

SB 237-FN - AS AMENDED BY THE SENATE

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2023 SESSION

23-0964

06/04

SENATE BILL **237-FN**

AN ACT relative to the child care scholarship program and making an appropriation therefor.

SPONSORS: Sen. Whitley, Dist 15; Sen. Prentiss, Dist 5; Sen. Fenton, Dist 10; Sen. Perkins Kwoka, Dist 21; Sen. Rosenwald, Dist 13; Sen. Watters, Dist 4; Sen. Soucy, Dist 18; Sen. Altschiller, Dist 24; Sen. Chandley, Dist 11; Rep. Long, Hills. 23; Rep. McMahon, Rock. 17; Rep. Wallner, Merr. 19

COMMITTEE: Health and Human Services

ANALYSIS

This bill modifies the child care scholarship program, establishes a child care workforce program and a regional fingerprinting support program, and makes appropriations for these programs, and for child caregiver supports, early childhood mental health support, and for early childhood education scholarships.

Explanation: Matter added to current law appears in ***bold italics***.
Matter removed from current law appears [~~in brackets and struckthrough.~~]
Matter which is either (a) all new or (b) repealed and reenacted appears in regular type.

STATE OF NEW HAMPSHIRE

In the Year of Our Lord Two Thousand Twenty Three

AN ACT relative to the child care scholarship program and making an appropriation therefor.

Be it Enacted by the Senate and House of Representatives in General Court convened:

1 1 Short Title. This act shall be known as the "Childcare for New Hampshire Working Families
2 Act."

3 2 Statement of Findings. The general court hereby finds that:

4 I. The availability of quality, affordable, safe, and reliable child care is critical to allow
5 parents to remain in the workforce, build a strong and future-focused economy, and provide a
6 supportive environment for healthy child development that prepares children for success in school
7 and in life.

8 II. Over the past 2 years, the inherent fragility of New Hampshire's child care system has
9 become undeniable and there is an urgent need to improve access to childcare for working families
10 and solidify the child care sector through system-based policy change and investment.

11 III. Investment and improvement in the child care system has been identified as an
12 essential priority from diverse stakeholders including, businesses, state leaders, providers, early
13 care and education professionals, higher education, faith leaders, and families across New
14 Hampshire.

15 IV. The child care industry is vital to New Hampshire's economic success. Yet many New
16 Hampshire businesses are struggling to recruit and retain their workforce and have identified
17 childcare as an important component to solving the burgeoning workforce crisis in New Hampshire.
18 As such, the New Hampshire Business and Industry Association has identified "policies that
19 strengthen the early childhood system including increasing access to quality, affordable childcare to
20 allow caregivers to return to the labor force" as a 2023 public policy priority.

21 V. In May 2021, the director of the New Hampshire economic and labor market information
22 bureau reported that "increasing the labor force participation rate of women ages 25-54 by just 1.3
23 percent (10,000) through increased access to child care would add over \$1 billion to New
24 Hampshire's gross domestic product by 2031 and over \$1.5 billion in personal income."

25 VI. Parents need and deserve equitable access and true choice in the care of their children.
26 Reliable, quality care not only supports parents who choose to enter and want to stay in the
27 workforce, but it also provides critical prevention, health, and development support for children.

28 VII. Investing in the early years of children's development has demonstrated a substantial
29 return on investment for the economy, families, and children. Access to high quality child care has
30 been shown to support a child's healthy development and is proven to mitigate the impacts of

1 trauma. Countless studies have shown that access to affordable, quality child care mitigates the
2 impact of adverse childhood experiences, reducing the potential of negative long term impacts.

3 VIII. Policy change and investment need to be directed at the state's child care scholarship
4 program for low income working families, the child care workforce, and state infrastructure.

5 IX. New Hampshire's child care scholarship program plays a significant role in ensuring all
6 New Hampshire families have choice and access to quality, safe, and reliable child care, regardless of
7 income, geographic location, or field of work. However, federal sources indicate that less than 15
8 percent of income eligible families have access to child care subsidies.

9 X. New Hampshire's child care scholarship program contains policies which no longer match
10 the economic reality of families who live and work in our state. These outdated policies have created
11 barriers to access for families. Revision to eligibility and reimbursement policies would support
12 families qualifying for child care scholarships, incentivize child care programs to open their doors to
13 these families, and provide stability to New Hampshire families.

14 XI. New Hampshire's child care workforce is in desperate need of support as outlined in the
15 state's child care strengthening plan. A lack of available childcare employees has led to longer wait
16 times for child care slots and higher costs for families. For every teacher employed in a child care
17 classroom in New Hampshire, an average of 8 children and their working parents are served. When
18 a teacher leaves and a new recruit cannot be found, a child care program will likely have to tell 8
19 children and their working parents that they can no longer serve them.

20 XII. According to the February 2021 study, Constraints on New Hampshire's Workforce
21 Recovery by the department of health and human services, 54,000 children under 6 years old needed
22 child care but there were only 33,000 licensed slots. This contributes to young people delaying
23 starting families, reduces the number of young people in the workforce, and results in employees
24 having to resign or turn down job offers across all industries.

25 XIII. New Hampshire needs to support state infrastructure to increase the capacity of the
26 state to effectively implement and manage child care scholarship, workforce support grants, and to
27 ensure that parents have true choice in accessing high quality, affordable child care.

28 3 New Subparagraphs; New Hampshire Employment Program and Family Assistance Program;
29 Rulemaking. Amend RSA 167:83, II by inserting after subparagraph (q) the following new
30 subparagraphs:

31 (r) Modification of eligibility for the child care scholarship program as follows:

32 (1) Adjust income eligibility to 85 percent (1) state median income as federally permitted
33 by the Office of Child Care;

34 (2) Remove parent cost-share for any eligible family at or below 100 percent of the
35 Federal poverty level and assign a \$5 per week cost-share for families greater than 100 percent and
36 at or below 138 percent;

37 (3) Adjust steps in eligibility to broaden income categories; and

1 (4) Include enrollment in any higher education program including graduate
2 programs to qualify as an “approved activity” under the child care scholarship work requirement.

3 (s) Modification of reimbursement for the child care scholarship program as follows:

4 (1) Permanently implement enrollment-based billing for all providers;

5 (2) Set reimbursement rates across all programs to match the 75th percentile of
6 market rate survey and/or allow for rates to be set through an alternative “true cost of care”
7 mechanism to be defined by the department of health and human services;

8 (3) Implement adjustments federally permitted by the office of child care to the
9 market rate survey which more equitably account for geographic differences, inflation, off-hours
10 care, and other costs of child care which are not currently captured in the market rate survey; and
11 upon implementation, the department of health and human services shall develop and engage in
12 training of all staff on program eligibility and reimbursement changes to the child care scholarship
13 program.

14 4 New Sections; Department of Health and Human Services. Amend RSA 126-A by inserting
15 after section 17-a the following new sections:

16 126-A:17-b Child Care Workforce Fund and Child Care Workforce Recruitment and Retention
17 Program Established.

18 I. There is hereby established in the state treasury a child care workforce fund to finance
19 recruitment and retention bonus and benefit grants for eligible New Hampshire child care
20 employers. The fund shall be nonlapsing and continually appropriated to the department of health
21 and human services for the purposes of this section. The state treasurer shall invest the moneys
22 deposited in the fund as provided by law. Interest earned on moneys deposited in the fund shall be
23 deposited into the fund.

24 II. The department of health and human services, in consultation with the advisory council
25 on child care established in RSA 126-A:17 and the governor's council for thriving children as
26 established in executive order 2020-03, shall designate an entity to administer grants to eligible New
27 Hampshire child care employers and to manage and implement the recruitment and retention
28 program.

29 III. The amount of annual grants to child care employers for the purposes of staff retention
30 and recruitment shall be determined by the department after all applications have been approved.
31 The flexible funding shall be disbursed by the employer in any of the following ways:

32 (a) Deposit into an eligible, tax-advantaged health savings account or flexible spending
33 account;

34 (b) Mentor credentialing and support networks for mentors;

35 (c) Sign-on and/or retention incentives and/or wage increases;

36 (d) Professional costs such as training hours, CPR, or memberships in professional
37 organizations;

- 1 (e) Child care tuition assistance;
- 2 (f) Credit towards the employee's share of the cost of their health insurance plan;
- 3 (g) Paid time off equivalent;
- 4 (h) Child care tuition discount;
- 5 (i) Student loan repayment;
- 6 (j) Telemedicine coverage; or
- 7 (k) Payment towards a physical, first-aid certification, CPR certification, background
- 8 check, or other credential required for the child care position.

9 IV. Eligibility for a grant from the child care workforce fund shall be as follows:

10 (a) Eligible child care programs shall be:

11 (1) Child care programs operating in New Hampshire with an active child care

12 license or that are license-exempt and enrolled in the department of health and human services child

13 care scholarship program. These programs shall include those who serve children from birth

14 through age 12 and are also referred to as center-based, family-based, early childhood education,

15 early learning, outside of school time, before and after school, and summer camp programs; and

16 (2) Non-profit and privately-owned center-based and family-based child care

17 programs.

18 (b) If grant application requests exceed available funding, preference shall be given to

19 eligible child care programs which are:

20 (1) Enrolled in New Hampshire's child care scholarship program; and

21 (2) Connected to the work of their related early childhood regional network, as

22 determined by the department.

23 (c) Child care programs enrolled in or in preparation to enroll in the granite steps for

24 quality system are eligible for the additional benefits described in this section in recognition of their

25 extra effort and commitment to continuous quality improvement.

26 VI. The department of health and human services shall adopt rules under RSA 541-A

27 relative to the duties of the entity designated in paragraph II of this section.

28 VII. The department of health and human services shall incorporate in its biennial

29 appropriation request pursuant to RSA 9:4 an amount necessary to fully fund the child care

30 workforce fund grant program established in this section.

31 126-A:17-c Regional Fingerprinting Support Program Established.

32 I. There is hereby established in the state treasury a regional fingerprinting support

33 program workforce fund to support child care employers and staff during the pendency of

34 background checks as outlined in the state's plan for strengthening child care. The fund shall be

35 nonlapsing and continually appropriated to the department of health and human services for the

36 purposes of this section. The state treasurer shall invest the moneys deposited in the fund as

37 provided by law. Interest earned on moneys deposited in the fund shall be deposited into the fund.

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1 II. The department of health and human services shall administer grants to eligible child
2 care employers.

3 III. The department of health and human services shall develop the grant program terms
4 and implement the regional fingerprinting support program by August 31, 2023.

5 5 New Subparagraphs; Application of Receipts; Child Care Workforce Fund. Amend RSA 6:12,
6 I(b) by inserting after subparagraph (387) the following new subparagraphs:

7 (388) Moneys deposited in the child care workforce fund as established in RSA 126-
8 A:17-b, I.

9 (389) Moneys deposited in the regional fingerprinting support fund established in
10 RSA 126-A:17-c.

11 6 Appropriations.

12 I. The sum of \$1 for the fiscal year ending June 30, 2024 and the sum of \$1 for the fiscal year
13 ending June 30, 2025 are hereby appropriated to the department of health and human services for
14 the purpose of the administration, management, and implementation of child care workforce fund
15 established in RSA 126-A:17-b. The governor shall determine if any discretionary funds
16 appropriated in the American Rescue Plan Act of 2021, Public Law 117-2, or any other federal funds,
17 can be used for this purpose, and the department shall use such federal funds for this purpose. Any
18 remainder shall be appropriated from the general fund. Funds appropriated under this paragraph
19 shall be nonlapsing. The governor is authorized to draw a warrant for the general fund portion of
20 such sum from any money in the treasury not otherwise appropriated.

21 II. The sum of \$250,000 fiscal year ending June 30, 2024, and \$250,000 for the fiscal year
22 ending June 30, 2025 are hereby appropriated to the department of health and human services for
23 the purpose of the administration, management, and implementation of regional fingerprinting
24 support fund established in RSA 126-A:17-c. The governor shall determine if any discretionary
25 funds appropriated in the American Rescue Plan Act of 2021, Public Law 117-2, or any other federal
26 funds, can be used for this purpose, and the department shall use such federal funds for this
27 purpose. Any remainder shall be appropriated from the general fund. Funds appropriated under
28 this paragraph shall be nonlapsing. The governor is authorized to draw a warrant for the general
29 fund portion of such sum from any money in the treasury not otherwise appropriated.

30 III. The sum of \$7 million for the fiscal year ending June 30, 2024, and \$7 million for the
31 fiscal year ending June 30, 2025 are hereby appropriated to the department of health and human
32 services for the purpose of the administration, management, and implementation of the employment
33 program and family assistance program fund established in RSA 167:83. The governor shall
34 determine if any discretionary funds appropriated in the American Rescue Plan Act of 2021, Public
35 Law 117-2, or any other federal funds, can be used for this purpose, and the department shall use
36 such federal funds for this purpose. Any remainder shall be appropriated from the general fund.
37 Funds appropriated under this paragraph shall be nonlapsing. The governor is authorized to draw a

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1 warrant for the general fund portion of such sum from any money in the treasury not otherwise
2 appropriated.

3 IV.(a) The sum of \$1,250,000 for the fiscal year ending June 30, 2024, and the sum of
4 \$1,250,000 for the fiscal year ending June 30, 2025, are hereby appropriated to the community
5 college system of New Hampshire for the purpose of providing scholarships and program support for
6 early childhood education programs. Such sums shall be nonlapsing, continually appropriated, and
7 shall be in addition to any other amounts appropriated to the community college system of New
8 Hampshire. Not more than 5 percent of the appropriated funds shall be used for program
9 administration, with the remainder being distributed as scholarships, program support, and student
10 support to increase the number of early childhood education graduates from the community college
11 system. The governor is authorized to draw a warrant for said sums out of any money in the
12 treasury not otherwise appropriated.

13 (b) The chancellor of the community college system shall submit a report end the end of
14 each fiscal year of the biennium ending June 30, 2025 to the governor, the speaker of the house of
15 representatives, and the president of the senate on the use of appropriated funds, enrollment data,
16 and graduation data for early childhood education programs, no later than July 1, 2024 and July 1,
17 2025.

18 7 Effective Date.

19 I. Section 6 of this act shall take effect July 1, 2023.

20 II. The remainder of this act shall take effect upon its passage.

LBA
23-0964
1/10/23

**SB 237-FN- FISCAL NOTE
AS INTRODUCED**

AN ACT relative to the child care scholarship program and making an appropriation thereof.

FISCAL IMPACT:

Due to time constraints, the Office of Legislative Budget Assistant is unable to provide a fiscal note for this bill, **as introduced**, at this time. When completed, the fiscal note will be forwarded to the Senate Clerk's Office.

AGENCIES CONTACTED:

Department of Health and Human Services