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STATE OF NEW HAMPSHIRE
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DIVISION OF ECONOMIC & HOUSING STABILITY

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June 30, 2022

His Excellency, Governor Christopher T. Sununu
State House
Concord, NH 03301

Representative Sherman Packard, Speaker
New Hampshire House of Representatives
107 North Main Street, Room 311
Concord, NH 03301

Senator Chuck Morse, President
New Hampshire State Senate
107 North Main Street, Room 302
Concord, NH 03301

New Hampshire Governor's Office for Emergency Relief and Recovery
1 Eagle Square
Concord, NH 03301

Senate Bill 446 (SB446) directed the Department of Health and Human Services (DHHS) *to develop a plan relative to fostering sustainable childcare opportunities for working families and businesses, with a purpose to advance solutions to stabilize New Hampshire's child care workforce, which benefits all industries, working families and the children and youth in their care.*

In accordance with SB446, DHHS, in consultation with the Child Care Advisory Council, has developed the following Child Care Strengthening Plan that focuses *on strategies to rapidly increase recruitment and retention of staffing at child care facilities, including consideration of recruitment and retention bonus and benefit grants for certain New Hampshire child care employers, strategies to ensure a future workforce, costs for facilities, and strategies to increase access and affordability of child care for families statewide.* SB 446 further directs DHHS to submit the plan to the Governor's Office for Economic Relief and Recovery to help foster sustainable childcare operations for working families and business.

DHHS did not create this Child Care Strengthening Plan in isolation and engaged many stakeholders in its development. The New Hampshire Charitable Foundation and the Community Development Finance Authority provided services of a consultant to assist in facilitating meetings, gathering information, and capturing and documenting the numerous important components from the Child Care Advisory Council and other stakeholders to develop this plan. Since March 23, 2022, DHHS held 18 meetings with stakeholders, including six with the Child Care Advisory Council. Contributors to this plan include:

NH Child Care Advisory Council, Executive Committee (RSA 126-A:17)
Marianne Barter, Chair, Director, Merrimack Valley Day Care Center
Shannon Tremblay, Executive Director, Little Blessings Child Care Center
Anne Grassie, Family Services Coordinator, Rochester Child Care Center
Lisa Doyon, Owner, Lisa's Family Day Care

Christina D’Allesandro, Director
Early Childhood and Family Supports,
New Hampshire Charitable Foundation

Liz Larose, President
United Way of Monadnock

Donnalee Lozeau, Executive Director
Southern New Hampshire Services

Katy Easterly Martey, Executive Director
Community Development Finance Authority

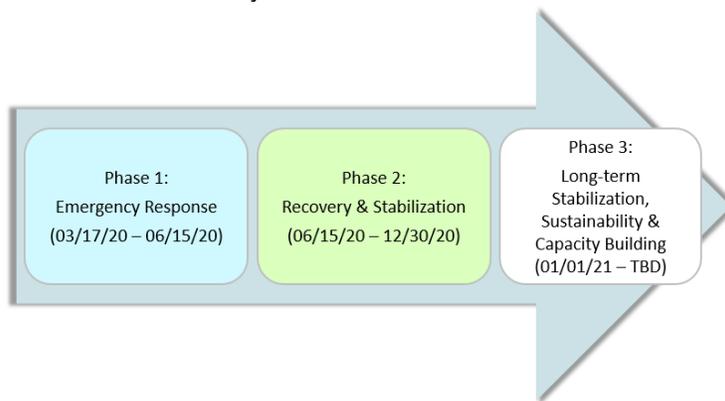
Shaun Mulholland, City Manager
City of Lebanon

Sarah Vanderhoof, Child Development Director
Southern New Hampshire Services

DHHS drew from the experience and expertise of child care providers, the Child Care Advisory Council, the federal Administration for Families and Children – Office of Child Care, the Department’s Child Care Licensing Unit and Bureau of Child Development and Head Start Collaboration, the Governor’s Council for Thriving Children, and a number of partners and stakeholders invested in New Hampshire’s child care industry. Some of these organizations recommended strategies that would augment the recently released DHHS Child Care and Development Fund (CCDF) American Rescue Plan Discretionary Funds, [ARPA-D Plan](#) (DHHS ARPA-D Plan). To maximize existing resources and momentum, some strategies in the Child Care Strengthening Plan can be linked to initiatives occurring within the state by other stakeholders.

Families in New Hampshire are served through a mixed-delivery child care system, seeking care from licensed programs, licensed-except programs, home child care providers, employer-sponsored child care, and informal care from friends and neighbors. Within the many models of care, there are private and non-profit providers with staff sizes that range from one to hundreds; there are varying business models, with different operating hours, facility expenses, program services, and compensation; there are also varying levels of business acumen. The Child Care Strengthening Plan is designed to meet providers where they are today to encourage their long-term sustainability as businesses in New Hampshire.

Beginning in March 2020, New Hampshire deployed a three-phased approach to support child care for children, families, providers and the business community:

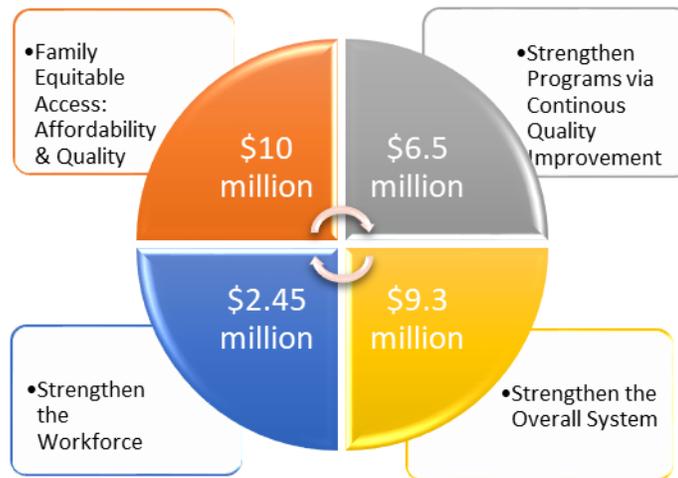


To-date, the State has received \$142,043,708 in federal relief dollars to assist the industry to navigate the pandemic. Of the dollars released as of April 30, 2022 (\$112,306,941), 87% has been distributed directly to providers

DHHS is currently launching several initiatives in Phase 3 with the DHHS ARPA-D Plan from the federal Administration for Children and Families, which totals \$29,736,767. These federal funds are designated to assist the State to:

- (1) Build a better child care system,
- (2) Help more families afford quality child care over next three years, and
- (3) Help states meet their federal mandate under civil rights law to provide equal access to child care programs, services and activities, including high quality programs.

The third phase of the DHHS ARPA-D Plan focuses on strategies to assist the child care community in a sustainable manner, increase access to affordable, quality child care, and strengthen the child care workforce now and for the future by investing in evidence-based and promising practices and strategies designed for these purposes, as depicted below.



The federal funding to the child care industry provided through DHHS to-date has supported the recovery and stabilization of hundreds of providers, yet providers are still in a unique and volatile position with the already-high demand for these services increasing. Today, New Hampshire child care providers speak of struggles with retention and recruitment of staff. The inability to sufficiently retain and/or recruit child care workers also limits the number of classrooms that can be opened, impacting the number of children that can attend, thereby increasing demand. Providers report high levels of stress, adverse effects on mental health, insufficient educational opportunities, threatening the quality of care, and loss of staff to higher paying jobs that do not require post-secondary degrees, certifications, or further education.

The state of child care in New Hampshire today reveals a great opportunity for innovative and progressive solutions to strengthen the child care workforce and meet the needs of New Hampshire families and businesses to ultimately support economic growth. The child care industry needs to be modernized in way that that can deliver high quality care and support for families so that both child care professionals, working parents, and children can thrive.

Child Care Strengthening Plan

In the last two+ years, the role of child care professionals has grown in importance as a vital and essential workforce that empowers working families and enables New Hampshire's economy to flourish. Child care professionals nurture the social and emotional development of children who will be New Hampshire's future leaders, employee, business owners and community members.

The strategies in this Child Care Strengthening Plan set the foundation to further the work to create strong collaborative partnerships with the employer community, the education community, philanthropic organizations and

government agencies. Investing in strengthening child care today will reward the state’s workforce and its economy for tomorrow.

The Child Care Strengthening Plan builds upon the DHHS ARPA-D Plan, incorporating several ARPA-D initiatives, with the intent to capitalize upon them and their anticipated positive outcomes. Each ARPA-D initiative has potential for continuation beyond the ARPA-D funding, thus they are included in the Child Care Strengthening Plan to build from. The following tables indicate whether each strategy is being supported with ARPA-D funding. The funding is not exclusive to these initiatives, as it is bound by time limits and must be obligated by September 30, 2023 and expended by September 30, 2024.

DHHS identifies four core resource methods associated with the values and vision described above, aimed at improving supply, increasing accessibility, and supporting programs in a sustainable manner:

1. **Flexible Funding**
To support providers exigent needs to aid in recruitment and retention and to mitigate other threats to the continuity of operations
2. **Capacity Building and Technical Support**
Investments in expanding programs and developing new programs, particularly in regions of no or low supply, and for non-traditional hours
3. **One-time Investments**
Investments that provide sustainable resources generated as investment returns
4. **Formal Research**
To inform state and local policy, funding, and strategy planning

The foundation of the Child Care Strengthening Plan is a strategic framework and a shared vision for New Hampshire to deliver a sustainable and successful child care industry that supports families, providers, and communities. This vision was developed with the following guiding principles:

- A. **An available supply of child care professionals** and the ability to recruit and retain staff to ensure programs can deliver services effectively and with operational excellence.
- B. **Families have access to affordable, quality care** that relies on professionally educated staff, increasing statewide utilization of Child Care Scholarship funds, and increasing capacity by combining programs and/or creating new programs and spaces.
- C. **Minimize overhead costs and maximized facility spaces** for child care providers by lowering overhead or maintenance costs, enhancing existing facilities or grounds to provide additional program space, or creating wholly new sites for the provision of child care.

Strategies with Immediate Impacts (<6 month time horizon; underway)

Strategy	Description	Initiated with ARPA-D Funds
Release ~\$6,000,000 in flexible federal ARPA-Stabilization funding to assist with recruitment and retention or mitigate other threats to the continuity of operations	This is the second round of federal ARPA Stabilization (ARPA-S) funding through DHHS for continuity of operations. Total federal fund award to DHHS was \$47,657,076. Approximately \$6M remains after the first distribution based on provider applications (all providers could apply). Use is flexible for providers, but cannot be used for direct care. The process of issuing awards began May 2, 2022 and available to 489 child care providers.	No

Build supply of child care professionals through marketing Public Service Announcements (PSAs)	To recruit new people with a passion and desire to work with children. Several PSAs have been released to-date. The total number of hits to-date exceeds 10,000.	Yes
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Strategies with Near-Term Impacts (6-month+ time horizon)

Strategy	Description	Initiated with ARPA-D Funds
Build the talent pipeline of child care professionals	Reinvest in high school programs, expand and increase access to TEACH (Teacher Education And Compensation Helps), apprenticeship model, and state scholarship fund for current employees in the field. DHHS is partnering with Department of Education and other stakeholders to strategize on future investment.	Yes
Promotion and marketing of child development, child care, and early education as a career	Provide supportive training, growth potential, and longevity; promote the benefits and enjoyment of a career working with young children. DHHS partners with community organizations and providers to leverage expertise for future marketing.	Yes
Increase utilization of the child care scholarship program	Provide technical assistance and/or capacity building for programs to expand utilization and assist communicating with families; set up reporting system, or assist with technology or eliminate barriers to increased participation. DHHS is engaging with providers about the program to demonstrate the benefits for both providers and families. DHHS is also testing and analyzing different provider payment models and changes to eligibility that will qualify a greater number of families in the program.	No
Develop regional fingerprinting resources	Partner with local police departments and the Department of Safety to expedite the hiring process timeline. Currently, federal regulation requires state and FBI record background checks be completed and suitability determined based on the record before a job candidate can start working for a child care provider.	No
Issue one-time grants to lower one-time eligible operating costs that will free up revenue to support workforce	Any returns to be applied to workforce wage increases or bonuses. Examples of one-time grants: <ul style="list-style-type: none"> ● Mortgage payments ● Rent payments ● Deferred maintenance/repair expense ● Start-up costs ● Expansion for new programming, classrooms, outdoor space 	No

Strategy	Description	Initiated with ARPA-D Funds
One-time grants to support merger and acquisitions	For child care programs as they consider consolidation, to avoid closing or losing access to child care. Staff and families remain supported and do not experience a loss of employment or care. Examples include attorney fees, back office support, collaboration (executive director or business manager serving more than one program).	No
Training and education	Explore partnerships with NH Employment Security and/or business associations to help enroll staff in pathways for professional development, training programs, higher and continuing education in business, finance, leadership and early childhood education.	Yes
Flexible funding	For immediate needs to retain current workforce for the next 2+ years as other workforce initiatives identified in this Plan gain traction, such as Training and education. Examples: <ul style="list-style-type: none"> • HSA/FSA deposits • Mentor credentialing and support networks for mentors • Sign-on and/or retention incentives • Professional costs (e.g. training hours, CPR) or memberships (NHAEYC, SELA, CACFP) • Child care tuition assistance 	No

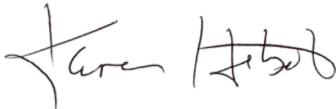
Strategies with Longer-Term Impacts (12 month+ time horizon)

Strategy	Description	Initiated with ARPA-D Funds
Invest in research of the child care industry in NH	Establish evaluations and impact studies to identify positive practices and the needs related to NH child care sector’s demographics, incentives, barriers and successful strategies.	Yes
Business support and consultation	Professional partnerships and experts at Community Development Finance Authority, Small Business Development Center, and DHHS teams.	Yes
Start-up funds for regional communities	Structure development to support licensed and licensed-exempt family child care settings, linking to other efforts at a local level.	Yes
Invest in promising outcomes of current DHHS pilots	DHHS is testing strategies to increase utilization of and eligibility for the Child Care Scholarship Program, and supplemental pay strategies, and analyze these pilots for effectiveness and sustainability.	Yes

Other Recommendations

Strategy	Description	Initiated with ARPA-D Funds
Adopt statewide standards of health and safety codes for child care	Seek consistency in local codes for budget planning, ease of use and operations for existing and start-up programs that could be aligned with child care licensing rules and federal funding guidance and requirements. Presently, each city/town has their own codes, e.g. fire and zoning.	No
Seek federal rule change to allow new hires to work supervised pending background checks	Mitigate delays in new hire start dates related to compliance with federal regulations that are creating a barrier to recruitment.	No
Legislative support for property tax exemptions	Exempt child care all providers, or facility owners on the condition tax credit is passed on to child care providers who are tenants.	No
Invest in and support collaboration network	Build off work of the 2020-2022 Preschool Development Grant, the Family Resource Centers and regional level organizations for greater peer support of staffing, leadership, and technical challenges.	No

In closing, DHHS appreciated the opportunity to develop this Child Care Strengthening Plan and we look forward to working collaboratively with the many parties that can assist to move this work forward to support children, families, the child care industry and business in New Hampshire.



Karen E. Hebert, Director
 Division of Economic and Housing Stability

Respectfully Submitted,



Marti Ilg, Deputy Director
 Division of Economic and Housing Stability