

Testimony of Ms. Amy Brooks  
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Good afternoon Chair Shaheen, Ranking Member Ernst, and members of the Committee,

Thank you for this opportunity to speak as a former child care business owner and now on behalf of the 120 licensed family and center-based child care businesses in the Upper Valley region of Vermont and New Hampshire.

As a former elementary school teacher, I quickly learned that many children in my class had their first experience in language and literacy- building when they entered Kindergarten. Despite thriving factories and an active hospitality industry at the time, there was little high-quality child care.

I resigned after 8 years teaching in public school and opened my own child care business in an effort to disrupt this cycle of catching up in elementary school.

My husband and I used his life insurance policy to put down on a building in order to keep a low mortgage payment. We worked long hours and dedicated ourselves to this business as most small business owners do, but quickly found that we had to keep operational costs down in order to keep from raising tuition.

I acted as plumber, maintenance department, office clerk, doing all of my own office work and did the landscaping and snow plowing myself. But It wasn't long before I had to raise tuition just to cover rising operational costs that were outside of my control. I lost some middle income customers that were caught between qualifying for adequate assistance and being able to afford care. Over time, the only way to absorb rising costs was to keep payroll costs low. No other element of operating my child care business could be adjusted. My story is not unique. Sadly, it is more the norm than the exception.

What makes up the budget for a child care business? As you may know, on average, payroll costs make up 80% of the budget leaving little room for cost cutting. For example; a classroom of 16- 3 year olds, in a program that is open 6:30 to 5:30 requires 125 payroll hours to cover that group. At a \$15.00/hr wage that amounts to \$118.00 per child per week. This does not include payroll taxes or worker's comp, no benefits, no vacation or PTO, no Professional Development hours. Or any other operational costs.

That is the business model now, low-wages keep costs low, in order to make child care affordable for families. This has led to a market rate that reflects this model and not the True Cost of Care.

I sold my business after 20 years and was hired to lead a network called the Early Care and Education Association made up of 120 licensed center-based and family-based businesses in the Dartmouth College region of NH and VT. I was able to quickly build relationships with these child care businesses because I knew, first hand, what they are going through and how difficult it is to provide a quality level of child care service, while struggling to maintain a professional workforce, all the while unable to pay a living or competitive wage and with few or no benefits.

Quality child care is reflected by a child centered safe environment, low teacher/child ratios, proper training, and adequate wages and benefits for staff. It has an impact both on the current workforce in our communities and on children and families over their lifespan. Affordable high-quality child care has a direct correlation to better outcomes for children entering the public school system (fewer Title 1 Reading referrals, fewer behavioral interventions as well as earlier diagnosis and early intervention as shown in the Perry Preschool Project) and this leads to better outcomes for families. It means less missed work due to child care issues, focused performance at work, and more retention of highly-trained employees after parental leave.

The economist James Heckman has quantified that the investment into high quality early childhood programs for young children at risk can have a return of 13 to 1. \$13 dollars of benefit for every dollar spent.<sup>1</sup>

I have seen this first hand. Over my 20 years in operating a child care business, I worked closely with early intervention and our school district to identify and address problems early and in very many cases, eliminate the future need for costly special services. This is exactly the reason I left public school to open a child care business with high-quality early childhood services: to give all children in my care a chance to reach elementary school prepared to learn and to disrupt the cycle of catching up.

I have received calls from parents in the last few months, one from an OR nurse waiting for an infant slot. Her husband is a surgeon and both are desperately needed back at work. Other callers include pediatric nursing staff that have reached out for help and have exhausted their search for care. You see, my region includes 5 medical centers, Including Dartmouth-Hitchcock Medical Center and Geisel School of

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<sup>1</sup> “13% ROI Research Toolkit”, The Heckman Equation, available at <https://heckmanequation.org/resource/13-roi-toolbox/>.

Medicine which is the only Level 1 Trauma Center in NH and employs more than 8,000 people.

A local Town Manager has called trying to help his Town Planner find infant care. A survey of the child care businesses in my region, this past January, revealed that more than 750 slots are unused due to lack of staffing, plus there is a need for at least 1500 more slots in addition to those 750. The workforce in these child care businesses underpin the workforce in the community and without them, the economy suffers. Our region also includes many other employers who have communicated through the regional Corporate Council and the Upper Valley Business Alliance that childcare is one of the two top barriers to having the workforce that they need.

Let me share something that most everyone else knows, but I realized shortly after opening my child care business. Parents raising young children are usually in their 20's and 30's and have some of the highest costs of living and are just on the bottom rungs of the salary scale. They have new mortgages or 2 or 4 bedroom rental costs, a car loan, school loans or technical training debt. On top of this, are child care costs. It takes two incomes for a family in our region to pay these bills.

For parents with children under 3 there are the added costs of special formula, baby food, lost time at work due to illness or well-child appointments and the cost of diapers; on average children under 3 use 6,000 diapers per year! All of these contribute to a child care business' struggle to CHARGE the actual cost of care to parents and in many cases today to grandparents as well.

Lower and middle income families need a boost, temporary, but something to help them during these years of raising very young children. And child care businesses need to be able to charge what it actually costs to operate.

Currently some families in my region travel up to one hour out of the way to access a childcare slot. Families dream of child care that meets their needs for location, culture and programming or just where they are the most comfortable. For now, most low and moderate income families just try to find a slot and then figure out if they can afford it. A child care program an hour away may be their ONLY choice.

Child Care businesses are an important part of NH's economy. Surveys in 2022 and 2023 have shown that up to 16,000 men and women a month are not able to enter the workforce because of lack of access to affordable child care. I work with these center-based and family-based child care businesses on a daily basis and they tell me they are **struggling to reach** the breakeven point due to lack of staffing. A recent ECEA survey that we conduct annually indicated that we need approximately 225 trained staff in my region to reach full capacity and they struggle to compete with other businesses that are able to PASS ON that cost of offering a competitive wage

to their customers. While many small businesses are turning to automation and resource diversification to bear rising costs of payroll and supplies, the child care business model has fewer options. No self-checkout. No pre-ordering. No remote or hybrid options.<sup>2</sup>

Presently the workforce child care assistance funds are income and employment based and go directly to the business on the parents' behalf. This means they are not taxed for the parent, and parents in instability, homeless or unsupported can easily access this support quickly. They do not have to "front" these costs on their own or find themselves ill equipped to budget for annual child care costs with a single source of money.

Additional investment should reflect the True Cost of Care, and include higher qualifying income limits for families with a child under 3. What is needed is to fund the actual cost of providing this care.

The result of this investment would be for parents to finally afford the true cost of care; child care businesses can raise wages, invest in quality improving paid professional development opportunities and potentially expand operational hours.

Thank you Senator Shaheen for this opportunity to speak on behalf of the child care industry in the greater upper valley region. You are familiar with the struggle of these small businesses. It was a pleasure to share some time with you last fall demonstrating the "collective power" of a child care business network with a demonstration of our very successful workforce training "career cultivator".

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<sup>2</sup> "The State of Child Care in New Hampshire: End of One-Time Federal Investments May Reduce Industry Stability", New Hampshire Fiscal Policy Institute (Feb. 2, 2024), available at <https://nhfpi.org/resource/the-state-of-child-care-in-new-hampshire-end-of-one-time-federal-investments-may-reduce-industry-stability/>.