PORTSMOUTH CHILDCARE WORKING GROUP

Childcare on the Seacoast

Findings and Requests of the Portsmouth Childcare Working Group

Prepared and presented to City Council by

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with the data and expertise of the Portsmouth Childcare Working Group

Prepared for the Portsmouth City Council

July 2026

The product of a 90-day, 23-member cross-sector working group

The Working Group

Members and Affiliations

This report was produced over 90 days by a cross-sector working group convened by Portsmouth City Council. The following individuals contributed their time, expertise, and institutional knowledge to its findings. Names and titles appear as submitted by working group members.

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Executive Summary

Childcare on the Seacoast: Findings and Requests of the Portsmouth Childcare Working Group

Prepared for Portsmouth City Council | July 2026 | Summary of the full working group report (five sections plus appendices)

A 23-member cross-sector working group — city departments, schools, providers, employers, and philanthropy — spent 90 days examining childcare access, cost, and supply. This brief summarizes the problem, what other communities are doing, and the five specific actions requested of Council.

THE PROBLEM: A MARKET THAT CANNOT FIX ITSELF

- Labor is the product. Staff account for 65–76% of a childcare center's operating costs, and state-mandated staff-to-child ratios mean the core cost cannot be automated or made more "efficient."
- Educators can't afford to stay. Seacoast early childhood educators earn roughly $16–$20/hour against a $25.77 NH single-adult living wage (MIT, Feb. 2026) — and $46.61 for an adult supporting one child. Classrooms sit licensed but empty for lack of staff.
- Tuition can't close the gap. Raising a typical 20-teacher center from $18 to $27/hour would add roughly $390 per family per month — on bills already among a family's largest. 53% of surveyed families reporting costs already pay $2,000+ per month.
- Families are priced out now. Seacoast infant care runs $375–$476/week ($19,500–$24,750/year) — more than in-state tuition at UNH (~$16,000). Under the federal 7%-of-income affordability standard, one child's care requires roughly $280,000–$355,000 in household income; two children require about $600,000. Portsmouth's median household ($85,000) can afford about $495/month — infant care costs three to four times that.
- The state safety net reaches few. The NH Child Care Scholarship reaches roughly 7–8% of eligible children statewide, and reimburses providers $31–$132/week below published infant tuition — a loss most providers quietly absorb from budgets that pay wages. A June 2026 database search found exactly one Portsmouth center that both accepts the scholarship and has infant/toddler openings.

WHAT PORTSMOUTH RESIDENTS AND EMPLOYERS TOLD US

- Families (working group survey, June 2026): of 171 families reporting current costs, 53% pay $2,000+ per month; $1,500 was the most common answer. Parents report leaving jobs, cutting hours, and declining promotions.
- Residents (FlashVote, June 2026, N=324): 68% support the city taking a more active role on childcare access and affordability; only 14% say the city should take no active role. Notably, 80% of respondents had no personal childcare need in the past year — support extends well beyond direct beneficiaries. Residents also drew a clear line at direct taxpayer subsidy; the asks below respect that line.

- Regional workforce (United Way of Southern Maine survey, Nov. 2023, N=1,193): affordability was the top barrier cited; most caregiving employees miss 1–2 workdays per month to childcare disruptions; 84% of those not working full time said affordable care would enable it.
- The economic stakes: NHFPI estimates each unavailable childcare slot costs $44,100–$66,800 in wages, productivity, and tax revenue over ten years; with ~9,100 slots missing statewide, the aggregate cost runs to hundreds of millions of dollars.

WHAT'S WORKING ELSEWHERE (MECHANISMS, NOT TEMPLATES)

- Iowa Child Care Solutions Fund: pooled employer contributions plus matched public dollars raise wages across all participating providers at once — filling existing licensed classrooms rather than building new ones.
- United 4 Child Care (Southern Maine): employer- and philanthropy-funded centers run by a professional operator, plus a planned shared-services layer (substitute pools, group benefits, back office) open to all providers.
- Gorham, NH: braided financing — CDBG, credit union lending, philanthropy, state funds — doubled an existing center's licensed capacity from 35 to 70 children.
- Employer-led (Timberland, Stratham NH; Smuggler's Notch, VT): employer-sponsored, operator-run childcare has run continuously in Stratham since 2007; removing the childcare barrier measurably expands who can take and keep a job.

No model transfers wholesale — several rely on state programs or funding streams New Hampshire does not have. The report extracts the transferable mechanisms and is candid about the differences.

WHAT THIS REPORT DOES NOT ASK

No new city budget allocation. No city-owned or city-run childcare. No city-administered fund. A regional childcare initiative is being developed by community, employer, and philanthropic partners, designed to be administered outside city government. Portsmouth's role is convener, partner, and catalyst — not a funder.

THE FIVE ASKS — LOW-COST, NEAR-TERM, WITHIN EXISTING AUTHORITY

1. **1.** Free pre-inspections. Direct Building and Fire to offer free, advisory pre-inspections to residents considering a licensed family childcare home. The regulatory path is navigable; most prospective providers don't know that.
2. **2.** Plain-language zoning guide. Direct Planning & Sustainability to publish a public-friendly guide: what type of care is permitted where, what approvals are needed, and what the process looks like. The working group's technical mapping is already done.
3. **3.** Childcare-appropriate parking standards. Direct Planning & Sustainability to review parking and drop-off requirements for childcare facilities and report back with recommendations suited to childcare settings rather than generic commercial standards.

4. **4.** Name childcare in the FY28 CDBG process. Direct the City Manager to name childcare explicitly as a community development priority in the FY28 CDBG Annual Action Plan. This makes childcare projects eligible to compete for existing federal entitlement funds (~$499,000/year) — it is not a request for a new allocation.
5. **5.** State-level resolution and local alignment. In early July 2026, the Governor signed a three-bill childcare package: HB 1195 (home-based care in ADUs and small centers by right on commercial land), HB 1433 (a new 50% business tax credit for creating childcare slots), and SB 614 (provider insurance pools). Adopt a resolution welcoming the package, direct staff to align city ordinances and the zoning guide with HB 1195, and support continued state action, including extending the SB 404 workforce scholarship pilot beyond June 2027. Still no cost; now implementation rather than advocacy.

BOTTOM LINE

Childcare is not a problem Portsmouth created, and not one it can solve alone. The working group asks Council to receive the report, act on the five items above, and position Portsmouth as the anchor of a regional effort funded and administered by partners beyond city government. Full data, sources, and methodology are in the report's five sections and appendices.

Section 1 · The Problem

> *“I pay more in childcare than my mortgage.”*

The family who wrote that owns a home on the Seacoast. They did everything right. And they are still losing ground every month, not because of a bad decision or a run of bad luck, but because the math of childcare in this region is broken in ways that reach far beyond any one family's budget. It’s broken for the workers showing up every day to care for our children, who cannot afford to stay in the field. It’s broken for the providers trying to keep their doors open with nothing left in the margins. And this break quietly extends into our local economy; every time a parent reduces hours, turns down a promotion, or starts looking at zip codes in Maine. This report is an honest accounting of that failure, and an invitation. The data is hard. The models from other communities are hopeful. And the people in this region who are ready to build something different are already in the room.

THE BROKEN MATH: WHY THE MARKET CANNOT SOLVE THIS

When families say childcare costs too much, and workers say they earn too little, and operators say they have nothing left, all three are telling the truth. Understanding why requires looking at how the economics of childcare actually work, because the math is broken in a way that no individual actor can fix.

WHAT THE MONEY IS MADE OF

Labor is not one cost among many in a childcare center. It is the product. Early childhood educators are what families are paying for, and they account for between 65% and 76% of a center's total operating expenses. Unlike most industries, childcare cannot automate its core function or dramatically increase productivity, New Hampshire law mandates specific staff-to-child ratios based on age, and those ratios are not negotiable. One teacher can only safely care for a set number of children. There is no efficiency to be found there.

WHERE THE TUITION INCREASES WENT

Childcare costs have more than tripled in nominal terms since 1990, far outpacing wage growth. But that money did not go to workers. It went to cover everything else that also got more expensive.

According to a 2025 survey by the National Association for the Education of Young Children, childcare providers are being squeezed from every direction simultaneously: 68% saw liability insurance costs increase in 2025, up from 46% the year before. 66% saw property insurance hikes. 44% saw rent or lease costs rise. Food, supplies, facility maintenance, and licensing compliance costs have all risen as well — all while public funding has declined.

This means that when a center needs to cut costs, wages are often the only lever available. And for decades, that is exactly what has happened.

The result: tuition has increased, but so has nearly every line item in a center's operating budget. Wage increases were not the destination of rising tuition. They were crowded out by everything else.

THE WAGE GAP IN PLAIN NUMBERS

Seacoast early childhood educators currently earn roughly $16–$20 per hour. The benchmarks below show how far that falls short of a living wage — and even of a local restaurant's stated baseline for dignity and retention.

Benchmark (hourly)	Wage
Current Seacoast ECE wage	$16–$20
Living wage — single adult, NH (MIT, Feb 2026)	$25.77
Living wage — single adult supporting one child	$46.61

Many ECE workers are themselves single parents, for whom the relevant figure is $46.61 — yet they cannot expect even the $25.77 single-adult living wage anywhere in the Seacoast childcare market. Even a local restaurant advertises a $27 baseline wage.

WHAT IT WOULD TAKE TO CLOSE THE GAP THROUGH TUITION ALONE

Using round numbers as an illustrative example: a center with 20 staff raising wages from $18 to $27 per hour adds approximately $18,720 per worker per year in labor costs. Across 20 staff, that is $374,400 in additional annual expenses; this excludes payroll taxes and benefits (typically 20%+ of wages), so the true cost is higher. This example assumes one teacher per four children on average, the estimate is conservative. Spread across 80 enrolled children, that is roughly $4,680 more per child per year — or approximately $390 more per month, per family.

The most commonly reported monthly cost in our June 2026 community survey was $1,500. Adding $390 would bring that to $1,890 per month — for a wage that still falls far short of what an ECE worker supporting their own child needs to live.

But the tuition math only works if every family at a center pays full rate. Most don't. State childcare scholarship reimbursement rates are set well below market tuition, meaning centers serving subsidy-eligible families collect significantly less than the sticker price for a portion of their enrollment. The gap between full-pay tuition and subsidy reimbursement is effectively a hidden operating deficit — one that centers have historically absorbed by suppressing wages.

THE TRAP, STATED PLAINLY

There is no tuition number that simultaneously pays educators a living wage and remains affordable for Seacoast families. Tuition cannot rise enough without pricing families out — 53% already pay $2,000+ per month. Operators cannot raise wages without raising tuition or cutting costs that are mostly fixed or rising. And workers cannot stay in a field that pays poverty wages. The gap cannot be closed from either end.

This is not a management failure, nor a policy failure by any single actor. It is a structural market failure — one that other communities, states, and countries have recognized and addressed through diversified, public-private investment. The question is not whether to intervene. The question is how, and who.

Sources: *MIT Living Wage Calculator, New Hampshire, updated February 15, 2026. livingwage.mit.edu/states/33 National Association for the Education of Young Children (NAEYC), provider survey, 2025. NH Fiscal Policy Institute, "Despite High Child Care Tuition, Early Childhood Educators Receive Low Wages," 2024. Washington Center for Equitable Growth, "What the Minimum Wage Can Tell Us About the Future of the U.S. Child Care System," 2023. Seacoast Area Child Care Community Survey, June 2026. N=195.*

THE NH CHILDCARE SCHOLARSHIP: WHAT IT DOES, AND WHAT IT DOESN'T

New Hampshire has one primary public mechanism for making childcare more affordable: the NH Child Care Scholarship Program (CCSP). Understanding how it works — and where it falls short — is essential context for why a community-level solutions fund is not redundant with existing support. It is necessary precisely because existing support is insufficient.

HOW THE PROGRAM WORKS

The scholarship is not money given directly to families. It is a payment made to the childcare provider on a qualifying family's behalf, structured as a three-part transaction.

First, the state determines the family's weekly "cost share" — the maximum the family is expected to contribute — based on household income. Families in poverty pay nothing. Families just above the federal poverty line pay $5 per week. For families earning between approximately $43,000 and $113,432 per year (the current eligibility ceiling for a family of four), the cost share is capped at 7% of household income — the federal affordability threshold.

Second, the family pays that cost share directly to their childcare provider each week.

Third, the state reimburses the provider for the difference between the family's cost share and the NH Maximum Weekly Standard Rate — or the provider's actual tuition, whichever is lower.

According to the UNH Carsey School of Public Policy's 2024 analysis, weekly cost shares by income level for a family with two children are as follows:

- Under $31,200/year: $0/week
- $31,200–$43,056/year: $5/week
- $45,000/year: approximately $61/week
- $65,000/year: approximately $88/week
- $85,000/year: approximately $114/week
- $105,000/year: approximately $141/week
- Above $113,432/year: ineligible; full out-of-pocket market rate applies

For reference, Child Care Aware reports that the full out-of-pocket market rate for a NH family with an infant and a 4-year-old in center-based care was approximately $613/week statewide in 2024. On the Seacoast, where infant care alone runs $375–$476/week at licensed centers, families with two young children face significantly higher costs.

THE PROVIDER GAP: WHERE MONEY GETS LOST BEFORE IT REACHES WORKERS

For families, the scholarship offers meaningful relief. For providers, it creates a structural revenue problem that directly suppresses wages.

The state's Maximum Weekly Standard Rate — the ceiling on what it will reimburse providers — is set at the 75th percentile of a 2021 Market Rate Survey. It has not been updated to reflect current costs. The current maximum reimbursement for a full-time infant in a licensed NH center is $344.42 per week.

Center (infant care)	Tuition/wk	State max/wk	Weekly gap
Great Bay Kids (Portsmouth/Exeter)	$476	$344.42	~$132
Seacoast Community School (Portsmouth)	$437	$344.42	~$93
Smart Start Learning Academy (Dover)	$375	$344.42	~$31

That gap runs roughly $1,600 to $6,800 per scholarship child per year.

For a scholarship family whose weekly cost share is $88, the provider collects $88 from the family plus $256 from the state — a total of $344 — against actual infant tuition of $375–$476. The gap between what the state reimburses and what centers actually charge ranges from approximately $31 to $132 per week per scholarship child, or $1,600 to $6,800 per year.

Research from the UNH Carsey School finds that most providers choose not to bill families for this remaining difference — known as a "co-pay" — quietly absorbing the loss rather than burdening their lowest-income families. This silent cross-subsidy comes directly out of operating margins that are already, by industry standards, at or near zero. It is one more reason wages cannot rise: providers are effectively subsidizing the state's underfunded reimbursement rate out of the same budget that pays their workers.

The NH Executive Council acknowledged this disconnect directly in May 2026, approving an $89,000 contract to analyze what childcare actually costs providers today and reset reimbursement rates accordingly — an implicit admission that the 2021 cap no longer reflects market reality.

Alongside that acknowledgment, the state has also taken at least one meaningful step to address the central paradox of the childcare workforce: that the people providing care often cannot afford care for their own children. SB 404, signed into law in 2024 and effective January 2025, created a pilot program extending childcare scholarship access to ECE workers earning up to 100% of state median income — capping their childcare costs at 7% of household income through June 2027. A DHHS evaluation report is due November 2026, which will determine whether lawmakers extend it.

In May 2026, the NH Executive Council tabled $1.2 million in federal funding that had been designated for childcare professional development and training — citing concerns about DEI language in the grant terms. The state's childcare workforce lost access to coaching, credentialing support, and provider training resources that would have been funded through the end of the fiscal year.

The picture shifted again in July 2026, when Governor Ayotte signed a three-bill childcare package: HB 1195, reforming municipal zoning for childcare (discussed in Section 4); HB 1433, creating a tax credit worth up to 50% of allowable expenditures against state business taxes for businesses that create or fund at least 12 new childcare slots, beginning January 2027; and SB 614, authorizing childcare providers to form self-insured risk pools in response to the liability insurance squeeze documented above, effective July 2027.

Taken together, these actions illustrate the uneven terrain the Seacoast is navigating: meaningful progress in some areas, and abrupt reversals in others. The case for a regional, community-controlled solutions fund is partly a case for insulation from that volatility.

THE REACH PROBLEM: WHO THE SCHOLARSHIP ACTUALLY SERVES

Even setting aside the reimbursement gap, the scholarship is dramatically underutilized. Approximately 55,000 New Hampshire children under age 13 are estimated to be eligible. As of fall 2024, just 4,348 were enrolled — roughly 8% of those who qualify. Rockingham County specifically has among the lowest scholarship utilization rates in the state.

The barriers are well-documented: limited awareness of the program, complex paperwork, annual reapplication requirements, and income volatility that makes maintaining eligibility difficult. Some providers also find the administrative burden of accepting scholarships prohibitive, particularly smaller home-based programs with limited staff.

THE CHOICE PROBLEM: A SCHOLARSHIP IS NOT FREEDOM TO CHOOSE

Perhaps the least visible limitation of the scholarship is what it does — and doesn't do — for family choice.

A search of the NH DHHS childcare provider database conducted in June 2026 found the following within 20 miles of Portsmouth:

119 licensed providers accept the NH Childcare Scholarship. Of those 119, only 12 currently have open spots for infant or toddler care and accept the scholarship. Of those 12, only 1 is located in Portsmouth: KinderCare Learning Center on Mirona Road.

KinderCare Portsmouth is a licensed center with a capacity of 148. It accepts the scholarship and currently has openings. It also does not publicly disclose its tuition — families must schedule a tour before receiving pricing information. It has no Granite Steps for Quality (GSQ) rating on record. GSQ is a voluntary program with low participation statewide; an unrated provider is not a low-quality provider.

The remaining 11 providers with both scholarship acceptance and open spots are located in Dover (3), Raymond (2), Kingston, Fremont, Barrington, Newton, Newfields, and Exeter — communities that are 15 to 40 minutes from Portsmouth under normal driving conditions.

Of the 12 providers with openings, 9 have no quality rating on record. Two are at Step 1, the lowest recognition level. One — Nurture and Nature Children's Center in Newfields — is at Step 3. None have reached Step 4. Among the full universe of 119 scholarship-accepting providers within 20 miles, 75% have no quality rating at all.

A family with a scholarship is not choosing from 119 options. They are choosing from whoever has an opening, at a quality level they can assess, at a location they can reach, at hours that fit their work. In Portsmouth today, that is effectively one center. That is not a criticism of any provider — it is a description of what the market has left standing.

THE SEARCH BURDEN: FINDING CARE IS ITSELF A SECOND JOB

For families who don't qualify for the scholarship — the majority of Seacoast working families, given local income levels — even less information is publicly accessible.

Most Seacoast childcare centers do not publish their enrollment status online. Most do not publish their tuition. Many require a scheduled tour before disclosing pricing. Several charge non-refundable waitlist fees — Great Bay Kids charges $75 per child — just to hold a place in line with no guarantee of a start date.

To understand their options, a Portsmouth family must: identify which centers serve their child's age group; call or visit each one individually to ask about availability; ask about tuition separately, often requiring a tour appointment; pay non-refundable fees at multiple centers to hold waitlist spots; reapply annually for scholarship eligibility; and reconfirm waitlist status at each center as circumstances change.

This work is invisible, uncompensated, and falls disproportionately on mothers. It assumes access to a phone, flexibility during business hours, English language fluency, and the financial cushion to absorb non-refundable fees at multiple centers simultaneously. For families without those resources, the search process itself becomes a barrier before cost or availability ever enters the picture.

WHAT THIS MEANS FOR THE SEACOAST

The scholarship program is an essential tool — and it is not enough. It helps qualifying families reduce costs, but it does not fund quality. It does not stabilize provider finances. It does not raise worker wages. It reaches roughly 8% of eligible children statewide as of fall 2024 (4,348 of ~55,000), creates a hidden operating deficit that providers absorb by suppressing wages, and constrains family choice to whatever is left after the market has already failed.

A community solutions fund would do what the scholarship cannot: direct resources into the system rather than routing them through individual eligibility determinations, stabilize operating costs at existing centers, support wage increases for ECE workers, and begin to close the gap between what families can pay, what providers can charge, and what workers need to earn.

Sources: *NH DHHS Childcare Provider Database search, June 2026. new-hampshire.my.site.com/nhccis/NH_ChildCareSearch NH DHHS, Child Care Scholarship Maximum Weekly Standard Rates (SR 24-23, August 2024). UNH Carsey School of Public Policy, "Reach and Utility of the New Hampshire Child Care Scholarship Program," 2024. carsey.unh.edu UNH Carsey School of Public Policy, "New Hampshire Child Care Scholarship Program Reaches Young Children Statewide," January 2026. carsey.unh.edu NH Fiscal Policy Institute, "Child Care Scholarship Program Faces Structural Limits to Continued Growth," June 2026. nhfpi.org NH Fiscal Policy Institute, "New Hampshire Child Care Scholarship Eligibility to be Expanded in 2024, Provider Reimbursement Rates Increased," September 2024. nhfpi.org NH Executive Council contract approval, May 2026, as reported by WCAX. Child Care Aware of America, 2024 market rate data, via UNH Carsey School. Great Bay Kids' Company, Tuition Rates 2025–2026 and Waitlist Instructions. greatbaykids.org Seacoast Community School, Early Childhood 2025–2026 Weekly Tuition and Fee Schedule, effective 7/1/25. Smart Start Learning Academy, Admissions/Rate Overview. smartstartlearningacademy.com*

Section 2 · The Data

PART 1: WHAT CARE ACTUALLY COSTS

The numbers below are not projections or national averages. They are confirmed, published rates at licensed NH Seacoast centers for the 2025–2026 program year.

Weekly tuition at licensed Seacoast NH childcare centers, full-time (5 days):

	Infant	Young Toddler	Toddler	Preschool
Great Bay Kids	$476	$426	$406	$380
Seacoast Community School	$437	$416	$395	$374
Smart Start Learning	$375	X	X	X

These figures translate to annual costs — for a single child — of approximately $19,500 to $24,750 for infant care and approximately $20,500 to $21,100 for toddler care. Seacoast infant care costs run 13–43% above the NH statewide average.

For context: in-state tuition at the University of New Hampshire is approximately $16,000 per year ($308 per week). A full year of infant care on the Seacoast costs more.

PART 2: WHO CAN ACTUALLY AFFORD IT

The federal government defines childcare as affordable at no more than 7% of household income. At current Seacoast rates for a single child:

Monthly cost	$1,500	$1,750	$2,000	$2,400
Annual cost	$18,000	$21,000	$24,000	$28,800
Income needed (at 7%)	$257,000/ year	$300,000/ year	$343,000/ year	$411,000/ year

The median household income in Portsmouth is approximately $85,000 — which affords about $495/month toward childcare under the federal standard. Seacoast infant care costs three to four times that.

This is not a low-income problem. Teachers, firefighters, nurses, electricians, and accountants cannot afford Seacoast infant care at the federal affordability standard. Even a registered nurse earning $80,000 would spend 28% or more of their income on a single child's care. The early childhood educator is the sharpest paradox: an ECE worker earning $18/hour would spend roughly 52–66% of their gross income on infant care for their own child.

See Appendix A for a full profession-by-profession breakdown.

PART 3: WHAT FAMILIES ARE ACTUALLY EXPERIENCING

In June 2026, the working group surveyed 195 Seacoast families. Of 171 reporting current monthly costs:

- 30% are paying $1,500/month (the largest single group)
- 53% are paying $2,000 or more per month
- 28% are paying more than $2,500 per month

The workforce impact is direct: parents have left jobs, reduced hours, turned down promotions, and cobbled together multiple care arrangements because no single solution covers their needs. Several reported considering leaving the Seacoast entirely.

In their own words:

> *"I pay more in childcare than my mortgage. Between my husband and I we make over six figures and we're still living paycheck to paycheck. It makes me reconsider returning to the workforce."*
>
> *"I can't level up financially. I'm stuck."*
>
> *"We almost moved to Maine just to access free public pre-K."*
>
> *"Had to become a childcare provider to be able to afford childcare."*
>
> *"I have a doctorate and teach at a university. If my husband were not making what he does, we wouldn't be able to afford childcare."*
>
> *"I wish the staff could get paid more so there's incentive to stay. High turnover makes it harder for my child."*

In June 2026, the City of Portsmouth conducted a FlashVote survey on childcare, reaching 324 residents over 48 hours. The results are worth reading carefully. 80% of respondents reported no childcare need in the past 12 months — meaning the survey largely captured Portsmouth's older, established residents, not young families in the thick of it. And yet: 68% support the city taking a more active role in improving childcare access and affordability, including 39% who strongly support it. Only 17% oppose.

That finding matters. This is not a constituency asking for something for themselves. It is a community saying that childcare access is a Portsmouth problem — one worth the city's attention even among those who will never personally benefit from the solution.

Among residents who did identify childcare challenges, the top barriers were cost (48%), no available openings (39%), need for infant or toddler care specifically (32%), and before- and after-school care for school-age children (41%). When asked which city actions made the most sense, residents prioritized: working with employers, providers, the Chamber, and nonprofits (49%); working with the state to reduce barriers (46%); helping guide new providers through permitting (43%); and making it easier for home daycare providers to operate (41%). Only 14% said the city should not take an active role at all.

The tax concern is real and worth naming directly: a meaningful thread through open-ended responses drew a line at direct taxpayer subsidy of childcare costs. The asks in Section 5 of this report are designed with that in mind. None of the five near-term actions require new budget allocations. The regional solutions fund being developed by community and employer partners is explicitly designed to be administered outside city ownership. Portsmouth's role is convener, partner, and catalyst — not a funder.

Source: *City of Portsmouth FlashVote Community Survey, Childcare, June 23–25, 2026. N=324.*

PART 4: WHAT EMPLOYERS ARE SEEING

The childcare shortage follows workers to their jobs. A 2023 survey by United Way of Southern Maine across major regional employers — including MaineHealth, Hannaford, and Unum — captured 1,193 employee responses. Key findings:

- 79% use childcare in order to go to work at all
- 84% of those not working full time say affordable childcare would enable them to do so
- Affordability was the top barrier, cited by 927 respondents
- 33% are relying on more than one care arrangement simultaneously
- Most employees miss 1–2 days of work per month due to childcare disruptions

ReadyNation estimates the infant-toddler childcare crisis alone costs the US economy $122 billion per year in lost earnings, productivity, and revenue. In New Hampshire alone, the Bipartisan Policy Center estimates $400–$600 million in annual household wage loss due to unmet childcare needs.

The Chamber Collaborative of Greater Portsmouth has identified childcare access as an active concern affecting recruitment and retention across the Seacoast employer community.

Each unavailable childcare slot in New Hampshire carries a cumulative economic cost. According to NHFPI analysis using NH-specific data, the combined impact on family wages, business productivity, and state and local tax revenue amounts to between $44,100 and $66,800 per unavailable slot over a ten-year horizon. With approximately 9,100 slots missing from the statewide market in 2023, the aggregate cost to the NH economy runs into the hundreds of millions — not as an abstraction, but as wages not earned, taxes not collected, and businesses not fully staffed.

Source: *NH Fiscal Policy Institute, "The Fragile Economics of the Child Care Sector," June 2024; "The Economic Impact of the Granite State's Child Care Shortage," February 2025. United Way of Southern Maine, Child Care Survey, November 2023 (N=1,193)*

See Appendix B for full survey data from both regional surveys.

PART 5: THE PUBLIC HEALTH CASE

The data in this section has focused on what childcare costs families and employers today. There is a longer arc worth naming.

Research by Nobel economist James Heckman finds that every dollar invested in quality early childhood programs for disadvantaged children generates an estimated 13% annual return on investment over time

— through better educational outcomes, higher lifetime earnings, reduced reliance on public assistance, and lower crime rates. The Perry Preschool Project, one of the most cited longitudinal studies in this field, documented $171,473 in savings per child in reduced justice system costs alone. Nationally, childcare expenses push an estimated 134,000 families into poverty each year — families who then require the welfare, Medicaid, and emergency services that city and state budgets fund.

The ACEs (Adverse Childhood Experiences) research framework adds the health dimension: children who experience chronic stress, instability, and economic insecurity in their earliest years carry measurable long-term health consequences — higher rates of chronic disease, mental health challenges, and shorter life expectancy. Unstable childcare is a documented source of that early stress. The public cost of those outcomes dwarfs the cost of preventing them.

This is not an argument that Portsmouth's childcare solutions fund will single-handedly break intergenerational poverty. It is an argument that stabilizing childcare access is one of the highest-return investments a community can make — and that the downstream costs of not investing are already landing somewhere in the public ledger.

NH-specific data on these connections is expected from the NH Children's Foundation later in 2026. This section will be updated when that data is available.

Sources: *Great Bay Kids, Seacoast Community School, Smart Start Learning Academy published tuition schedules 2025–2026. Seacoast Area Child Care Community Survey, June 2026. N=195. GUW/CCBEP Survey, 2023. Annie E. Casey Foundation, 2024. Bipartisan Policy Center, 2021. MIT Living Wage Calculator, February 2026. Heckman, J.J., et al., "Quantifying the Life-cycle Benefits of an Influential Early Childhood Program," NBER, 2019. Center for American Progress, "Child Care Expenses Push an Estimated 134,000 Families Into Poverty Each Year," 2024. CDC, Adverse Childhood Experiences (ACEs) research framework.*

Section 3 · What's Working Elsewhere

No single model from another community translates wholesale to the Seacoast. Our region has a different employer mix, a different provider landscape, and a different political environment than rural Vermont or coastal Maine. What follows isn't a menu of things to copy — it's a collection of mechanisms worth understanding, each of which contains at least one transferable piece that applies directly to what Portsmouth and the surrounding communities are trying to build.

FUNDING MECHANISMS

Iowa Child Care Solutions Fund

In 2023, Iowa launched a regional childcare wage fund model that has since expanded across multiple counties. The mechanics are straightforward: local employers contribute a small per-employee annual assessment (Greater Iowa City uses $150 per employee per year), matched dollar-for-dollar by city and county government. The pooled funds go directly to licensed childcare providers — not to build new facilities, but to increase worker wages across all participating centers simultaneously. Critically, eligibility extends to any licensed provider that accepts state childcare assistance, not just a single chosen partner. The result is a rising-tide approach: wages go up regionally, turnover drops, and centers are able to staff classrooms that already exist but sit empty because they couldn't compete on pay. A pilot report showed increased childcare slots in participating communities within the first year — not because anyone built anything new, but because the workforce was finally stable enough to use existing capacity. Greater Iowa City's version: the city and county each invest $250,000 per year, local businesses pay $150 per employee annually, and the pool is matched by state funds — roughly $2.88 million in state HHS funds leveraged against $1.4 million in local employer and government contributions in the pilot year alone. The employer ask is small enough to be a yes, the government match is replicable at the city or county level, and it sidesteps the "which provider wins" problem entirely.

A note on distribution design: Denver Preschool Program (2006–present). Denver funds its program through a voter-approved sales tax — an instrument New Hampshire municipalities do not have — but the durable lesson is not the revenue source. It is the delivery architecture. Tuition credits follow the child to any participating licensed provider — center-based, home-based, nonprofit, or private — tiered by family income and provider quality. Every provider is eligible, no single operator is picked as a winner, and quality improvement is rewarded rather than mandated. Denver voters have renewed the program three times, most recently making it permanent in 2023 with nearly 80% support. Nineteen years of results make it the proven template for how a regional solutions fund should distribute whatever dollars it raises — regardless of where those dollars come from.

Vermont Act 76

In 2023, Vermont passed Act 76, establishing a 0.44% employer payroll tax to create a permanent, sustainable childcare funding stream — the first of its kind in the country. The revenue funds childcare subsidies for families earning up to 575% of the federal poverty level, which translates to roughly $178,000 annually for a family of four. That income ceiling is the point: Vermont deliberately designed a system that reaches the middle-income families who earn too much for traditional subsidies but far too little to absorb market-rate childcare costs without significant sacrifice. The tax generates an estimated $125 million annually. The results after the first year of implementation were meaningful — for the first time in six years of tracking, more childcare programs opened than closed. Family childcare providers reported being able to save for retirement for the first time. Revenue collection has stabilized and the subsidy program is running at approximately 99% utilization. The legislation also includes a 50% state employer tax credit on childcare contributions up to $150,000 per year, stackable with the existing federal 45F credit, giving businesses an additional incentive to invest directly. Act 76 didn't happen overnight — it was the product of a decade-long campaign by Let's Grow Kids, a statewide advocacy organization, building public will before pushing policy. Vermont isn't a template for what Portsmouth can do next month. It is a proof of concept for what sustained, broad-based investment in childcare actually produces. No one is proposing a payroll tax in New Hampshire; the New Hampshire path runs through different instruments, described below.

WHY THIS IS POSSIBLE HERE

It is tempting to read Iowa and Vermont and conclude that New Hampshire — with no sales tax, no income tax, and a fiercely guarded property tax — simply cannot fund something like this. That conclusion is wrong, and the proof already exists inside New Hampshire's own tax code. Through the state's CDFA Tax Credit Program, a New Hampshire business that contributes to an approved community project receives a 75% credit against its state business taxes — and childcare projects in Nashua, Merrimack, Walpole, and Coös County are being funded this way right now. Layered on top, the newly expanded federal 45F credit covers half or more of an employer's childcare contributions — and, as of 2026, explicitly includes contributions made through pooled community funds. And New Hampshire has just added a third instrument: HB 1433, signed in July 2026, creates a state tax credit worth up to 50% of allowable expenditures for businesses that create or fund at least 12 new childcare slots, beginning January 2027. In other words: the matching public dollars that powered Iowa's model already exist here. They simply flow through existing tax credits rather than a new tax or a municipal budget. Employer contributions, a public match, and a proven distribution design are all within reach. None of it requires a new tax, a city appropriation, or a change in state law. What it requires is assembly.

BUILDING AND EXPANDING CAPACITY

United 4 Child Care (Maine)

United 4 Child Care launched in 2023 out of a partnership between United Way of Southern Maine and the Portland Regional Chamber of Commerce, built on a stark finding: in a 2023 survey, lack of childcare was the primary barrier to employment for 85% of Southern Maine households where at least one adult was not working. Their model has two distinct layers worth understanding separately. The first is facility development — U4CC builds purpose-built childcare centers in communities where demand far exceeds supply, funded through charitable contributions from regional employers, CDFI lending through Coastal Enterprises, and philanthropy. Employers who contribute get priority enrollment for their employees' children; a professional childcare operator (Growing Learners, a licensed Greater Portland provider) runs both centers, so no employer has to be in the business of operating childcare. The South Portland center opened in April 2026; Freeport follows later this year. The 5-year goal is 400 slots across Southern Maine. Affiliated employers currently include L.L.Bean, MaineHealth, Maine Beer Company, Northern Light Health, and Zachau Construction — a mix spanning retail, healthcare, food and beverage, and construction, which is intentional. The second layer — and the more immediately transferable piece for the NH Seacoast — is a planned regional shared services infrastructure available to all providers, not just U4CC's own centers: substitute pools, group-purchased benefits, back-office support, coordinated training. That shared services layer is the mechanism that lifts wages and stability across the existing provider ecosystem rather than concentrating advantage in one new facility.

Gorham Community Learning Center (NH)

The Gorham Community Learning Center expansion is the most locally grounded example in this collection — it happened in New Hampshire, used familiar funding tools, and involved a provider type that exists on the Seacoast. GCLC is an established, NAEYC-accredited childcare center in Gorham, NH. When the town identified a need to expand capacity, a coalition of partners — the NH Community Development Finance Authority, Northeast Credit Union, the NH Charitable Foundation, the Tillotson Fund, the Town of Gorham, and Granite United Way — assembled a braided financing package to increase GCLC's licensed capacity from 31 to 80 children, adding 49 new slots and 5 new jobs. Critically, the Town of Gorham applied for and received a $500,000 CDBG grant as the municipal applicant awarded from the competitive statewide CDBG pool that smaller communities apply to. Portsmouth, as an entitlement community, receives its own ~$499,000 directly each year rather than competing in that pool — the same program, accessed through a different door. The transferable piece isn't the specific provider or the rural context. It's the braided financing structure: municipal CDBG as the anchor, layered with credit union lending, philanthropic capital, and state economic development funds, applied to an existing provider with a track record. Portsmouth doesn't need to replicate Gorham. It needs to understand how those tools fit together.

Iowa Child Care Business Incentive (CCBI)

Iowa's CCBI program provides a clear template for how a state can mobilize employer capital for childcare infrastructure without asking any single employer to go it alone. The structure is straightforward: state grants cover up to 50% of construction or expansion costs, with a required 50/50 private match from the employer — ensuring genuine financial commitment rather than passive participation. Grants can fund onsite employer centers, partnerships with existing providers to create reserved slots, or new community facilities. The program requires a minimum of 75 full-time employees, which positions it squarely for mid-sized employers and employer consortiums rather than only large anchors. Since 2022, the program has deployed approximately $33 million in state funds matched by $33 million in private dollars — roughly $66 million in total childcare infrastructure investment. The most recent round, announced January 2025, awarded $14 million and is projected to create 875 new slots. The maximum grant for a new construction project is $3 million (requiring a $3 million private match), while slot-expansion projects cap at $250,000. The transferable mechanism for the Seacoast is the consortium model: no individual employer in Portsmouth outside of the Shipyard or the hospitals is large enough to fund a childcare facility alone, but a group of mid-sized employers — a hotel group, a technology company, a healthcare practice — could combine headcounts and contributions to meet both the eligibility threshold and the match requirement, with a state or municipal grant program as the catalyst.

EMPLOYER-LED MODELS

Bright Horizons at Timberland (Stratham, NH)

Timberland's corporate headquarters in Stratham has operated an onsite NAEYC-accredited childcare center managed by Bright Horizons since 2007 — nearly two decades of continuous operation that makes it the longest-running employer-sponsored childcare example in the immediate region. The center is licensed for 124 children ages 6 weeks through 6 years and is open to the broader community on a space-available basis, meaning Timberland is effectively operating a community asset with priority access for its own employees rather than a closed benefit. The employer's model is clean: Timberland funds and sponsors the center; Bright Horizons handles all operations, licensing, staffing, curriculum, and compliance. No employer expertise in childcare required. On the business case, Bright Horizons publishes aggregate ROI data across its employer client base and claims that employer childcare benefits deliver an estimated 425% return through increased productivity and avoided employee replacement costs, and employees with access to onsite childcare show 7.4 times higher retention rates than employees without it. Timberland's specific annual investment is not public, but the nearly 20-year track record speaks to the model's sustainability. For Seacoast employers considering a meaningful childcare commitment — particularly those with 100 or more employees and physical space on or near their campuses — this is the cleanest available local template.

Smuggler's Notch Resort (Vermont)

In winter 2022, Smuggler's Notch Resort began offering free onsite childcare to every employee — full-time, part-time, and seasonal — funded directly from the resort's operating budget. The center (TREASURES, a multi-million dollar purpose-built facility constructed in 2002) already existed to serve vacationing families at market rate; the resort redirected a portion of that revenue stream to cover the full cost for staff. The results were immediate and instructive. The center had physical capacity for 70 children but had been limited to 22 enrolled — not for lack of interested families, but because the resort couldn't hire enough childcare workers. The program director noted that childcare cost had been a persistent barrier keeping parents, particularly mothers, from applying or staying in resort jobs. Within days of announcing the employee benefit, the resort began receiving applications from childcare workers who had previously been priced out of taking the job because their entire paycheck would have gone to care for their own children. The childcare-for-employees benefit directly expanded the pool of people who could afford to work there. The honest caveat: Smuggler's Notch could act quickly because they already owned a licensed facility. The transferable piece isn't "build a center at your workplace." It's the underlying logic — that an employer's investment in removing the childcare barrier pays for itself in workforce access — and the cross-subsidy mechanism, which has direct application for any Seacoast employer or employer coalition that operates or co-locates with an existing licensed provider.

HONORABLE MENTIONS

Harmony Homes (Durham, NH) — An eldercare operator built a new mixed-use facility adjacent to its existing site, incorporating childcare alongside housing and office space and contracting a local provider (A Place to Grow) to run it. The center serves Harmony Homes employees at reduced cost and is open to the broader Durham community. The mechanism worth noting: childcare capacity created by riding alongside another capital project rather than requiring a standalone funding ask.

The Nest Family Center (Londonderry, NH) — New Hampshire's first fully licensed hourly drop-in childcare center, opened June 2024, operating on a membership and app-based booking model where families pay only for hours used. Co-located with a family cafe for additional cross-subsidy. This model speaks directly to the scheduling flexibility gap identified in our own community survey, where predictable and flexible scheduling ranked higher than onsite care as a workforce need. The Nest is not a solution to the infant care shortage, but it is a proof of concept that licensing flexibility and creative operating models can reach families the traditional full-time slot system leaves behind.

Sources: *Iowa Child Care Solutions Fund / Greater Iowa City pilot reports. Denver Preschool Program (dpp.org). Vermont Act 76 / Let's Grow Kids. United 4 Child Care (uwsme.org). CCBEP Final Report, October 2024 (Gorham). Iowa CCBI program announcements. Bright Horizons published client data. NH CDFA Tax Credit Program (nhcdfa.org). IRS, Employer-Provided Child Care Credit, tax year 2026 and later (irs.gov).*

Section 4 · Portsmouth's Path Forward

Portsmouth is not starting from scratch. Over the past 90 days, a working group convened by City Council created a shared understanding — across sectors and city departments — of what the childcare problem actually is, and what levers Portsmouth already has to address it.

WHAT THE WORKING GROUP FOUND

Zoning and the Regulatory Landscape

Portsmouth's childcare-related regulations span Fire, Health, Inspection, and Planning & Sustainability — four departments with overlapping jurisdiction and no single point of entry for a provider navigating the system. The good news: Portsmouth does not impose requirements more stringent than the state baseline. The friction: most prospective providers don't know that, and the perception of complexity stops people before they start.

Family day care — up to six children in a provider's home — is permitted by right across the majority of Portsmouth's residential land. The barrier to launching a small in-home program is lower than most people realize. Group day care — seven or more children — requires a Special Exception from the Board of Adjustment in most residential and suburban zones, and is permitted by right only in downtown commercial and business districts.

The Group C subcommittee produced zoning maps showing exactly where each type of care is and isn't permitted. That resource should be public-facing. The group also identified near-term friction points the city can address: pre-inspections for prospective home-based providers, a plain-language zoning guide, revised parking and drop-off standards, and potential developer incentives or requirements tied to childcare — a lever Portsmouth hasn't yet explored but other municipalities are beginning to use.

One question that remains open concerns play space: whether childcare outdoor play areas can count toward a developer's required open or green space — a lever that could meaningfully reduce the cost of incorporating childcare into new developments — has not yet been resolved, given cost and liability considerations that would need to be worked through.

Workforce: Pay, Not Pipeline

New Hampshire has made the financial cost of entering early childhood education essentially zero for those already working in the field. The TEACH NH scholarship — administered through Child Care Aware of NH — covers 85–95% of tuition at qualifying community college programs, plus books, paid release time, a semester stipend, and a $500 completion bonus, all while recipients continue working at least 30 hours per week. The Community College System of NH separately offers ECE tuition assistance that covers remaining tuition and fees directly, with no application required for matriculated students. A person pursuing an Associate's Degree in Early Childhood Education at Great Bay Community College can do so at little to no personal cost, without leaving their job.

The pipeline is not blocked by the cost of education. It is blocked by what waits at the end of it. An ECE credential leads to a job paying $16–20 per hour in a region where a single adult needs $25.77 per hour just to cover basic living expenses — and $46.61 if they are supporting a child of their own. The training is free. The career it leads to does not pay a living wage. That is why ECE worker turnover in New Hampshire runs at a projected 17% annually — versus 11% for all NH occupations (NH Employment Security, via NHFPI, February 2025). That is why classrooms that are licensed and ready sit empty, not for lack of children who need them, but for lack of workers who can afford to staff them. The credential pipeline is open. The wage problem closes it.

The path from Portsmouth High School into an early childhood career is more developed than most people realize — and more underutilized than it should be. PHS currently offers 18 dual-enrollment credits with Great Bay Community College through its Careers in Education program, spanning two courses. This year, the district formalized a pre-apprenticeship agreement with Great Bay, making PHS an official pre-apprenticeship site in partnership with GBCC's Coordinator of Educator Preparation. PHS also operates an in-house preschool lab school that gives students direct early childhood experience as part of their coursework. Early childhood education is already a Perkins-funded CTE trades pathway in Portsmouth — the designation the working group flagged as worth exploring already exists.

Where the city and its partners can genuinely add value is not in creating a pathway, but in supporting one that already exists. According to district figures, PHS's Perkins allocation dropped 28% this year, limiting the district's ability to expand on its own. Concrete opportunities include funding to market the existing dual-enrollment and pre-apprenticeship pathway, partnerships that support additional staffing, and potentially deeper collaboration leveraging the lab school facility — though shared-liability and logistical questions would need to be worked through. The early childhood CTE coordinator at Portsmouth High School and the Coordinator of Educator Preparation at Great Bay Community College are the key connectors for this work.

The traditional pipeline is only part of the picture. The working group also identified underutilized labor pools that don't require new training infrastructure at all: military spouses who arrive in the region with relevant backgrounds but limited local connections, retirees with education or child development experience, college students seeking applied placements, and parents who — with the right regulatory support — might provide licensed in-home family childcare. Pre-filled, plain-language application packages for family childcare home licensure were identified as a low-cost city action that could meaningfully lower the barrier for interested providers.

Employer Engagement: Making the Ask Tangible

Business leaders already know childcare is affecting their workforce. What's been missing is a concrete menu of options matched to employer size — from direct wage supplements to pooled regional fund contributions to reserved slot agreements with existing centers. Ben VanCamp's conversations with local providers surfaced what centers themselves said would move the needle: tuition support for workers, housing assistance, community college grants, and reserved slots. A "Family Friendly" business recognition framework was discussed as a way to make employer participation visible and valued.

PORTSMOUTH'S EXISTING TOOLS

Portsmouth brings institutional assets to this problem that most communities don't have.

As a CDBG entitlement community, Portsmouth receives approximately $499,000 annually in direct federal funding from HUD. Unlike smaller NH communities that must compete for funding through the statewide pool, these dollars arrive without competition. Childcare is a documented community development need. The question is not whether it belongs in that conversation. The question is whether it becomes a named priority in the next planning cycle.

The FY27 budget includes a $65,000 study to explore affordable live-work studios for artists — built on the logic that community-benefit practitioners deserve city-supported access to space. That same logic applies directly to licensed family childcare home providers: under NH licensing, a provider's home is the childcare facility. Affordable housing for a childcare provider and childcare infrastructure are the same investment in the same building. The artist study framework is worth examining in parallel with childcare.

Portsmouth is also an eligible applicant for CDFA congressional directed funding — a federal mechanism that individual nonprofits and providers cannot access without a municipal partner. The city's role in capital projects is not limited to convener or advocate. It can be the entity that unlocks funding others cannot access alone.

The federal 45F tax credit for employer-provided childcare has recently been expanded, including an option for contributions to flow through an intermediary — a change that favors community-based childcare funds rather than requiring employers to operate their own facilities. This is a tool the working group recommends examining in detail as the regional fund takes shape.

And New Hampshire has just added a third instrument: HB 1433, signed in July 2026, creates a tax credit worth up to 50% of allowable expenditures against state business taxes for businesses that create or fund at least 12 new childcare slots, beginning January 2027.

WHAT PORTSMOUTH CAN DO AT THE STATE LEVEL

In 2024, HB 1567 removed municipalities' ability to block home-based childcare in residential zones; 81% of NH communities had to change at least one regulation to comply, and Portsmouth was already aligned.

HB 1195 goes further: it allows home-based care in accessory dwelling units and permits small centers (30 or fewer children) to operate on commercially zoned land by right, bypassing site plan review. It passed both chambers with bipartisan support and was signed into law in early July 2026. Portsmouth’s task now is implementation: aligning its ordinances and its zoning guidance with the new law.

THE REGIONAL FRAME

The waitlists, wage gaps, and provider closures in this report are not Portsmouth-specific. Seacoast Community School's 400-family waitlist doesn't sort by zip code. Neither do the workers leaving the field or the employers struggling to recruit. The most durable solutions will be regional — pooled across municipalities and employers, administered by an entity with the reach to hold the table together. Portsmouth's role is to name the problem publicly, commit its own tools, and anchor the regional conversation. That is what this report begins.

Section 5 · Our Asks

The work described in this report arrived at a set of directions — some Portsmouth can act on now, some that warrant further examination, and one the city's role is to support rather than lead.

The asks that follow did not emerge from this working group alone. In June 2026, a citywide FlashVote survey found that 68% of Portsmouth residents support the city taking a more active role in improving childcare access and affordability — including a majority of respondents who reported no personal childcare need. The actions below reflect both what the data supports and what residents say they want: a city that reduces barriers, builds partnerships, and uses its existing tools — without asking taxpayers to carry the cost alone.

WHAT WE'RE ASKING COUNCIL TO DO NOW

Direct Building and Fire to offer free pre-inspections to anyone considering a licensed family childcare home in Portsmouth. The regulatory path is navigable — most prospective providers just don't know that. This costs the city very little and could meaningfully expand home-based care supply.

Direct Planning & Sustainability to produce a clear, public-friendly childcare zoning guide — what type of care is permitted where, what approvals are required, and what the process looks like from first inquiry to license. The Group C subcommittee produced the technical foundation. It needs to become something a prospective provider can actually use.

Direct Planning & Sustainability to review parking and drop-off requirements for childcare facilities, and report back with recommendations for standards appropriate to childcare settings rather than generic commercial parking logic.

Direct the City Manager to ensure childcare is named explicitly as a community development priority in Portsmouth's FY28 CDBG Annual Action Plan process. We are not asking for a new allocation. Naming the priority makes childcare projects eligible to compete for existing entitlement funds; it does not commit a dollar. We are asking that childcare has a seat at the table as the city enters its next planning cycle.

Adopt a resolution welcoming the newly enacted state childcare package — HB 1195 (zoning), HB 1433 (childcare creation tax credit), and SB 614 (provider insurance pools), signed into law by Governor Ayotte in early July 2026 — and direct Planning & Sustainability to fold HB 1195 compliance into the childcare zoning guide (Ask #2), reflecting the new by-right allowances for home-based care in accessory dwelling units and small centers on commercially zoned land. The resolution should also support continued state action that reduces barriers to childcare formation, including extension of the SB 404 workforce scholarship pilot beyond its June 2027 sunset.

QUESTIONS THIS WORK HAS OPENED

These are not asks for action — they are invitations to look closer.

The artist live-work studio study underway through the Below Market Rate Housing Trust Fund is built on logic that applies equally to licensed family childcare home providers. It is worth asking whether that study's findings can be extended to include childcare providers explicitly.

Other municipalities are beginning to tie childcare contributions to development approvals — as a requirement or incentive for developers building larger projects. Portsmouth has not examined this lever yet. It is worth examining.

Portsmouth is an eligible applicant for CDFA congressional directed funding that individual providers and nonprofits cannot access alone. As capital projects come into focus, this tool is worth understanding in detail.

WHAT'S BEING BUILT BEYOND THIS REPORT

A regional childcare initiative is currently being developed by a coalition of community, employer, and philanthropic partners on the NH Seacoast — drawing on the Iowa Child Care Solutions Fund model and the relationships this working group helped build. It is designed to be administered regionally, not by the city. Its working design draws on the Iowa model for revenue — pooled employer contributions made inexpensive by New Hampshire's CDFA tax credits and the expanded federal 45F credit — and on Denver's Preschool Program for distribution: support that follows the child to any participating licensed provider. Fiscal sponsorship and governance are being developed with community and philanthropic partners. Portsmouth's role is as participant, resource, and voice.

We are asking Council to receive this report as the beginning of that work, act on the near-term items above, and understand Portsmouth's ongoing role not as the owner of the solution, but as one of the essential partners in building it.

Childcare is not a problem the City of Portsmouth created. It is not a problem the city can solve alone. But Portsmouth convened the table, did the work, and produced this report so that regional change can begin.

Appendix A · Who Cannot Afford Childcare

A Profession-by-Profession Analysis

The federal government defines childcare as affordable when a family spends no more than 7% of their annual income on it. Unless noted, percentages assume one infant at $437/week (Seacoast Community School's published 2025–26 rate).

At current Seacoast rates, a family needs to earn roughly $280,000 - $355,000 per year for a single child's care to be affordable. For two children, that number is $600,000.

Those figures describe dual-income physicians, corporate attorneys, and senior executives. They describe roughly the top few percent of earners in New Hampshire.

Everyone else is being forced to live outside their means. Here is what that looks like profession by profession.

SINGLE-INCOME VIEW: ONE CHILD

Profession	Annual salary	Childcare % of income
Early childhood educator	$35,000–$42,000	**54–65%**
Teacher (Portsmouth public school)	$85,000 - $100,000	**22-26%**
Firefighter (Portsmouth)	$60,000–$70,000	**32–37%**
Licensed practical nurse	$55,000–$65,000	**35–40%**
Social worker	$55,000–$65,000	**35–40%**
Police officer	$70,000–$80,000	**28–32%**
Registered nurse	$80,000–$90,000	**25–28%**
Electrician or plumber (licensed)	$60,000–$75,000	**30–37%**
Accountant or CPA	$70,000–$85,000	**26–32%**
Civil engineer	$85,000–$95,000	**24–26%**
Physical therapist	$95,000–$105,000	**21–23%**
Pharmacist (doctoral degree required)	$130,000–$145,000	**16–19%**

Early childhood educator — The people who provide childcare cannot afford to use it. This is not a footnote — it is the central paradox of the entire system.

Pharmacist (doctoral degree required) — Six or more years of post-secondary education. A doctoral degree. Still spending two to three times the federal affordability standard on a single child.

TWO-INCOME HOUSEHOLDS

Most Seacoast families rely on two incomes to absorb these costs. The picture does not improve as much as one might hope.

- Two teachers (combined $170,000–$200,000): one child = 11–13% of income; two children = 21–25%
- Teacher + registered nurse (combined $165,000–$190,000): two children = 22–26%
- Two registered nurses (combined $160,000–$180,000): two children = 23–26%
- Two engineers (combined $170,000–$190,000): two children = 22–25%
- Two physical therapists (combined $190,000–$210,000): two children = 20–22%
- Two pharmacists (combined $260,000–$290,000): two children = 15–16%

Even two physical therapists — both holding doctoral degrees, both working full time — spend three times the federal affordability standard on two children. Two pharmacists, with a combined income approaching $300,000, still spend double the threshold.

THE BOTTOM LINE

This is not a problem for families who fell through the cracks. It is a problem for families who did everything right — who earned degrees, built careers, pay taxes, and show up for this city every day.

The question is not whether Seacoast families are struggling with childcare. The data makes that clear. The question is whether Portsmouth is willing to be a city where teachers, nurses, firefighters, and tradespeople can afford to raise children.

Sources: *Salary figures: NH Fiscal Policy Institute; NH Employment Security Occupational Employment and Wage Statistics 2025; Salary.com NH 2025; Glassdoor NH 2025. Childcare cost figures: confirmed 2025–2026 published tuition schedules at Great Bay Kids' Company, Seacoast Community School, and Smart Start Learning Academy. Federal affordability standard: U.S. Department of Health and Human Services, 7% of household income threshold.*

Appendix B · What Employees and Employers Are Seeing

Two Regional Surveys

In late 2023, two independent surveys — one in Southern Maine, one in New Hampshire — examined how childcare access affects the regional workforce. They were conducted by different organizations, in different states, with different instruments. They reached the same conclusions. Both are summarized here; each finding is attributed to its source survey.

SURVEY 1: UNITED WAY OF SOUTHERN MAINE CHILD CARE SURVEY (NOVEMBER 2023)

United Way of Southern Maine surveyed 1,193 employees of major regional employers, with respondents concentrated in Cumberland and York counties.

Key findings: 79% of respondents (917) use childcare in order to go to work. Among households where not all adults work full time, 84% said access to affordable childcare would enable full-time work. Affordability was the most-cited difficulty (927 respondents; 34% of all selections), followed by difficulty finding a spot anywhere (775), convenient location (545), and transportation (291). 33% of respondents rely on more than one care arrangement simultaneously (794 enrolled in a childcare program; 453 relying on extended family; 127 on friends; 268 on other arrangements). 95% do not receive or qualify for a childcare subsidy. The most common estimate of monthly work missed due to childcare disruptions was 1–2 days. Hours gaps — times care is needed but unavailable — were led by after school (21.6%), before and after school (21.6%), early mornings (12.9%), night shifts (12.5%), and school closures (11.7%). Willingness to pay concentrated at $101–$200 per week per child.

SURVEY 2: CHILD CARE BUSINESS AND EMPLOYER PARTNERSHIP PROJECT (NH, DECEMBER 2023)

Granite United Way, in partnership with NH DHHS and the Behavioral Health Improvement Institute, surveyed employees and employers across New Hampshire as part of the $1.5 million ARPA-D-funded CCBEP initiative (Final Report, October 2024). The employee survey captured 2,289 respondents, including 1,415 NH-based employees caring for at least one child; 58% of respondents worked for Dartmouth Health, and weighted analysis was applied to correct for overrepresentation. The employer survey captured 116 respondents, including 74 NH-based employers.

Employee findings: 62% of caregiving employees report childcare responsibilities affect their work “always” (41%) or “often” (21%). The factors most often rated “very challenging” in finding care: staying within budget (64%), finding space for the number and ages of their children (59%), and hours of operation (47%). When considering a new job, the benefits most rated “very important” were predictable schedules (87%), flexible schedules (85%), and the ability to call out for emergencies (83%); a majority also rated childcare assistance (57%) and onsite childcare (56%) very important.

Employer findings: 96% of NH employers rated childcare supports as important or very important for recruitment, and 94% for retention. Asked about their current childcare supports, 25% were very satisfied, 63% moderately satisfied, and 11% not at all satisfied. The most-cited motivations for offering supports were employee satisfaction (92%), “because it’s the right thing to do” (87%), and reducing turnover (80%).

A Portsmouth Work Well Business Roundtable was one of four regional events held under the project. Rockingham County is underrepresented in both CCBEP samples relative to its population, suggesting the findings understate the impact on Seacoast employers and families.

WHERE THE TWO SURVEYS CONVERGE

Affordability is the top barrier in both surveys. Childcare disruptions carry a measurable attendance cost in both — one to two missed days per month (Maine), and “always or often” affecting work for 62% of caregivers (NH). Scheduling — predictable hours, and care during nonstandard hours — ranks at or near the top of both. And both find that affordable care is a determinant of workforce participation itself, not merely a convenience. Two independent instruments, two states, one conclusion.

A caveat on both: each is a convenience sample dominated by a single large healthcare employer (MaineHealth-region respondents in Maine; Dartmouth Health in NH, corrected by weighting). The convergence between them — and with this working group’s own community survey — is precisely what makes the shared findings credible.

NH STATEWIDE CONTEXT (from the CCBEP literature review and external sources)

Average annual cost of infant center-based care in NH (2023): $17,250 — Average annual cost of family-based childcare in NH (2023): $11,402 — Average annual cost for two children under 5 in center-based care (2023): approximately $31,868 — NH childcare workforce vacancy rate (March 2023): 26% — ECE center-based workforce declined approximately 8% between 2023 and 2024 — Family-based childcare provider closure rate (2023–2024): 12.3% — Average monthly NH residents not working due to childcare responsibilities: approximately 15,500 — NH Child Care Scholarship usage increased 42% following the 2024 eligibility expansion; 6.9% of an estimated 55,000 eligible children were using the program at the time of the CCBEP report (roughly 8% by fall 2024, per UNH Carsey) — Estimated annual household wage loss statewide due to unmet childcare needs: $400–$600 million (Bipartisan Policy Center) — Return on investment for state pre-K programs: $4.20 for every $1 invested (for families with low incomes)

Sources: *United Way of Southern Maine, Child Care Survey working session materials, November 2023 (N=1,193). Granite United Way and Behavioral Health Improvement Institute, Child Care Business and Employer Partnership Project (CCBEP) Final Report, October 2024. Interactive dashboard: WorkWell.GraniteUW.org*.

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