



FEDERAL FUNDING CHANGES, RURAL HEALTH GRANTS, AND EARLY CARE AND EDUCATION CHALLENGES IN NEW HAMPSHIRE

JESS WILLIAMS, NHFPI SENIOR POLICY ANALYST
PHIL SLETTEN, NHFPI RESEARCH DIRECTOR

COMMUNITY DEVELOPMENT FINANCE AUTHORITY
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MARCH 10, 2026

ABOUT NHFPI

The New Hampshire Fiscal Policy Institute:

- is a **nonpartisan, independent research nonprofit organization** that examines issues related to the State Budget, the economy, policy decisions, and the financial security of Granite Staters, particularly issues relevant to people with low and moderate incomes.
- **does not lobby for or against specific pieces of legislation.**
- receives **no funding from governments.** Individuals, foundations, and other organizations support NHFPI's work.
- was referenced by news media outlets using our research and analysis **more than 850 times** last year.

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TWO SECTIONS IN THIS MORNING'S PRESENTATION

- 1) Early Care and Education costs in New Hampshire and family budgets
- 2) Early Federal changes made by the One Big Beautiful Bill Act and the context for the Rural Health Transformation Program

EARLY CARE AND EDUCATION (ECE) IN NEW HAMPSHIRE

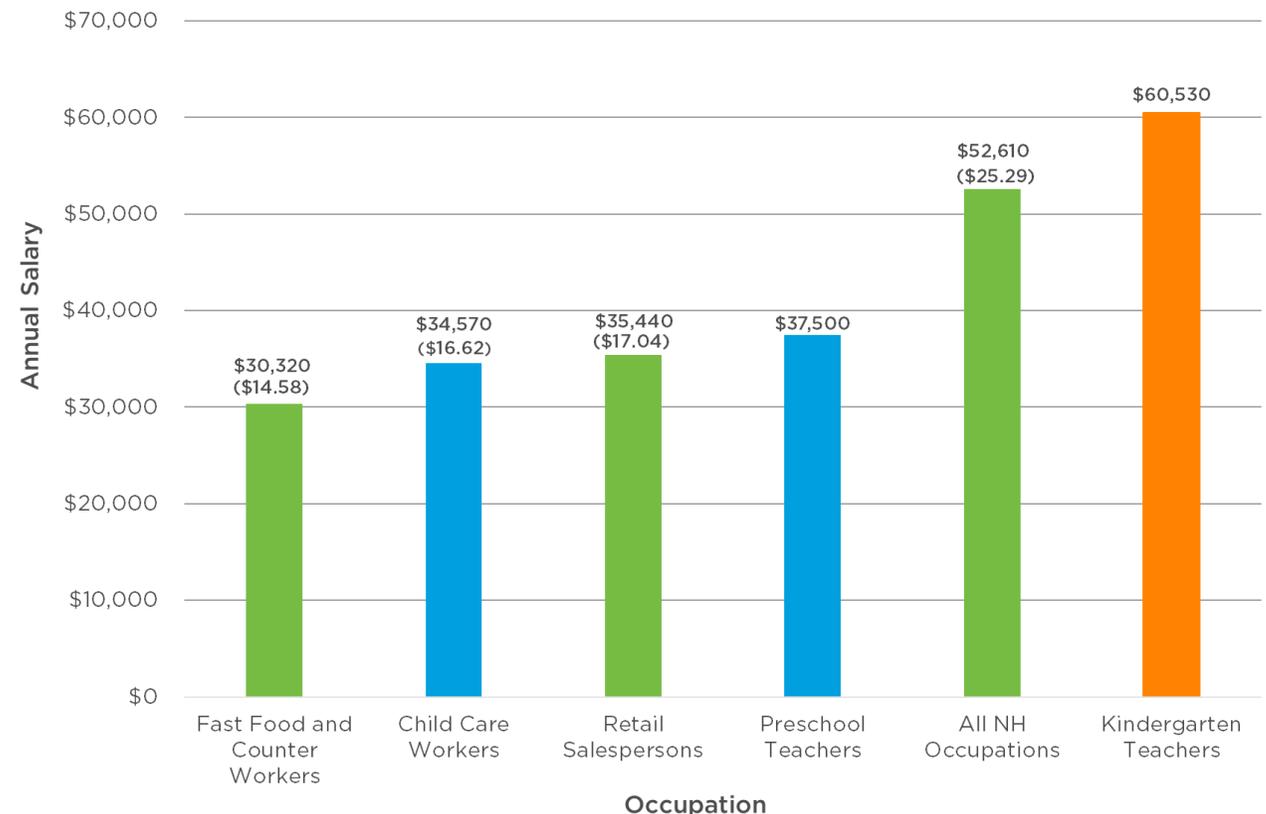
SHORTAGE OF CHILD CARE STATEWIDE

- Based on U.S. Census Bureau data, estimated 2023 shortage of child care, relative to needs among working adults, was about 9,100 slots
 - About 53,750 children under six with parents in the workforce and 44,650 licensed child care slots in the state
- Between 2022 and 2024, center-based tuition for an infant and a four-year old had an average price of nearly \$30,000
 - About 19% of 2020-2024 median-earning married couple's with kids income
 - About 38% of median single father's income, 59% of single mother's income
 - Federal affordability benchmark: 7% of income for child care
- Cost increases have outpaced inflation during last two decades
- In 2024, an average of about 17,000 adults were not in the labor force each month because they were caring for a child not in school or a child care setting

MARKET FOR EARLY CARE CONSTRAINED BY COSTS OF SERVICES, FAMILY BUDGETS

- Child care center-based employment in the state declined 8% between 2023 and 2024
- From 2017 to 2025, licensed capacity up 14%, number of providers down 11%, more center-based capacity: results in geographic consolidation
- UNH Carsey School examined child care program expenses and revenues for 2024/2025, only one ran a surplus

2024 MEDIAN ANNUAL SALARIES OR WAGES FOR SELECTED NEW HAMPSHIRE OCCUPATIONS



Note: Preschool and kindergarten teacher incomes are only reported as annual salaries.
Source: U.S. Bureau of Labor Statistics' May 2024 State Occupational Employment and Wage Estimates for New Hampshire

QUANTIFYING THE COST OF THE SHORTAGE

ECONOMIC IMPACTS OF LIMITED EARLY CARE AND EDUCATION AVAILABILITY

Total Estimated 2023 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."

RECENT PUBLIC POLICY RESPONSES

Federal

- American Rescue Plan Act Stabilization Funds (\$48M)
- American Rescue Plan Act Discretionary Funds for long-term investments (\$30M)
- Several rounds of one-time, COVID-19 pandemic-related infusions into Child Care and Development Fund
- State appropriated portion of flexible federal finds to ECE efforts

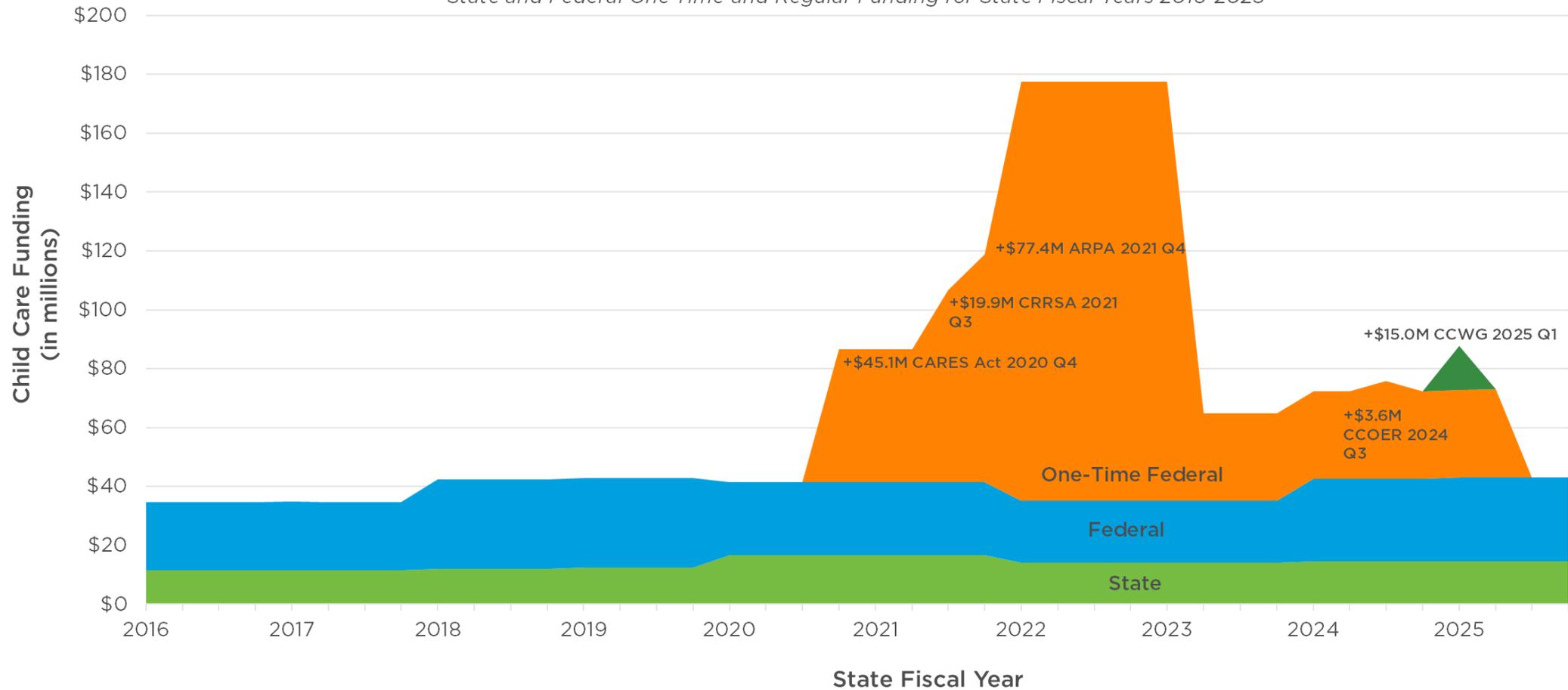
State

- Expansion of Child Care Scholarship Program eligibility to 85% of State Median Income
- Limit on cost share for families to 7% of income
- Increased reimbursements for early care and education providers
- One-time \$15M for providers in previous State Budget
- Current State Budget attempted repeat with Temporary Assistance for Needy Families dollars

FEDERAL FUNDING SIGNIFICANT, TEMPORARY

NEW HAMPSHIRE CHILD CARE FUNDING

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

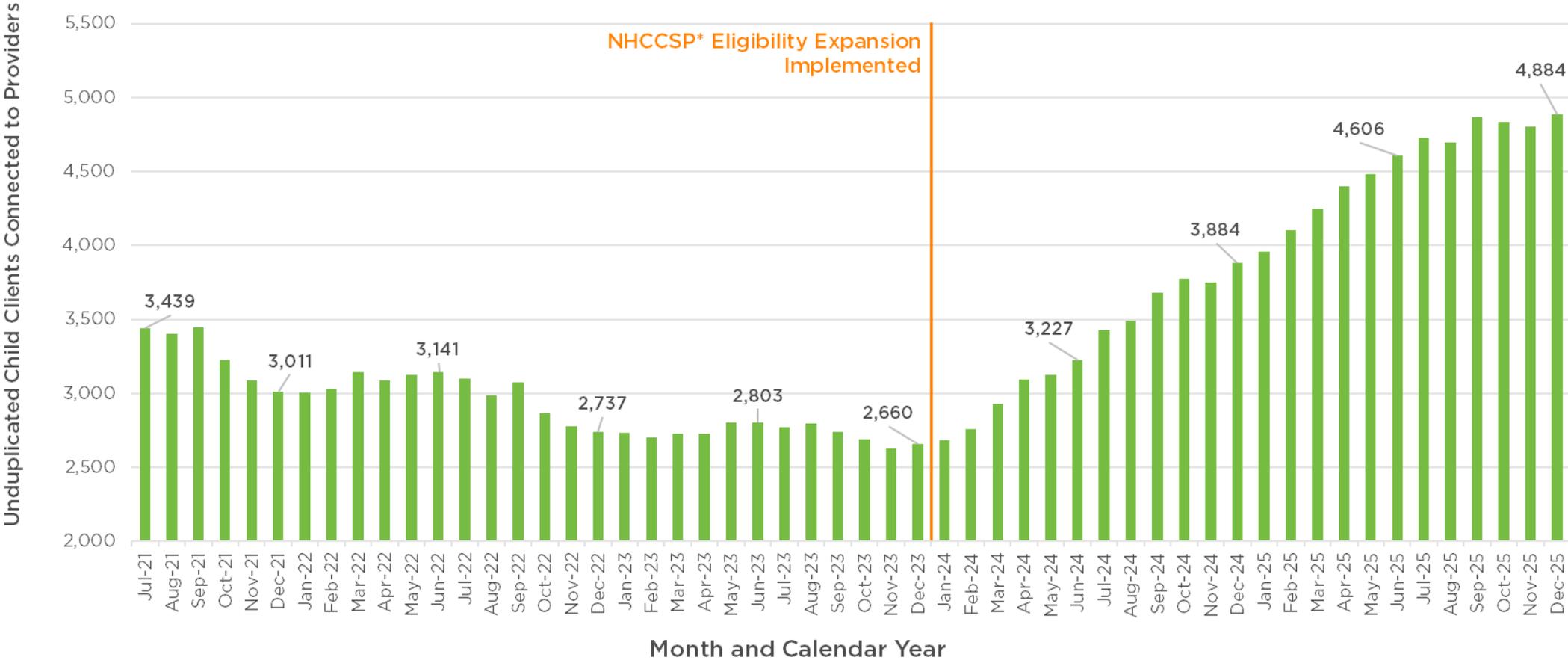


Source: For all Notes and Sources, see NHFPI's February 2024 Issue Brief, The State of Child Care in New Hampshire: End of One-Time Federal Investments May Reduce Industry Stability. Acronym Definition: Coronavirus Aid Relief and Economic Security (CARES), Coronavirus Response and Relief Supplemental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

INCREASED SCHOLARSHIP ENROLLMENT, BUT BELOW ESTIMATED 55,000 ELIGIBLE UNDER 13

NEW HAMPSHIRE CHILD CARE SCHOLARSHIP ENROLLMENT

Number of Children Served Monthly by the New Hampshire Child Care Scholarship Program and Connected to Providers, July 2021 to December 2025

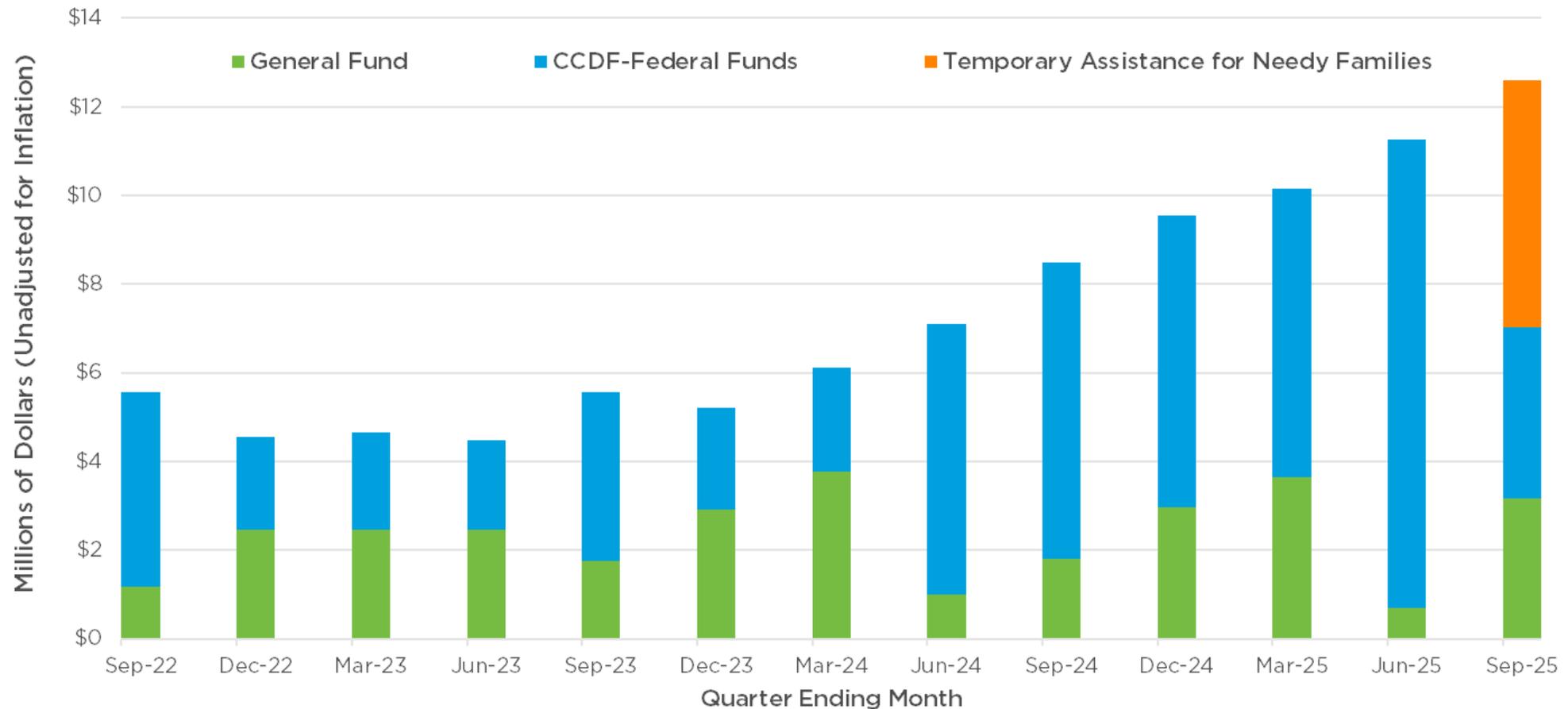


*Note: NHCCSP is the New Hampshire Child Care Scholarship Program, which provides subsidies to help families access and afford early care and education services. Source: New Hampshire Department of Health and Human Services, Joint Legislative Fiscal Committee Item FIS 26-031, January 29, 2026.

SCHOLARSHIP PROGRAM RESOURCES MAY BE INSUFFICIENT TO AVOID WAITLIST

CHILD CARE SCHOLARSHIP PROGRAM FUNDING

Quarterly New Hampshire Employment-Related Child Care Expenditures by Funding Source



Note: CCDF is the Child Care and Development Fund, a federal block grant funding source.

Sources: New Hampshire Department of Health and Human Services, Fiscal Committee Items FIS 23-305, 24-292, 25-227, 25-293

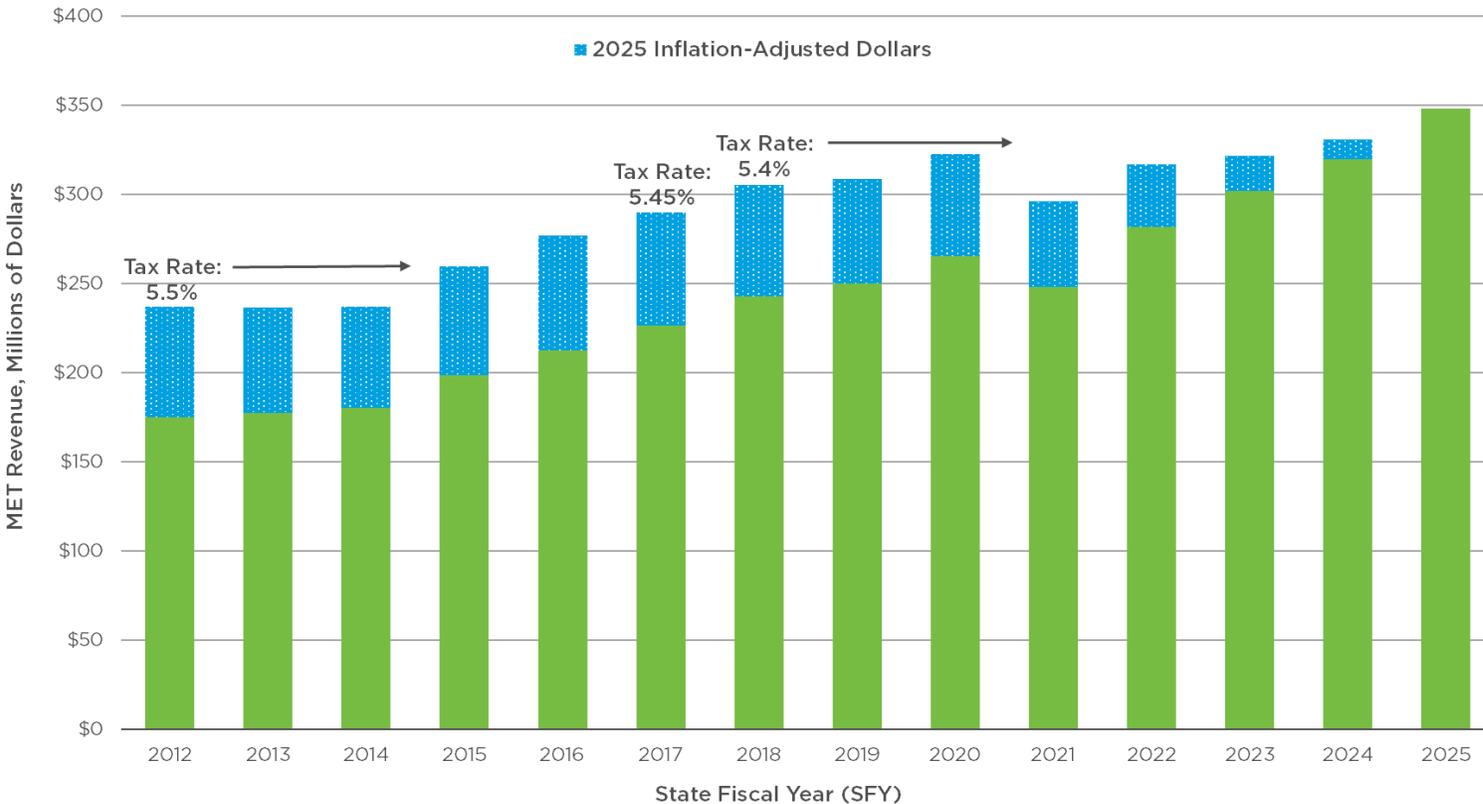
**2025 FEDERAL RECONCILIATION LAW
(ONE BIG BEAUTIFUL BILL ACT, H.R. 1)
CHANGES TO HEALTH POLICY
IN NEW HAMPSHIRE**

KEY FEDERAL CHANGES TO HEALTH PROGRAMS

- Work and community engagement requirements for expansion enrollees age 19 to 64, 80 hours of qualifying activities per month
- Copayments required for expansion enrollees (premiums restricted)
- More frequent redeterminations required for expansion enrollees
- Eliminated eligibility for Medicaid and health insurance exchange subsidies for certain non-citizen legally-present immigrants, including refugees, asylees, victims of human trafficking and domestic violence, and “parolees” admitted for humanitarian reasons
- Medicaid expansion states lose reimbursements for hospital care for immigrants who would be eligible except for immigration status
- Limits on retroactive eligibility, state-directed payments that increase reimbursement rates, and provider taxes

KEY CONTEXT: THE MEDICAID ENHANCEMENT TAX

NEW HAMPSHIRE MEDICAID ENHANCEMENT TAX REVENUE



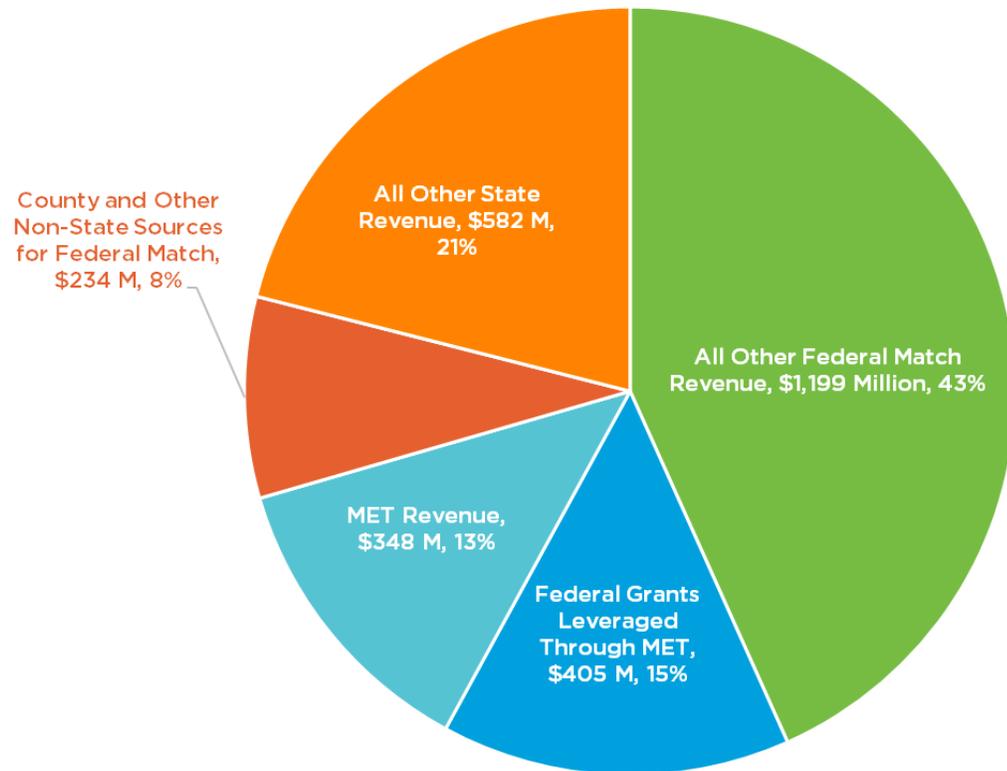
Note: All revenues are unaudited cash basis revenues.

Sources: New Hampshire Department of Revenue Administration; New Hampshire State Treasury; U.S. Bureau of Labor Statistics, CPI-U, Northeast

- New Hampshire State tax on hospitals of 5.4% of charges levied for services
- Fourth-largest State tax by collected amount in SFY 2025
- Revenues to Uncompensated Care and Medicaid Fund, matched with federal funds
- Supports Disproportionate Share Payments to hospitals based on care provided to Medicaid and uninsured patients
- Remaining funds contribute State share of match for federal Medicaid dollars

FEDERAL LIMITS ON HOSPITAL PROVIDER TAXES

REVENUE FOR MEDICAID IN NEW HAMPSHIRE BY SOURCE
State Fiscal Year 2025



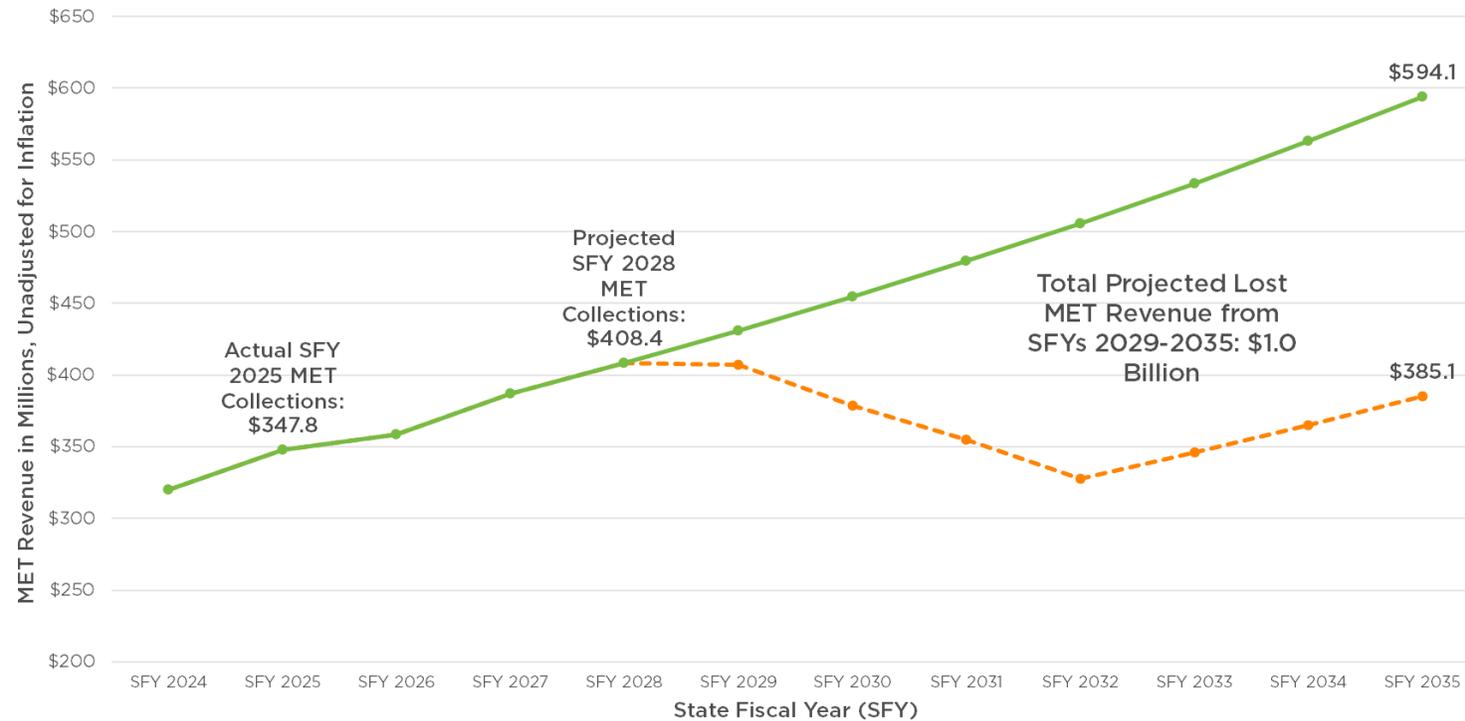
- Federal provider tax cap limited, will be reduced incrementally from maximum of 6.0% currently to a maximum of 3.5% by October 2031
- That limit would have lowered NH Medicaid Enhancement Tax revenues by \$122.4 million if in place during SFY 2025, forgoing at least \$148.5 million in federal matching funds
- Changes do not apply to Nursing Facility Quality Assessment
- Unclear how these changes will impact the rest of the Medicaid program

POTENTIAL EFFECTS OF FEDERAL POLICY CHANGES

PROJECTED MEDICAID ENHANCEMENT TAX COLLECTIONS IN NEW HAMPSHIRE

Projections With Applied Tax Rate Reductions Included in the New Federal Reconciliation Law

--- Projected MET Collections With Reductions —●— Projected MET Collections Without Reductions



Note: Projections include a 5.5% annual increase in the tax base, which was the average for SFYs 2013-2025 and the projected amount for SFY 2026. Annual growth may vary overtime. MET revenue reductions do not include associated federal Medicaid matching funds. SFY 2029's reduction was only applied to three quarters of the year, since changes will occur in October. For a detailed explanation on methodology, see NHPFI's February 2026 Report, Hospital Provider Taxes and Support for Uncompensated Care in New Hampshire.

- Aggregate expected reduction in federal Medicaid revenue to New Hampshire relative to prior policy, according to KFF: \$2.3 billion over ten years (15 percent)
- For context, entire Medicaid program expenditures (State and federal) in SFY 2025 was \$2.77 billion
- At least \$2 billion in MET revenue and federal Medicaid match dollars could be lost by SFY 2035 because of provider tax reductions
- Center on Budget and Policy Priorities: estimated 20,000 (35 percent) Medicaid Expansion enrollees ages 19 to 64 will likely lose coverage in New Hampshire due to work requirements

RURAL HEALTH TRANSFORMATION FUNDING AND MOST RECENT UPDATES

- Rural Health Transformation Program will provide \$500 million to New Hampshire over five years, with potential for similar amount to be granted by federal government based on applications for use
- Amount of \$204 million awarded for 2026; funds must be used before next round of funding and under-use could trigger a federal cap on future funding amounts
- Funds cannot be used towards reductions and changes included in the new federal reconciliation law
- New Hampshire established Governor's Office of New Opportunities & Rural Transformational Health (GO-NORTH) to administer program funding
- Four contracts were considered by Executive Council; on hold for now with special meeting set for March 16th
 - Foundation for Healthy Communities (\$283 million): systems integration for primary, emergency, home-based, and school-based care
 - Community Development Finance Authority (\$223 million): renovations and development of health care facilities in rural areas
 - Community Behavioral Health Association (\$132 million): improvements for community mental health centers
 - University System of New Hampshire (\$97 million), Community College System of New Hampshire (\$38 million): investments for workforce development and retention in rural areas

KEY TAKEAWAYS

- Early care and education expenses are high relative to household incomes, and have outpaced median household income growth in the last twenty years in NH
- Wages for early care and education workers are relatively low, even after 2024 increase
- Significant geographic consolidation of child care slots from 2017-2025, more financial pressure on smaller centers, and center-based employment declined 8 percent in 2024
- More families seeking and obtaining public assistance through the expanded Child Care Scholarship Program, but program finances may be insufficient to avoid a waitlist
- State and federal health policy and funding changes will impact New Hampshire finances and services, with different time horizons
- Medicaid funding reductions from provider tax restrictions, likely over \$2 billion over ten years in federal and State matching funds, could substantially impact services
- Rural Health Transformation Program provides opportunity for flexible and creative deployment of funds in next five years, while still limited in use and a smaller total amount of money than projected reductions in Medicaid

ADDITIONAL RESOURCES AND REFERENCES

- Issue Brief: New Federal Reconciliation Law Reduces Taxes, Health Access, and Food Assistance Supports for Granite Staters – August 4, 2025: <https://nhfpi.org/resource/new-federal-reconciliation-law-reduces-taxes-health-access-and-food-assistance-supports-for-granite-staters/>
- Report: Hospital Provider Taxes and Support for Medicaid Financing in New Hampshire – February 16, 2026: <https://nhfpi.org/resource/hospital-provider-taxes-and-support-for-medicaid-financing-in-new-hampshire/>
- Issue Brief: The Economic Impact of the Granite State’s Child Care Shortage – February 16, 2025: <https://nhfpi.org/resource/the-economic-impact-of-the-granite-states-child-care-shortage/>
- Issue Brief: Workforce for Early Childhood Care and Education Declined 8 Percent in 2024, Child Care Tuition Rates Remain High – May 26, 2025: <https://nhfpi.org/resource/workforce-for-early-childhood-care-and-education-declined-8-percent-in-2024-child-care-tuition-rates-remain-high/>
- Presentation: Early Child Care for Working Parents – November 3, 2025: <https://nhfpi.org/resource/early-child-care-for-working-parents/>
- Report: Affordability Eroded: Changes to the Cost of Living in New Hampshire – October 20, 2025: <https://nhfpi.org/resource/affordability-eroded-changes-to-the-cost-of-living-in-new-hampshire/>



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