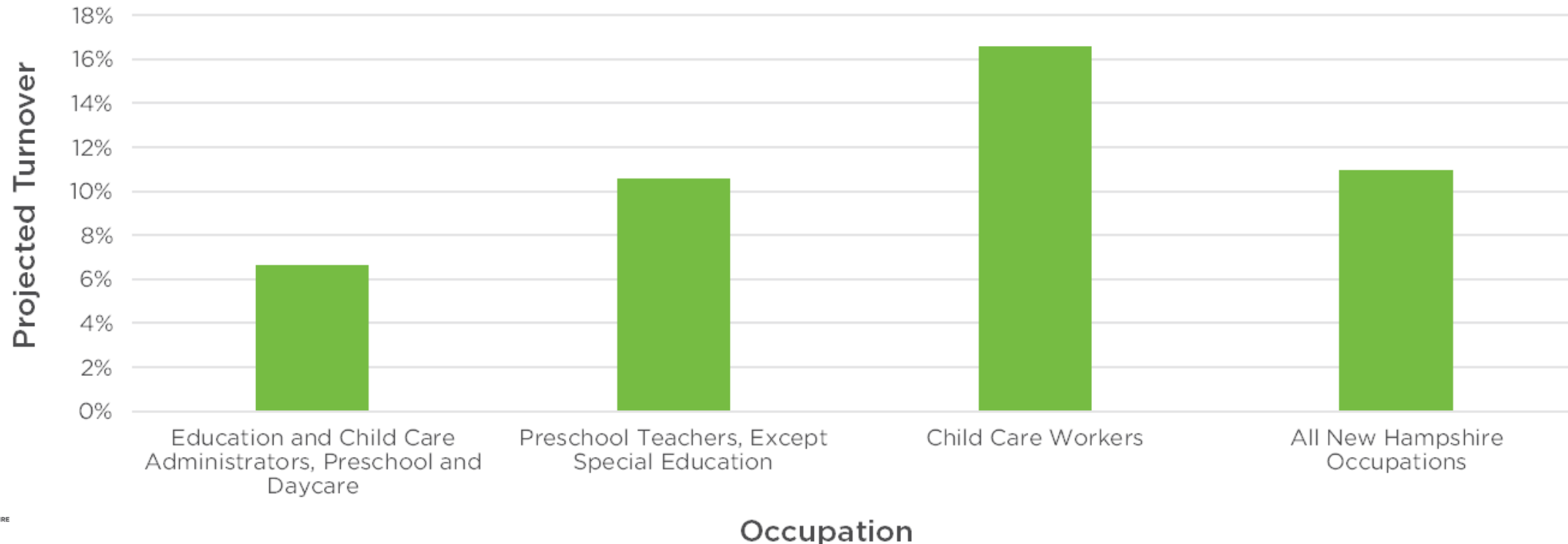
Note: Kindergarten teacher income is only reported as an annual salary.

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

HIGH PROJECTED TURNOVER AMONG EARLY CHILDHOOD EDUCATORS

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

ECONOMIC IMPACT OF THE ECE SHORTAGE

OVER \$35,000 LOST PER UNAVAILABLE SLOT

2023 ECONOMIC IMPACTS OF LIMITED EARLY CARE AND EDUCATION AVAILABILITY

Total Estimated Financial Costs Associated with High and Low Impact Scenarios and Per Unavailable Early Care and Education Slot for Family Incomes and Businesses, Local, and State Tax Revenues

	Low Impact Total	High Impact Total	Low Impact Per Slot	High Impact Per Slot
Family Income	\$113.9M	\$177.9M	\$16,111	\$25,159
Business Revenues	\$35.6M	\$55.5M	\$5,027	\$7,850
Local & State Tax Revenues	\$9.0M	\$14.1M	\$1,278	\$1,996
Overall Total	\$158.5M	\$247.5M	\$22,416	\$35,004

Source: NHFPI calculations as detailed in NHFPI's February 2025 report, "The Economic Impacts of the Granite State's Child Care Shortage."

SELECTED ASSUMPTIONS AND LIMITATIONS

- All children who have both parents, or their sole parent, in the workforce need a licensed child care slot
- The analysis only includes adults in the labor force who live in a household with their “own children”
- The analysis excludes people who were not in the labor force in 2023, but who would have been if they had available child care.
- Indirect financial impacts of unavailable child care slots are not explored in this report.
- The report does not analyze the impact of unavailable child care slots for children aged six and older.

POLICY CONSIDERATIONS

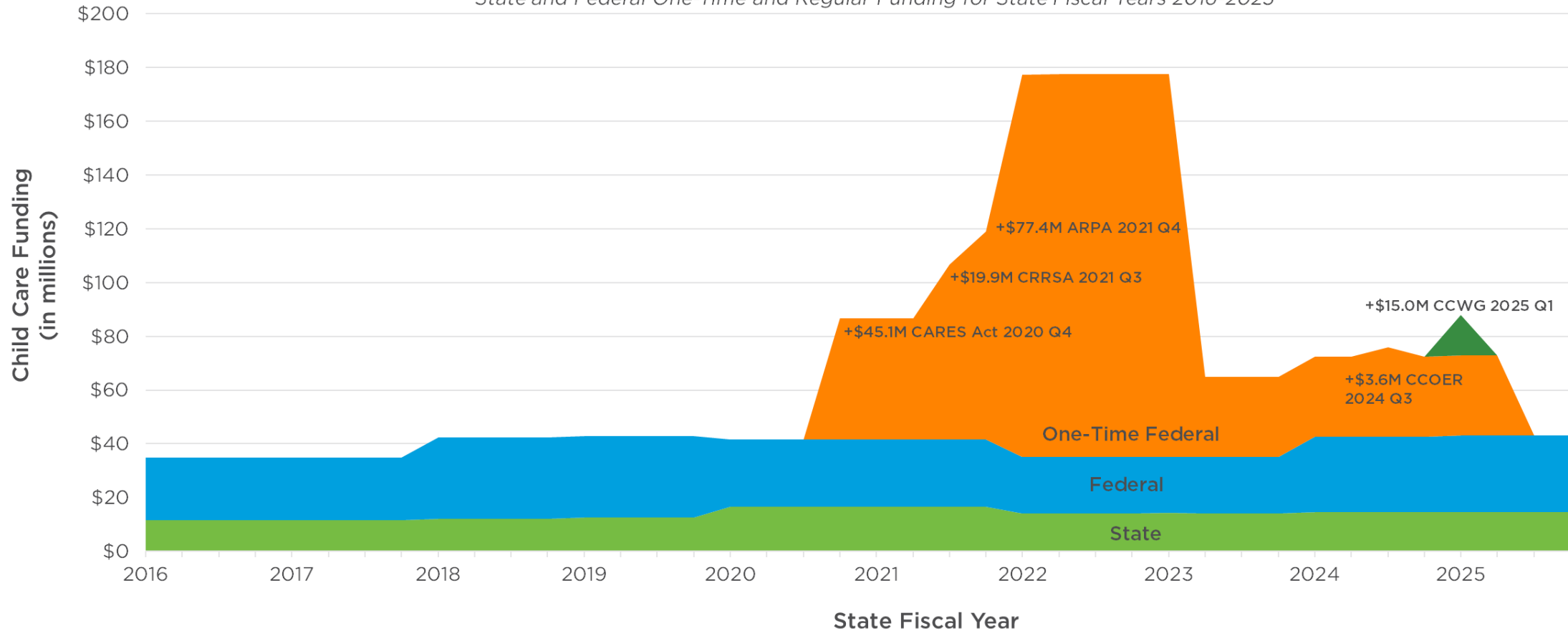
USING A TRUE COST OF CARE MODEL

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

ADDITIONAL GENERAL FUNDS FOR ECE

NEW HAMPSHIRE CHILD CARE FUNDING

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

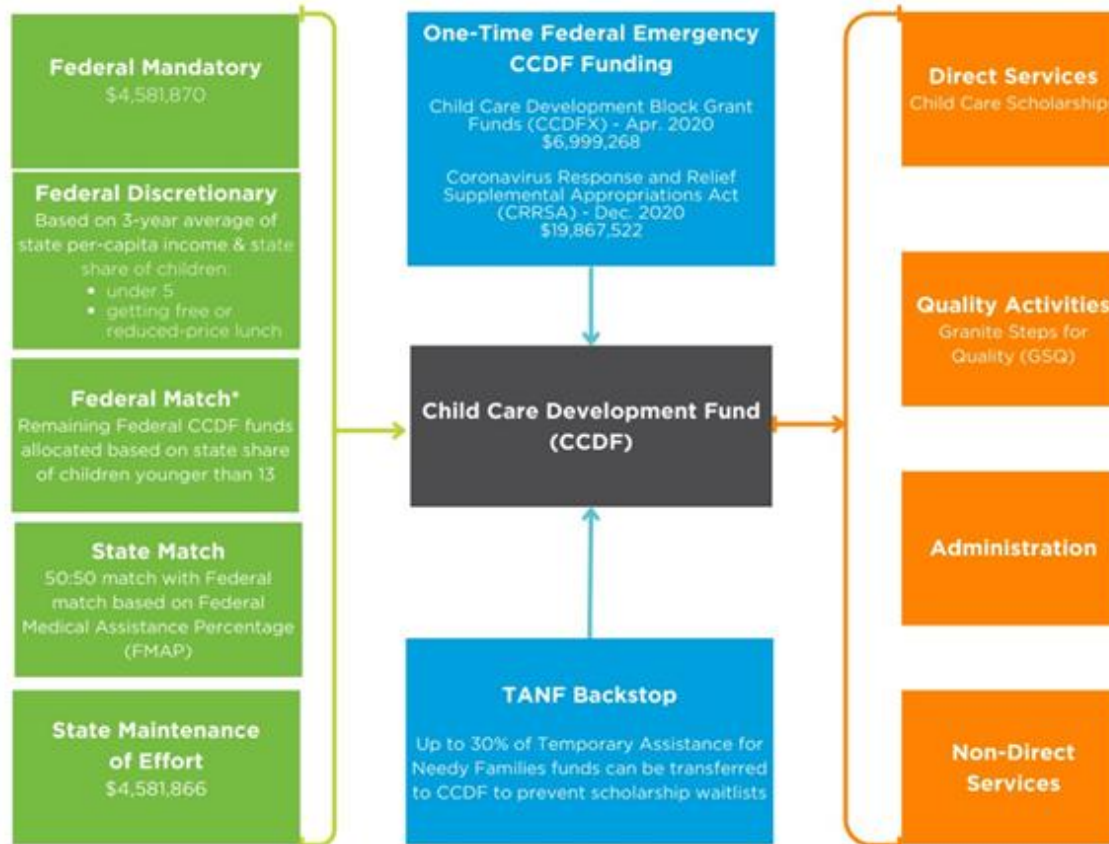


Source: For all Notes and Sources, see NHPFI's February 2024 Issue Brief, The State of Child Care in New Hampshire: End of One-Time Federal Investments May Reduce Industry Stability. Acronym Definition: Coronavirus Aid Relief and Economic Security (CARES), Coronavirus Response and Relief Supplemental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

RULES FOR CHILD CARE DEVELOPMENT FUND

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

QUESTIONS



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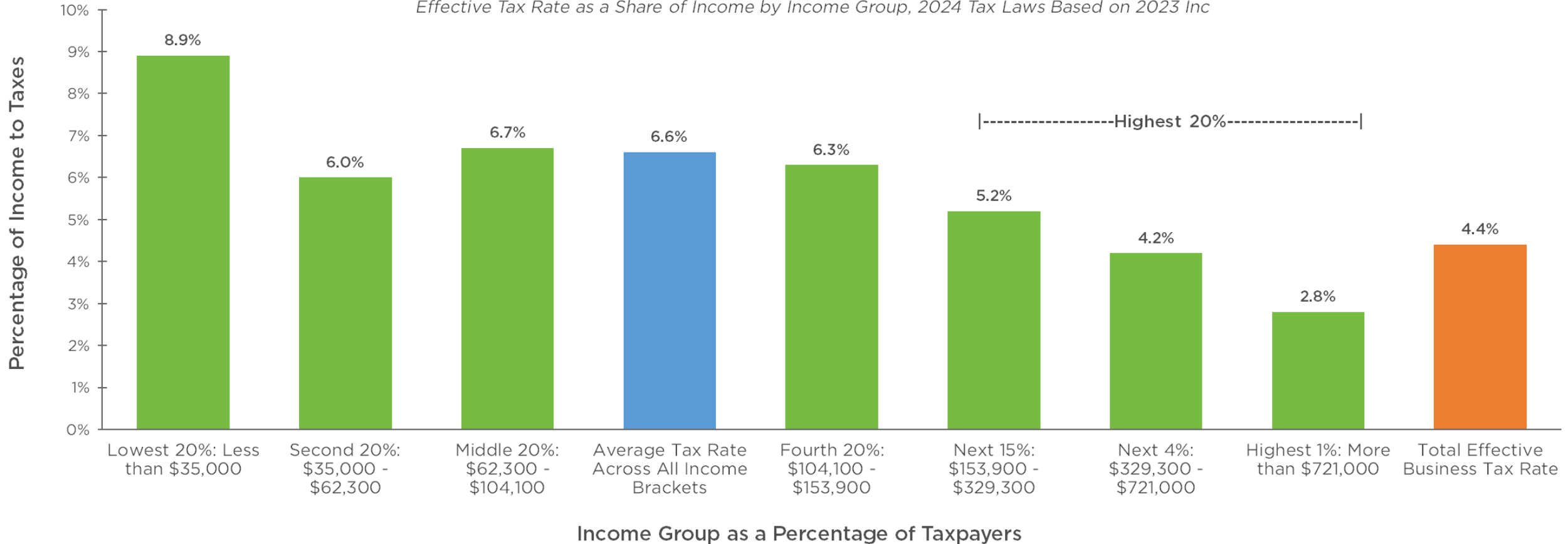
TWITTER: @NHFPI

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CALCULATING STATE AND LOCAL TAX REVENUE IMPACTS

STATE AND LOCAL TAXES AS A SHARE OF NEW HAMPSHIRE FAMILY INCOME AND TOTAL EFFECTIVE BUSINESS TAX RATE

Effective Tax Rate as a Share of Income by Income Group, 2024 Tax Laws Based on 2023 Inc



*Note: Does not include taxpayers who are age 65 and older or tax units with negative incomes. Dependent filers are included with claiming filer. Most recently available effective business tax rate is from 2022. Source: Institute on Taxation and Economic Policy, *Who Pays?* Seventh Edition, January 2024, and State Tax Research Institute and Council on State Taxation, *Total State and Local Business Taxes*, December 2023.