

Senate Health and Human Services Committee

Sophie Walsh 271-3469

HB 1566-FN-A, directing the department of health and human services to seek clarification from the Administration for Children and Families regarding the use of TANF reserve funds and repealing the requirement that the department of health and human services' biennial budget request include funding for certain child care workforce programs.

Hearing Date: March 25, 2026

Time Opened: 9:50 a.m.

Time Closed: 10:17 a.m.

Members of the Committee Present: Senators Rochefort, Birdsell and Long

Members of the Committee Absent: Senators Avard and Prentiss

Bill Analysis: The bill directs the department to seek clarification from the federal government regarding the use of TANF reserve funds and to request a waiver for certain uses of such funds that the federal government determines as prohibited uses. This bill also repeals the requirement that the department include funding for certain child care workforce programs in its biennial budget request.

Sponsors:

Rep. Wallner

Rep. Muns

Rep. D. Paige

Rep. M. Smith

Rep. Simpson

Rep. Telerski

Rep. Preece

Rep. Stringham

Sen. Rosenwald

Sen. Innis

Who supports the bill: 60 people signed in support of the bill. Full sign in sheets are available upon request by contacting the Legislative Aide, Sophie Walsh (sophie.walsh@gc.nh.gov).

Who opposes the bill: 3 people signed in opposition to the bill. Full sign in sheets are available upon request by contacting the Legislative Aide, Sophie Walsh (sophie.walsh@gc.nh.gov).

Who is neutral on the bill: 1 person signed in neutral to the bill. Full sign in sheets are available upon request by contacting the Legislative Aide, Sophie Walsh (sophie.walsh@gc.nh.gov).

Summary of testimony presented:

Representative Mary Jane Wallner, Merrimack – District 19

- Representative Wallner explained that \$15 million in funding was appropriated in the 2024-2025 state budget for the Child Care Workforce Incentive Program. This was funded with general funds, and the grant went to child care providers to be used for the recruitment and retention of child care professionals.
- In the 2026-2027 budget, the \$15 million was funded with Temporary Assistance for Needy Families (TANF) funds with a provision that the appropriation is contingent upon the Department of Health and Human Services (DHHS) seeking formal approval from the U.S. Department of Health and Human Services to use the funds for the purpose specified. It also specified that if necessary, and if a waiver process is available, DHHS shall also seek a waiver to use the funds for this purpose.
- DHHS made this request and received an answer that many find to be unclear.
- The amendment to this bill requires the Department to seek clarification regarding the ways in which TANF funds may be used to support the recruitment and retention of child care employees.
- These grants are crucial to the state's families, government, and businesses.
- Child care capacity in New Hampshire cannot be addressed without first addressing the workforce shortage. Representative Wallner cited a New Hampshire Fiscal Policy Institute (NHFPI) report finding that the licensed capacity among child care providers dropped nearly 13% between 2017 and 2024. Furthermore, New Hampshire child care providers have been collectively operating at 85% of licensed capacity.
- Representative Wallner emphasized that child care providers are struggling to hire new staff. Classrooms are closed despite adequate space and equipment. She cited that New Hampshire's child care workforce has experienced an 8% reduction in size between 2023 and 2024.
- NHFPI also reports that gender and racial pay gaps may exist for a variety of reasons, including the increased likelihood of women and people of color engaging in unpaid or low-paying caregiving roles. According to data from the first quarter of 2025, women represented an estimated 90.6% of child care workforce and made a median wage of \$16.62, below the state median income of \$25.29.
- Representative Wallner emphasized that most of the child care workforce has no benefits, vacation time, or sick time. Combined with low wages, these factors explain why this workforce is difficult to recruit and retain.

Brian Clark & Jotham Spreeman, Department of Health and Human Services

- Mr. Clark explained that HB 2 required the Department to request permission from the Administration for Children and Families (ACF) to use TANF funding for the Child Care Workforce Incentive Program.

- When the Department made that request, they were told by ACF that states are allowed to transfer 30% of TANF funding into the Child Care and Development Fund (CCDF). As New Hampshire had already done so, the Department asked for permission to use additional TANF funding for this purpose.
- ACF confirmed that additional funding would require the state to identify a statutory purpose of TANF. They did not approve the state's request, as they did not find that the state had met any of the four statutory purposes of TANF. Mr. Clark noted that the Department has made multiple requests at this point and has received the same answer.
- Senator Long asked Mr. Clark to elaborate on what specifically has been denied.
- Mr. Clark explained that the Department requested to transfer additional funding to run the Child Care Workforce Incentive Program. ACF has responded to these requests, finding that the state has not sufficiently identified one of the four statutory purposes of TANF.
- Senator Rochefort asked if the Department expects to receive the same response if they were to make a request for another waiver, and Mr. Clark confirmed.

Jackie Cowell, Early Learning New Hampshire

- Ms. Cowell explained that she is hoping to keep this bill alive to see if there are any general funds available and to ensure that questions and answers between DHHS and the federal government are accurate.
- Ms. Cowell explained that she is aware of one response from the federal government, emphasizing that it was vague. She noted that it talked about a path of \$10.2 million from past reserves being potentially allowable.
- Ms. Cowell emphasized the importance of having accurate data on which state and federal funds are available for this program.
- In 2023 and 2025, both Senate Finance and House Finance Division III voted unanimously for this \$15 million in funding, understanding its effect on the economy.
- Ms. Cowell referenced a NHFPI report showing that the child care shortage is costing New Hampshire hundreds of millions of dollars.
- Ms. Cowell emphasized that this is a bipartisan bill with various stakeholders in support.
- Ms. Cowell referenced a letter submitted to the Committee from the director of Nellie's Treehouse in Amherst, highlighting that these grants have allowed them to retain 85% of their staff.

Tori Potter & Marianne Barter, Merrimack Valley Day Care Service

- Ms. Potter has been an employee of Merrimack Valley Day Care Service since 2010. If her husband did not have a well paying job with health insurance, she would not be able to do this job she loves.

- Ms. Potter explained that early childhood educators provide the foundation that people will build upon for the rest of their lives. She emphasized that pay should reflect the importance of this job.
- Ms. Barter explained that while she is able to employ 50 people at Merrimack Valley Day Care Service, these employees could leave at any given moment for a different job with better pay and less stress.
- Ms. Barter stated that she cannot pay Ms. Potter more than \$20 an hour, despite her extensive education and experience.
- Ms. Barter explained that these funds help her supplement income and retain staff. She noted that one of her colleagues was meant to speak but could not attend because 3 teachers quit at their facility last week. She emphasized that while these employees are dedicated to their work, there are opportunities with better pay and benefits for them to take.
- Ms. Barter explained that for every early childhood educator or caretaker that can be retained, at least 8 individuals will be able to work. She emphasized that there is a huge risk in waiting longer to help this industry.

Stacy Neville, Granite YMCA

- Ms. Neville explained that while she is submitting written testimony on behalf of all the YMCAs in New Hampshire, she is speaking on her personal experience as a provider.
- This bill helps us get to a better place than where we are now.
- Ms. Neville explained that she overlooks 5 early learning centers and 24 after-school programs. Last week, they lost 5 staff members to retail and food service jobs. She emphasized that these employees are passionate about child care but had to leave for financial reasons.
- While each city is trying to solve their own child care issues with community organizations, nothing can be done if we cannot adequately staff what we currently have.
- Ms. Neville explained that she often has to step-in in the classrooms to meet staffing ratios. This means that leaders are too busy managing day-to-day operations to be able to plan for growth and new programs.
- The only way to increase employee salaries is to charge families more, which is not an option with the current costs of child care that families are already paying.
- These child care workforce grants are critical to stabilize the current system and encourage growth in the future.

Katie Brissette

- Ms. Brissette referenced a poll from Save the Children Action Network finding that 82% of granite staters voted in support of continuing the \$15 million

allocation for child care workforce funds. She emphasized that New Hampshire citizens agree that taxpayer dollars should be used toward this effort.

Sonjia Tainter

- Ms. Tainter explained that Rochester Child Care Center was forced to delay the start of some of their out-of-school programs due to staffing issues. This means they had to deliver difficult news to hard working families that rely on child care. She emphasized that situations like this may force people to call out of work or scramble for last minute options, severely effecting the state economy.
- The biggest barrier for child care centers is not demand, but rather having qualified supportive staff. Investing in the child care workforce has an immediate impact on staff confidence, the effectiveness of the child care industry, and the children they serve.
- Without dedicated funding, it is incredibly difficult to recruit and retain individuals in this field. Ms. Tainter noted that her son makes \$17 an hour at a car wash, which is something they cannot compete with.
- This grant would allow child care facilities to both hire and develop their staff, ultimately building a stronger, more stable workforce and directly impacting quality of care and reliability.
- Out-of-school programs are part of the structure that allows communities to function. When we invest in this workforce, we are investing in access, quality, and stability for working families.

David Trumble

- Mr. Trumble stated that he is speaking in support of the bill. He was fortunate to be a stay-at-home dad and emphasized that this is not an option for many families.
- Child care workers are in the 2nd percentile of wages received across all occupations in the country. If they were to put their own children in child care, it would cost 98% of their wages.
- 79% of New Hampshire child care workers have some college education, which is higher than the general workforce. However, child care workers only earn \$29,000 per year compared to the \$67,000 earned by the average New Hampshire worker with some college education.
- Mr. Trumble emphasized that this leads to high turnover rates as employees turn to other occupations. When access to child care is reduced and people cannot find placement for their children, they may not be able to go to work themselves.
- Mr. Trumble stated that this is the foundational issue with child care. It must be addressed before other solutions are implemented to aid the child care industry.

- Single mothers make up 20% of parents of children from birth to 5 years old, and they are most likely to leave the workforce if they cannot access child care. If someone is not in the workforce, there will be impacts to their lifetime earnings and social security benefits. Furthermore, there is an ultimate loss of \$200 million to the state, including \$10-14 million in tax revenue.
- Mr. Trumble emphasized that if we spend \$15 million to address this issue, we will get that money back and help the state economy to the tune of \$200 million.