

Senate Finance Committee

Deb Martone 271-4980

SB 483-FN-A, making a contingent appropriation to the department of health and human services for recruitment and benefit grants for child care employers.

Hearing Date: January 13, 2026

Time Opened: 1:32 p.m.

Time Closed: 2:15 p.m.

Members of the Committee Present: Senators Gray, Innis, Birdsell, Pearl, Lang, Rosenwald and Watters

Members of the Committee Absent: Senator Carson

Bill Analysis: This bill makes a contingent appropriation to the department of health and human services for recruitment and benefit grants for child care employers if the federal government denies the use of TANF reserve funds for such purpose.

Sponsors:

Sen. Rosenwald

Sen. Long

Sen. Fenton

Sen. Watters

Sen. Perkins Kwoka

Sen. Reardon

Rep. Wallner

Rep. Telerski

Rep. Sorensen

Rep. Nagel

Rep. Gregg

Who supports the bill: Please see Deb Martone, Senate Finance Committee Aide, for complete listing of individuals signing in favor of SB 483-FN-A.

Who opposes the bill: Julie Smith; Kiersten Brown;

Who is neutral on the bill: Karen Hebert; Brian Clark;

Summary of testimony presented in support:

Senator Rosenwald, Prime Sponsor:

- SB 483-FN-A will provide a contingency funding source for the Child Care Workers Incentive Fund.
- These critical workers, low paid and mostly women, are rightly known as the "workforce behind the workforce". Their presence allows men and women of New Hampshire to go to work.
- HB 2 required the Department of Health and Human Services to ask the federal government by last August whether we could use \$15 million of surplus TANF funds to continue the \$15 million General Fund appropriation of the previous budget. This fund was used to supplement the low wages of child care workers in the form of bonuses, wage increases, tuition discounts, and help paying for

health insurance. The money has all been spent. DHHS did ask the federal government for permission to use TANF funds for this purpose, but the answer so far has not been conclusive.

- SB 483-FN-A would, if there is no definitive answer from the federal government or a denial by July 1st, require that General Funds be substituted for TANF funds.
- The incentive funding remains important for two reasons. We don't have enough child care capacity to meet the needs of working parents and employers. We lost child care capacity during the pandemic and are still more than 10 percent down on placement availability for every teacher. Just for perspective, for every teacher, on average, eight children get child care. The Granite Staters affected by the lack of capacity are parents of preschool age children.
- The data from the Department of Employment Security show that younger people have disproportionately not returned to work post-pandemic. This hurts our businesses because it makes it harder for them to fill jobs.
- The child care incentive fund is important for a second reason. Without it, rates already are incredibly high and are very likely to increase for families. This is because child care employers will be faced with a simple choice. Do they back away from the higher compensation they've been able to give their employees? If so, some will leave and reduce capacity further. On the other hand, do they raise their rates and further strain family budgets?
- For the sake of our businesses that need workers, and for the sake of our families that need child care, we have to take steps to increase employment in a low-paying, mostly female industry. The child care incentive fund is a good common sense solution.
- We need not take action on this bill until we have a better sense of the revenue picture. The issue of child care availability and affordability is important enough to sit tight for a bit.

Stacy Neville, Vice-President of Operations, The Granite YMCA:

- The YMCAs are deeply appreciative of the commitment the Legislature has already made in investing in child care, particularly through this funding that supports the recruitment and retention of the workers. These investments have real and measurable differences. At the Granite Y, much of the prior funding was used to increase wages for staff and sustain the benefits to make these jobs viable to long-term careers. As a result, they were able to retain experienced staff, keep classrooms open, and hire key positions that have been unfilled. They were also able to expand some classrooms and open some new ones to expand spots.
- Without the child care workforce grants, the main way for programs to afford to retain and recruit is to raise tuition on hardworking families, who are already paying more than they can afford.
- This bill, with its \$15 million in approved funding is essential to stabilize and strengthen New Hampshire's child care system. This investment supports children, working families, and the overall economy.

David Trumble, Weare:

- If a child care worker was to put two of its own children into child care, it would take up 98 percent of their income to fund child care for themselves. Clearly, these are inadequate wages.
- Because of the stress of the job and the low wages, the turnover rate nationally is between 25 and 40 percent each year. This is not sustainable. The impact of not having a sustainable workforce means you can barely hold on to what you're doing, let alone think about expanding. If you can't expand, you can't take more clients. You can't offer broader hours. Without that, less people have access to child care in this state.
- The longer it takes for people to work, the lower their wages are in terms of lifetime earnings. People miss out on opportunities and chances for promotion. Taking time off hurts longtime eventual wages, which also hurts lifetime wages, which, in turn, eventually reduces social security benefits.
- In New Hampshire, 17,000 people leave the labor force to take care of children. They would work if they had child care available to them. In this state, 13 percent of employed parents leave their job because of the lack of child care, and another 7 percent lose a job due to the same reason. The New Hampshire Fiscal Policy Institute has determined this costs the state of New Hampshire \$180 million a year in lost wages. It cost small businesses \$55 million in business income, and it cost the state and local governments \$14 million a year in reduced tax revenue.
- The choice is either we invest in child care guaranteed, no matter what the federal government does, or we wait for them to say no. But these businesses need economic security.
- Studies have shown one dollar invested in preschool programs results in more than \$9 back in benefits to society. That's through earnings.
- The United States is way behind other free democracies with market economies. We only invest \$2,400 per child for early childhood education. The European Union invests \$4,700 per child. We spend half as much as the rest of the world. It's time that we catch up.

Jackie Cowell, Executive Director, Early Learning New Hampshire:

- Early Learning New Hampshire did a recent survey on the number one challenge facing child care businesses. By far it is staff retention and recruitment.
- SB 483-FN-A is an important plan to use state General Funds should there not be the ability to use federal funds.
- In addition to her own written testimony, Ms. Cowell shared additional testimony supporting the bill from Northeast Delta Dental, the Greater Nashua Chamber of Commerce, and WMUR-TV's New Hampshire Business Program.

Corinne Breton-Benfield, Executive Director, Stay Work Play New Hampshire:

- Child care is of the utmost importance not only to their organization but also to young people between the ages of 18 and 40.
- In their recent quality of life survey released at the end of 2025, which captures the attitude and perceptions of young people in the Granite State, 85 percent of respondents stated child care affordability and access is worse in New Hampshire than in other states, signaling a huge retention risk.

- Any policy and funding that goes towards supporting our early childhood education infrastructure in New Hampshire will greatly move the needle for many young families.

Tori Potter, Merrimack Valley Daycare Service:

- Early childhood education is extremely important.
- Early childhood educators provide children with the foundations that they build on for the rest of their education. In their preschool classrooms, they are not only learning how to recognize their letters, numbers, colors, and shapes, but they're learning how to be little citizens. They are learning how to be friends. They're learning how to be kind.
- Mrs. Potter got into early childhood education with a love of children and a passion for seeing those children grow and thrive.
- The sad reality is that Mrs. Potter would not be able to do what she loves if it wasn't for her husband's health insurance benefits.
- It would be devastating for Mrs. Potter if she had to leave child care.
- Quality early childhood educators are real life superheroes. They provide children with a strong foundation for life. Shouldn't their pay reflect their importance?
- Senator Watters remarked he thought everybody who is in early childhood love children. It's the unfortunate reality that some people have to decide to go elsewhere to be paid a living wage. Mrs. Potter added if they were able to be paid a little bit more, we would have more people in early childhood care who truly love it. Unfortunately, some just can't do it for financial reasons.

Wendy Williams, Mid-State Health Center:

- Mid-State Health Center is a federally qualified, community health center serving central New Hampshire. It has operated a child care center for the last 18 years, mostly as a retention program to attract healthcare providers to keep them in our rural region and help attract healthcare workforce.
- In 2020, all of the child care centers were closing in their region. Mid-State built a large child care center in the middle of the pandemic. In 2022, they expanded their child care center, Little Antlers Learning Center, from 22 spots to over 80 spots currently.
- This funding enables Mid-State to be able to secure and maintain those 80 spots, and retain high quality and well trained staff. It also has helped the economy in their region by retaining the workforce that supports the region. Ultimately, it's a win/win.
- This \$15 million investment helps childcare workers. It helps Mid-State retain quality staff. And it helps Mid-State provide quality daycare for both its staff and the community.

Marianne Barter, Executive Director, Merrimack Valley Daycare Service and Blueberry Express Daycare:

- The economic argument for investing in early childhood education is really strong, but we have to remember these are our kids. And when we're thinking about what's truly important for the future of New Hampshire, it's the children that we serve.

- Our public education costs are through the roof. We know we have expensive special education needs. We know that educating children in New Hampshire costs a small fortune. It does everywhere. But the more support we can give early childhood educators, talented people who are good at what they do and understand children, the better off we'll be. We'll be able to intervene when families need us or when children need more support. Kids will be able to move forward into public school much more successfully.
- We won't be able to do these things if we're changing staff every month. We just cannot do that. It takes so long to train a talented, early childhood educator. Having them leave after six months, you're back to ground zero. During that wasted time we could be identifying issues that children may have, and referring them to services they may need.

Leanna Lorden, CEO, White Birch Center:

- At White Birch Center, they used their most recent workforce grant intentionally. The majority of funds went directly to cost of living wage increases amounting to about 5% for front line educators and key staff, who are already stretched thin by rising housing, food, and child care costs themselves. Because of this support, several of those educators are still with White Birch today, including teachers like Miss Michelle and Miss Emma, whose continuity is critical for children and families.
- The grant also allowed them to offer targeted sign-on bonuses, as well as sign-on and retention bonuses. One of those went to a new hire after her first 90 days, giving her enough support to make staying in the field possible during a very vulnerable transition period. Without that incentive, White Birch likely would not have retained her.
- These grants didn't solve everything, But they brought stability. They brought time and most importantly, they helped keep trusted adults in classrooms with children. Again, these grants didn't make child care profitable. They made it possible.
- Without continued workforce funding, we will lose educators. Not because they don't care, but because they can't afford to stay.
- Please continue this critical investment in the people who care for New Hampshire's youngest children.
- Senator Rosenwald wondered without this funding, would the center reduce the compensation of its current employees or just expect them to leave, requiring the hiring of new employees at lower wages. CEO Lorden explained they've done a little bit of both. They've looked at how they can stabilize while also minimizing. They've closed classrooms and adopted class sizes to meet the staff that are staying. They've also looked at increasing competitive wages to match the rising tuition costs as well. It's a little bit of both, but it's pretty challenging to even think that way.

Megan Brabec, Save the Children Action Network:

- Save the Children did polling in the state last year on this issue. It found 80 percent of New Hampshire voters, including majorities of Republicans and Independents, support state funding to recruit and retain child care and preschool teachers.

- The voters and the citizens of New Hampshire do see this as a solid investment, and not a place to be rolling funding back.

Lynn Ouellette, Director, Nellie's Treehouse:

- Recently, Nellie's Treehouse took over a center in Milford that was closing, leaving families stranded for care.
- The money has helped them retain some wonderful individuals. But with that comes the need to make sure they are hiring the next group of child care workers and also serving parents.
- Their center in Amherst serves 69 children. If all of their students were to leave today, Ms. Ouellette could refill their entire building with the waiting list they currently have. They could also refill the new center they took over.
- The day of this hearing Ms. Ouellette received six phone calls to be added to the waiting list. Parents are desperately searching for care, in particular, infant and toddler care. Finding those teachers to serve those students is really, really difficult when you are offering a wage of somewhere around \$15 an hour.
- Nellie's Treehouse has upped its wages. It used funding from the \$15 million. It has helped them retain approximately 85 percent of their lead teachers, who have been working in the field for quite some time.
- Not only did Nellie's Treehouse take over a second center, but Ms. Ouellette also took over a classroom. She currently is running two centers and teaching, while searching for someone who might be interested in the job.

Neutral Information Presented:

Karen Hebert, Director, DHHS Division of Economic Stability:

- Child care and the support for the child care industry in New Hampshire is important, and it's important to families. It's important to our communities and the businesses that are in our communities.
- The Department did send a communication to the Administration for Children and Families, which is part of the United States Department of Health and Human Services. This was sent on July 18, 2025. They asked if TANF funds could be used for this particular purpose. They received a response from the Administration that explained how states are allowed to use TANF funds for child care in two different ways. The first is that it could be used to pay directly for child care for the child for that particular expense. Secondly, states are allowed to transfer up to 30 percent of its TANF funding into the federal Child Care and Development Fund each fiscal year. But once the TANF dollars become part of that child care and development fund, they take on the characteristics of that particular fund and are subject to all of the requirements as if it were the child care and development fund.
- The Department's approved budget for the 2026/2027 biennium includes the transfer of TANF funding into the CCDF of approximately \$21 million.
- While the CCDF does include this particular TANF transferred funding, the Department has to meet certain spending benchmarks, particularly for quality activities of at least 12 percent for those particular activities, which the state is doing at this time.

- The response from the Administration essentially was that TANF funds spent directly on child care must meet one of the four purposes of TANF. They also stated it is not clear to the Office of Family Assistance in the Administration how recruitment and retention bonuses for New Hampshire child care employers meet a TANF purpose.
- The Department assumes a General Fund appropriation would be made upon the effective date of this bill were it to pass.
- Senator Rosenwald stated she had seen the letter. It didn't say no; it was unclear. It laid out the purposes of TANF funding and ended by saying the Administration doesn't understand how this meets the purposes of TANF. It was a non answer. We still have until July 1 for them to come up with a yes or a no. Wouldn't the contingent funding merely be General Funds if they said no or if they didn't offer anything further?
- Senator Lang inquired if there is a waiver process involved with TANF funds. We could request a waiver either from the amount being transferred to the CCDF or a waiver indicating if we give this money to our child care centers we keep our slots. We're not going to have a reduction in slots because we are keeping a workforce in place, and asking for clarification based on the fact that we provide this \$7.5 million annually. We're going to keep this many slots versus lose these many slots for kids. Senator Lang asked if the Department had taken either action. Ms. Herbert replied there is no waiver process available for TANF funding for this purpose or any other. That leaves the Department with the ability to seek further clarification or something more explicit. The Department takes the position it wants to ensure we remain in compliance with TANF requirements and its regulations so that we don't jeopardize losing the funding, or face some kind of financial penalty for not abiding by those requirements. Senator Lang believes the intent of the Legislature was clear. Can the funds be used for this purpose? He would like the Department to strongly encourage the federal government to demonstrate how this will either keep our child care afloat or grow in New Hampshire.
- Senator Watters requested further clarification from Ms. Herbert. She responded there are two ways the Department can use TANF funding for child care. They can pay directly for an individual who is eligible for TANF. Also, states are allowed to transfer up to 30 percent of their TANF grant into the Child Care and Development Fund. Then they can use the funding in a manner which meets all of the federal requirements of CCDF, of which there are many. It essentially becomes CCDF money. For example, CCDF must be spent on direct services. At least 12 percent must be spent on quality activities. These include items such as professional development. Five percent can be spent on administrative costs. Senator Watters inquired if in the category of professional development, does the Department see a way to do these recruitment and retention grants. Ms. Hebert indicated they do. At the present time the budget amount they have specifically for quality activity is slated for those activities including professional development. It pays for child care resource and referral. It also supports the New Hampshire Connections Information System, the system that tracks credentialing for providers. It tracks background

investigations for providers and a number of other things. Senator Watters stated it's unclear if we're going to get a better answer from the federal government. But is it possible for the Department to develop a plan whereby at least some of that \$7.5 million can be moved into this other fund? And if that then allows the Department to move some other monies around in that fund? Is there a way to start using some of this money under the federal criteria that they would approve? Ms. Hebert summarized by stating the Department had already transferred the maximum amount of TANF funding into the CCDF. If the Legislature were to pass SB 483-FN-A and provide another \$7.5 million, the Department would then issue that as a grant directly to child care providers to support the workforce itself.

- Senator Rosenwald inquired if it were true that once funds are transferred to the TANF program, they become available for use as TANF. The money could then be used for direct care for children. In other words, tuition discounts for children of child care employees or professional development has already been done. So, if we were to transfer more money, couldn't we use it for those purposes? Brian Clark, General Counsel for the Department's Division of Economic Stability stated the Department wouldn't be able to use the funds if the purpose were for individuals whose parents weren't eligible for TANF.

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Date Hearing Report completed: January 15, 2026