

## **Project Technical Memorandum**

To: Cody Morrison, Economic Development Coordinator, Town of Newport  
From: Jeffrey Donohoe  
Subject: Town of Newport Childcare Feasibility Evaluation  
Date: March 25, 2020

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Pursuant to your request, we have completed the initial survey to evaluate the feasibility of an “off-shift” childcare center. The primary focus would be to provide childcare services to second- and third-shift workers living and/or working in Newport and nearby areas.

In order to provide the Town of Newport with an overview of the feasibility of an off-shift childcare center, Jeffrey Donohoe Associates (JDA) utilized a multi-pronged research approach. Research included interviews with human resources professionals, a review of other childcare centers licensed for “night care” programs and the development of an online survey to allow employees who live or work in the region to provide input into the need for this type of childcare. Each of these issues is discussed below.

### **Interviews with Human Resources Professionals**

As a first step to understanding the demand for an off-shift childcare center, JDA met with several human resources managers from organizations that have second- and third shift workers. While JDA contacted ten different organizations, only four agreed to be interviewed for this project. Interviewees included Sullivan County Nursing Home, Fujifilm, Hypertherm and Sturm Ruger. While Hypertherm and Fujifilm are located in Lebanon, both firms indicate they have significant concentrations of employees in the Newport area.

Although the human resources professionals interviewed for the project provided significant input to the study, information from individual firms is not provided to protect each organization’s confidentiality.

Each organization indicated that the availability of childcare is a significant concern for their employees on all shifts. Each organization provided anecdotal information regarding employees that experienced issues securing adequate childcare for all shifts. One organization indicated that an employee is forced to leave an 11- and 14-year old home alone each night. Availability of childcare was cited as a detriment to hiring second- and third-shift workers.

The primary goal of these interviews with human resources professionals was to determine whether they would be willing to provide a link to a survey for their employees. As discussed later, the survey was designed to solicit information on childcare needs from employees on all shifts, with a focus on second- and third-shift workers.

### **New Hampshire Department of Health and Human Services**

The Child Care Licensing Unit (CCLU) of the New Hampshire Department of Health and Human Services (DHHS) has the primary responsibility for licensing and inspecting childcare centers in the State, including both family-based programs and center-based programs. Under CCLU’s administrative rules, “Any program which intends to provide childcare services during the evening or night time hours, between 7:00 PM and 6:00 AM shall be licensed to operate as a night care program.”<sup>1</sup> This is, in part, one of the reasons so many childcare facilities require children to be picked up by 6:00 PM -to avoid the need for a second licensing approval.

CCLU provided a list of facilities in the State which are licensed under the Night Care rules. The facilities licensed by CCLU for Night Care include:

- #6858 – Boys & Girls Clubs of Central New Hampshire - Lakes Region Unit, Laconia;
- #6372 – Blueberry Mountain Child Care, Newport;
- #6816 – Charlotte Street Early Education and Care, Nashua;
- #6715 – Dartmouth Hitchcock Medical Center Child Care, Lebanon;
- #2336 – Happy Bear Day Care Learning Center, Hooksett;
- #6486 – PB & J's Child Care and Learning Center, Bristol;
- #6578 - Seeleygang Childcare, Rochester;
- #5251 – The Ark Christian Nursery and Learning Center, Tilton; and

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<sup>1</sup> New Hampshire Code of Administrative Rules, He-C 4002.37 (a)

- #6786 – The Launching Pad by Basic Beginnings, Nashua.

Published information for each center was reviewed, which indicated that the majority of these facilities do not have regular evening or overnight hours. Among the centers licensed for Night Care, the majority support children up to school-age (6 weeks through Kindergarten). Blueberry Mountain supports children up to age 12; Dartmouth Hitchcock supports children up to age 10; and the Boys and Girls Club supports children from grades K through 12.

Anecdotally, CCLU indicates that although these nine childcare facilities are licensed for Night Care, only two provide any significant level of services after 7:00 PM. The Launching Pad in Nashua reportedly offers childcare services seven day per week from 6:00 AM to midnight. This schedule is primarily to accommodate The Launching Pad’s partnership with the Federal Aviation Administration (FAA). The FAA has an air traffic control tower in Nashua, and the Launching Pad has early morning and late evening hours in part to accommodate FAA’s employee schedules.

Seeleygang, a family-based childcare operation in Rochester, reportedly offers overnight childcare, primarily for dependents of deployed military personnel (particularly National Guard), in addition to traditional childcare hours.

### **Online Survey**

In order to identify potential interest in an off-shift childcare operation in Newport, JDA developed an online survey. The survey was brief, designed to take no more than three minutes to complete. The survey link was provided to human resources managers, including those that had been interviewed for this project and the human resources managers who were unable to meet with JDA.

The survey included a total of nine questions. The majority were multiple choice questions, though there was an open-ended “comments” question at the close of the survey. Each question is provided below, together with the answers and brief analysis for each question.

The survey included an explanation for participants as an introduction. The survey introduction read:

*The Town of Newport is evaluating the feasibility of a childcare facility that could support the needs of second and third shift workers, in addition to more traditional childcare operating hours. We are surveying individuals who live in the Newport area, as well as those that may work in the Newport area, to determine potential demand for this concept. This brief survey should take less than five minutes to complete. Thank you for your participation, we appreciate your feedback.*

**Question 1** - The first question was a “threshold” question. It simply asked whether participants had a need for childcare services. A total of 136 people responded to this question, with 73 responding “Yes” and 63 responding “No”. Participants who indicated that they did not require childcare services were directed to the end of the survey, where they had the opportunity to provide comments. For the remaining questions, the 73 respondents that indicated a need for childcare services are the focus of the analysis. It should be noted that all respondents did not answer every question.

**Question 2 – What is the Zip Code of your residence?**

This question, as well as question 3, focused on helping to understand the geographic location of potential clients of a Newport-based childcare center. Newport was the most common residential Zip Code, accounting for more than one-third (21) of all responses. Claremont (9) and Newbury (5) accounted for fourteen responses, or a combined 23% of responses. Together, Newport, Claremont and Newbury accounted for more than two-thirds of all responses. This indicates that a number of respondents live close enough to potentially utilize a Newport-based childcare facility.

<b>Community</b>	<b>Responses</b>
Newport	21
All Others	12
Claremont	9
Newbury	5
Charlestown	3
Lempster	3
Goshen	3
Guild	3
Canaan	2
<b>Total</b>	<b>61</b>

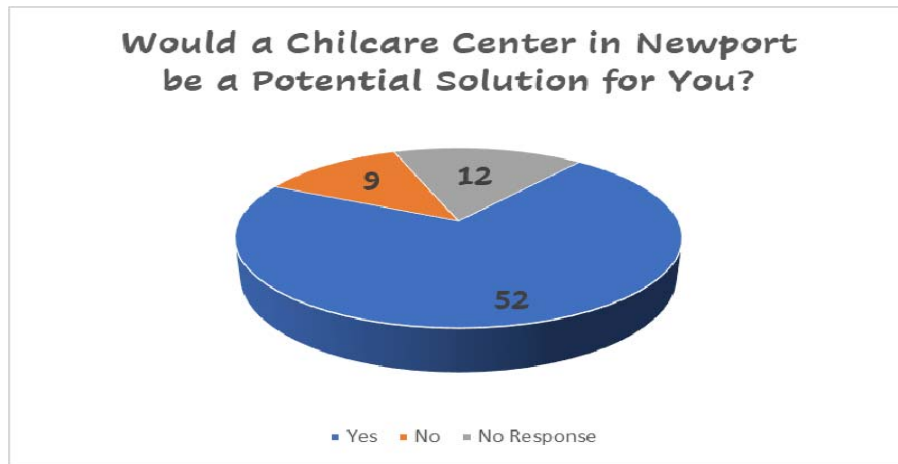
**Question 3 – What is the Zip Code of your place of employment?**

In terms of the Zip Code of the respondents' place of employment, Newport accounted 36 of the 61 responses, or almost 60% of all responses. Lebanon was the place of employment for 9 of the respondents (15%). Guild and Hanover was the place of employment for four respondents each. The prevalence of Newport employment is indicative of the potential to support childcare for individuals working in Newport. In addition, Newport residents that work in Hanover or Lebanon could potentially utilize a Newport-based childcare center.

<b>Community</b>	<b>Responses</b>
Newport	36
Lebanon	9
Hanover	4
Guild	4
All Others	4
Claremont	2
W. Lebanon	2
<b>Total</b>	<b>61</b>

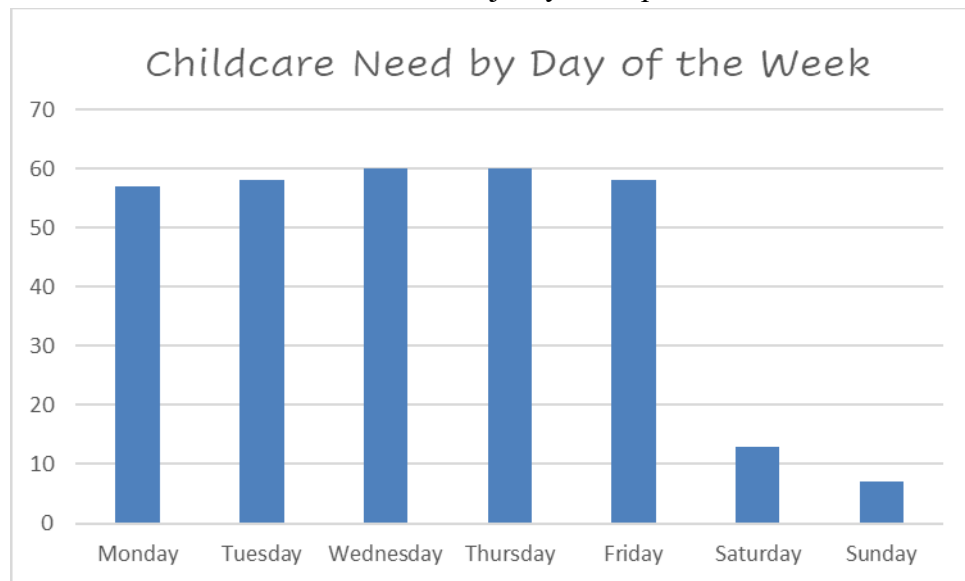
**Question 4 - Would a childcare facility located in Newport be a potential solution to your childcare needs?**

This question was used to determine whether a childcare center located in Newport would be a potential solution for respondents. Of the 64 people who responded to this question, the vast majority indicated that a childcare center located in Newport could be a potential solution. Fifty-two of the sixty-four participants who provided a response answer “Yes” to this question, or almost 80%.



**Question 5 - What days of the week are most important to you in terms of childcare needs?**

In terms of the days of the week that childcare is needed, the majority of respondents indicated a need for childcare services from Monday through Friday. Between 57 and 60 respondents indicated a need for childcare services on these days. Only thirteen respondents indicated a need for childcare services on Saturdays, and only 7 respondents indicated a need for childcare on Sundays.



### Question 6 – What is your desired childcare drop-off time?

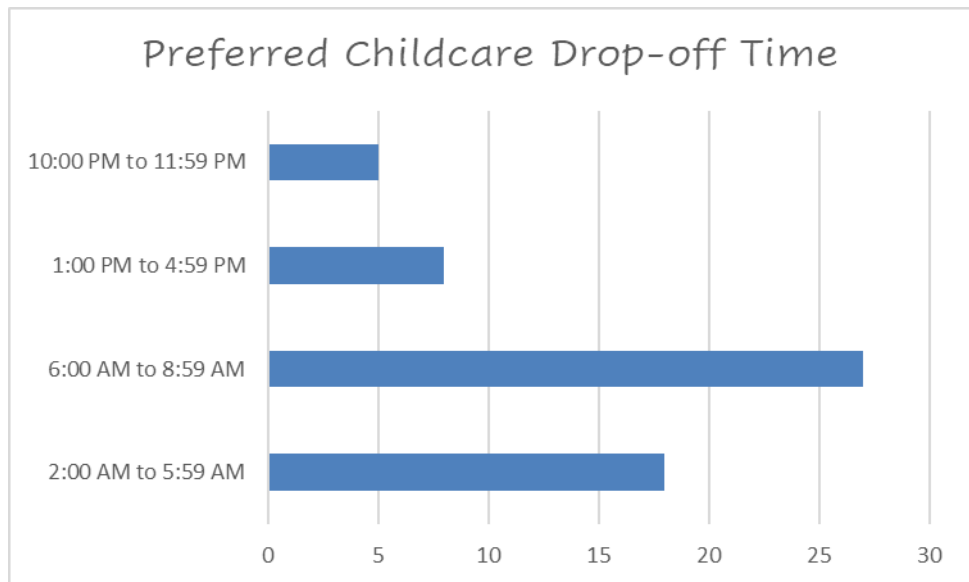
A total of 58 respondents provided responses regarding a preferred childcare drop-off time. A drop-off time between 6:00 AM and 8:59 AM was the most popular answer, accounting for almost half (27) of all responses to this question.

This indicates a likelihood that childcare is needed for first-shift workers.

However, drop-off between 2:00 AM and 5:59 AM was the second most popular response.

Within this group, fourteen of the eighteen responses indicated a desired drop-off time of between 3:30 AM and 4:30 AM. Eight of the total responses

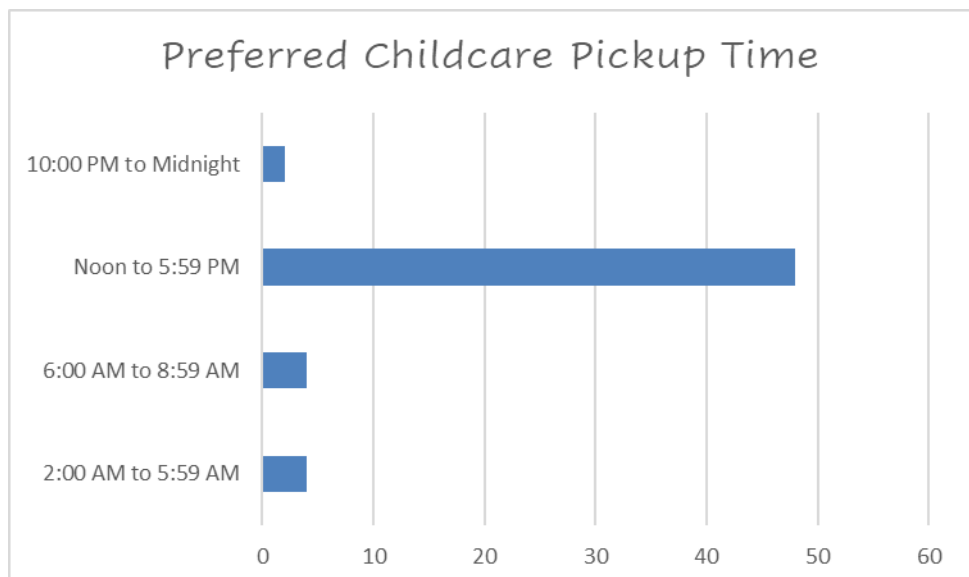
indicated a desired dropoff time between 1:00 PM and 4:59 PM, with six of the eight having a desired drop-off time of between 3:00 PM and 4:00 PM.



The potential desire for drop-offs between 2:00 AM and 5:59 AM, combined with drop-offs between 6:00 AM and 7:00 AM could represent as many as 32 total drop-offs in the overnight/early morning period.

### Question 7 – What is your preferred childcare pickup time?

The vast majority of respondents indicated a preferred pickup time between noon and 5:59 PM. Responses in this time block accounted for 48 of 58 responses, or 83%. The 2:00 AM to 5:59 AM block and the 6:00 AM to 8:59 AM blocks each had four responses.



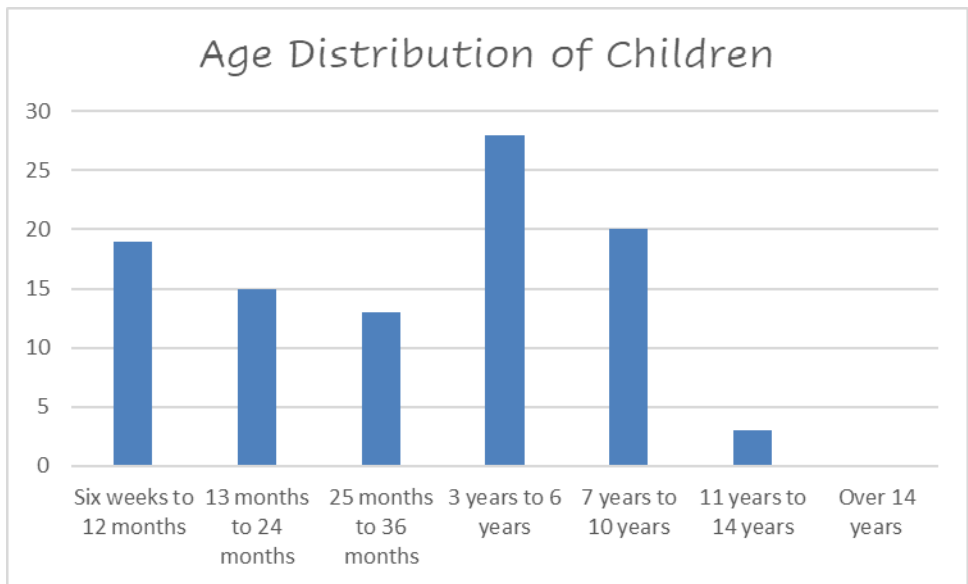
The fact that so many respondents desire a pickup time between noon and 5:59 PM while the drop-off times are more distributed across the entire day leads to the question of how long children would spend in a childcare facility. A review of responses to compare drop-off times with pickup times provides an indication of the typical “length of stay”.

A length of stay was calculated for 58 of the survey responses. Of these 58 responses, six indicated a length of stay of 7 hours or less, including five responses that had a length of stay of between two and four hours. Five other responses indicated a length of stay of between 13 and 15 hours. According to CCLU administrative rules, “Childcare personnel shall not allow children attending a night care program to remain in the program for more than a total of 12 hours in any 24-hour period, except in an emergency.”

Among the remaining 47 responses, the answers were split essentially evenly, with 23 respondents indicating a length of stay of between 8 hours up to 10 hours, and the remaining 24 respondents indicating a length of stay of more than 10 hours up to 12 hours.

**Question 8 – What are the ages of children for which you desire childcare?**

As some respondents had children in more than one age category, the total number of responses to this question was 98 responses. Children aged 3 to 6 years were the more common response, accounting for 29% of responses. Children aged 7 to 10 years accounted for another 20%, with infants from six weeks to 12 months accounting for another 19% or responses.





## **Question 9 – Comments**

The final question of the survey was an open-ended question which allowed respondents to contribute their thoughts, concerns and other issues. Several themes emerged in reviewing comments provided by respondents. All comments provided by respondents are included as an Appendix to this Technical Memorandum.

- There is not sufficient childcare available in the community.
- The unique hours of some employers further complicate childcare issues – for example, a first-shift that starts at 4:00 AM.
- Price is a concern for some respondents.
- Availability of short-term childcare would be helpful for some.
- Many respondents indicated that the concept was good, both for off-shift workers and traditional first-shift workers. However, at least one respondent indicated that the Town should not be competing with the private sector.

In addition to these issues, some respondents mentioned pre-school and post-school care, essentially part-time childcare. Meeting these needs adds a level of complexity to childcare operations for school-aged children, as the childcare staff would be responsible for getting children ready to be picked up by school transportation, and for ensuring that children get off a school bus at the childcare facility. This issue also affects staffing requirements, particularly if an afterschool program sees increased usage.

## **Implications of the Data**

The data seems to clearly indicate the need for childcare services during the typical workweek (Monday through Friday), with substantially lower demand on weekends. As indicated above, potential drop-offs between 2:00 AM and 9:00 AM accounted for 45 of responses to the on-line survey. Given the approximate average of 1.5 children per respondent, the potential demand could be as high as 67 children if all respondents enrolled their children. Recognizing that only a portion of employees responded to the survey, potential demand could be even higher.

One of the issues that need to be considered closely is the costs to operate and maintain a childcare center. Several respondents indicated that price is a significant consideration in childcare decisions. The viability of any childcare facility will need to consider whether it is operated as a solely profit-driven enterprise, whether it is operated as a not-for-profit enterprise, and whether the project receives subsidies for capital and/or operating costs.

## **Other Logistical Issues**

There are a variety of issues which need to be considered in establishing a childcare facility in Newport. The complexities of late night and overnight childcare include but are not limited to:

- transportation to and/or from school if needed,
- age-specific sleeping areas,
- security and surveillance,
- meal service,
- medical/medication issues, and
- required staffing levels.

The State's CCLU has specific requirements for these issues. These issues will affect the required costs of childcare services, and thus the ability of parents to pay for the cost of childcare at a Newport-based facility.

Appendix A – Comments from the Online Survey

Are there any other comments you would like to offer?
affordable
Although I am not in personal need of after-hours or off hours childcare and I am not in the Newport area; there is a big need for those that work weekends or outside the hours of 9am and 5pm. This is a great program and I fully support your efforts.
Although I personally do not have a child, I know others who find it difficult or even impossible to find childcare for the early hours of the morning. Most childcare providers do not work the hours between 1am and 4am as that would make for extremely long days, especially if they provide after school care. Having Ruger assist in any way with this issue would benefit not only current employees but might encourage others to join our team in the future.
As someone that makes too much to qualify for state assistance, yet has an overwhelming student loan debt, my wife and I are most concerned about pricing.
Can this be for temporary babysitting?
Flexibility-allow to take scheduled time off without having to pay
How is this project going to be paid for?
I am a single father of 4 children who has had a problem getting his children into a daycare that works with Fujifilm's hours. Fuji has no tolerance to being late or missing days so it is very difficult to be a single father facing these challenges.
I don't need childcare as of yet, but when I do there seems to be limited options in town.
I feel the Town of Newport has no business competing with local freestyle enterprises. In fact, the focus the Town is suppose to be centering on is bringing in fresh new businesses.
I have three children in the Newport school system. Neither of them needs childcare services.
I think there is a very definite need for this type of service within our community. Several of my coworkers are in need of these type of service.
I think this is an awesome idea that would help out a lot of people
1st shift staring at 4am need daycare as well.
It is hard to find child day care for the hours we work at Ruger. lots of parent leave work in the morning and afternoon just to bring their kid to school and pick them up. lots of lost time. it would be fantastic to have Ruger help out in parents needs for child day care for the hours we work.
It would be nice to have affordable childcare that can make sure my child will be safely transported to and from school. Right now, she goes to the babysitter's house, goes back to sleep, wakes up eat breakfast and gets ready for school and then gets on the bus to school. It is very expensive for me being a single mom. After the summer she will be the only person in Newport willing to take kids for Ruger hours.
My children attended Cinnamon Street Early Ed and Childcare Center and we think the world of them and what they provide for their community.
My family NEEDS this!!!
Partial day, or even pay by the hour. Because sometimes I only need coverage for an hour or two depending on schedules. Please help, my wife is out of work

Please help
Please provide childcare. It would make my live Soo much easier to not have to find a sitter
Quality childcare is a big need. I hope you can get a program going.
This area is severely deficient in affordable, quality childcare and the waiting lists unreasonable countywide.
This is a great idea! We have a lot of associates who might need this.
This is a great idea, please get it going
This is a very good idea. It would be a good opportunity for some that would work the alternative shifts.
This is needed in our community due to local employer's operation hours. Many people are looking for employment outside of Newport because we don't have flexible childcare options. This drives business out of our community. Never a good thing.
This would be a great benefit!
This would be very helpful for the off-shift workers
Transportation to school as well as child-care so possibly a bus pickup and drop off would be needed in my case
We are beginning to shift to a younger population here at Ruger. I think it would be a valuable benefit for anyone who is in need of this care.
We need affordable Childcare, and a better Rec Facility to keep the kids that do not have care.
We used to drive from Springfield, NH to White River Jct. for childcare, while working in Lebanon, NH. Pre- and post-school care is still a challenge as well as the frequent school delays, cancellations and vacations.
Would still be nice if something could be set up. It is a big concern for most people.
Yes, I think it would be extremely beneficial for the residents of Newport and surrounding areas to have this type of accommodation.

Newport Childcare Survey

Welcome to the Town of Newport Childcare Survey

**The Town of Newport is evaluating the feasibility of a childcare facility that could support the needs of second and third shift workers, in addition to more traditional childcare operating hours. We are surveying individuals who live in the Newport area, as well as those that may work in the Newport area, to determine potential demand for this concept. This brief survey should take less than five minutes to complete. Thank you for your participation, we appreciate your feedback.**

\* 1. Do you have a need for childcare services?

Yes

No (Skip to Question 9)

2. What is the Zip Code of your residence?

3. What is the Zip Code of your place of employment?

4. Would a childcare facility located in Newport be a potential solution to your childcare needs?

Yes

No

5. What days of the week are most important to you in terms of childcare needs? (Check all that apply)

Monday

Tuesday

Wednesday

Thursday

Friday

Saturday

Sunday



**Town of Newport  
Off-Shift Childcare Feasibility Analysis**

6. What is your desired childcare drop-off time? (Check one)

<input type="checkbox"/> 12 Midnight	<input type="checkbox"/> 8 AM	<input type="checkbox"/> 4 PM
<input type="checkbox"/> 1 AM	<input type="checkbox"/> 9 AM	<input type="checkbox"/> 5 PM
<input type="checkbox"/> 2 AM	<input type="checkbox"/> 10 AM	<input type="checkbox"/> 6 PM
<input type="checkbox"/> 3 AM	<input type="checkbox"/> 11 AM	<input type="checkbox"/> 7 PM
<input type="checkbox"/> 4 AM	<input type="checkbox"/> 12 Noon	<input type="checkbox"/> 8 PM
<input type="checkbox"/> 5 AM	<input type="checkbox"/> 1 PM	<input type="checkbox"/> 9 PM
<input type="checkbox"/> 6 AM	<input type="checkbox"/> 2 PM	<input type="checkbox"/> 10 PM
<input type="checkbox"/> 7 AM	<input type="checkbox"/> 3 PM	<input type="checkbox"/> 11 PM

7. What is your desired childcare pickup time? (Check one)

<input type="checkbox"/> 12 Midnight	<input type="checkbox"/> 8 AM	<input type="checkbox"/> 4 PM
<input type="checkbox"/> 1 AM	<input type="checkbox"/> 9 AM	<input type="checkbox"/> 5 PM
<input type="checkbox"/> 2 AM	<input type="checkbox"/> 10 AM	<input type="checkbox"/> 6 PM
<input type="checkbox"/> 3 AM	<input type="checkbox"/> 11 AM	<input type="checkbox"/> 7 PM
<input type="checkbox"/> 4 AM	<input type="checkbox"/> 12 Noon	<input type="checkbox"/> 8 PM
<input type="checkbox"/> 5 AM	<input type="checkbox"/> 1 PM	<input type="checkbox"/> 9 PM
<input type="checkbox"/> 6 AM	<input type="checkbox"/> 2 PM	<input type="checkbox"/> 10 PM
<input type="checkbox"/> 7 AM	<input type="checkbox"/> 3 PM	<input type="checkbox"/> 11 PM

8. What are the ages of children for which you desire childcare? (Check all that apply)

<input type="checkbox"/> Six weeks to 12 months	<input type="checkbox"/> 3 to 6 years
<input type="checkbox"/> 13 months to 24 months	<input type="checkbox"/> 7 to 10 years
<input type="checkbox"/> 25 months to 36 months	<input type="checkbox"/> 11 to 14 years
	<input type="checkbox"/> Over 14 years

9. Are there any other comments you would like to offer?

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**Town of Newport  
Off-Shift Childcare Feasibility Analysis**

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## Project Technical Memorandum

To: Cody Morrison, Economic Development Coordinator, Town of Newport  
From: Jeffrey Donohoe  
Subject: Town of Newport Childcare Capital and Operating Costs  
Date: April 13, 2020

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Pursuant to your request, we have completed an evaluation of the potential capital and operating costs associated with evaluation of the feasibility of an “off-shift” childcare center. The primary focus would be to provide childcare services to second- and third-shift workers living and/or working in Newport and nearby areas. However, as revealed in the online survey conducted for this analysis, there is also significant demand for first-shift childcare services.

### Operating Costs

In order to estimate the capital and operating costs for a childcare center in Newport, it is necessary to make a number of assumptions. Specifically, it is necessary to estimate the number of children that will be enrolled, their ages and the times of day that the children will be on-site at the childcare center.

As a first step to the analysis, it is necessary to consider the potential demand in terms of the number of students at the childcare center. As part of the online survey, 61 respondents indicated a potential need for childcare services for a total of 98 children. While it is unlikely that all of the children would enroll at a Newport-based childcare center, it is also important to note that the 61 respondents to the online survey likely represent only a small sample of the potential market (parents) in need of childcare in the region. For planning purposes, the analysis assumes a total capacity of forty (40) children. This potential enrollment will be used for evaluating facility size requirements, as well as potential staffing needs. It should be noted that a larger facility with a larger enrollment could be supported.

Using data from the survey, this analysis assumes:

- 20% of children between six weeks and 12 months of age;
- 30% of children between 13 months and 36 months of age;
- 30% of children between 3 and 6 years of age; and
- 20% of children between 7 and 10 years of age.

While the survey included a limited number of children between 11 and 14 years of age, the number was considered to be too low for inclusion in this analysis.

For analytical purposes, a center designed to support a population of forty (40) children is evaluated for this analysis. Given the number of children identified in the survey, it is possible that a larger childcare center could be supported. However, a larger center could affect existing childcare providers in the community and in the larger region. The Town of Newport is not seeking to compete with existing childcare providers, but rather to provide additional capacity in what is widely reported to be a

constrained market overall. In addition, the Town is focused on providing childcare services to off-shift workers in the region, as the regional market has virtually no coverage available either before 6:00 AM or after 7:00 PM.

Using the percentages identified in the survey and a target capacity of forty children, the distribution of children at the center for planning purposes is:

- Eight (8) children between six weeks and 12 months of age;
- Twelve (12) children between 13 months and 36 months of age;
- Twelve (12) children between 3 and 6 years of age; and
- Eight (8) of children between 7 and 10 years of age (likely before and after school).

From a revenue perspective, it may be preferable to limit enrollment to only those children who are not school-aged. However, the before- and after-school segment has potential demand. In addition, because older children have higher student-to-staff ratios, this sector may offer additional financial returns.

The ages of children are important because the New Hampshire Department of Health and Human Services (DHHS) has specific regulations related to the number of personnel required for each age group of children. DHHS allows for calculating staffing based on the “average age” of children at the center. For center-base childcare centers, staffing requirements are:<sup>1</sup>

*Programs shall staff infant and toddler programs in accordance with the following:*

*(1) For children ages 6 weeks to 12 months the maximum group size shall be 12 with the following minimum staffing levels:*

- a. One associate teacher with up to 4 children;*
- b. One associate teacher and one assistant teacher with 5 to 8 children; and*
- c. One lead teacher and 2 assistant teachers with 9 to 12 children;*

*(2) For children ages 13 to 24 months the maximum group size shall be 15 with the following minimum staffing levels:*

- a. One associate teacher with up to 5 children;*
- b. One associate teacher and one assistant teacher with 6 to 10 children; and*
- c. One lead teacher and 2 assistant teachers with 11 to 15 children;*

*(3) For children ages 25 to 35 months the maximum group size shall be 18 with the following minimum staffing levels:*

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<sup>1</sup> He-C 4002.33 and He-C 4002.34

- a. *One associate teacher with up to 6 children;*
- b. *One associate teacher and one assistant teacher with 7 to 12 children; and*
- c. *One lead teacher and 2 assistant teachers with 13 to 18 children.*

*Programs shall staff group childcare centers in accordance with the following:*

*(1) For children ages 36 to 47 months the maximum group size shall be 24 with the following minimum staffing levels:*

- a. *One associate teacher with up to 8 children;*
- b. *One associate teacher and one assistant teacher with 9 to 16 children; and c.*  
*One lead teacher and 2 assistant teachers with 17 to 24 children;*

*(2) For children ages 48 to 59 months the maximum group size shall be 24 with the following minimum staffing levels:*

- a. *One associate teacher with up to 12 children; and*
- b. *One associate teacher and one assistant teacher with 13 to 24 children; and*

*(3) For children ages 60 months and over the maximum group size shall be 30 with the following minimum staffing levels:*

- a. *One associate teacher with up to 15 children; and*
- b. *One associate teacher and one assistant teacher with 16 to 30 children.*

Assuming an average of sixteen hours of operations (for example, 4 AM to 8 PM), and a design capacity of forty children, it is anticipated that a minimum of four associate teachers and three assistant teachers would be required for “daytime” operations (8 AM to 6 PM), in addition to one Director. The remaining operating hours (4 AM to 8 AM and 6 PM to 8 PM) would require lower levels of staffing. However, at a minimum, these hours would require two staff members on-site at all times. Once enrollment is more clearly defined, staffing patterns can be adjusted to reflect the actual requirements of students.

Operating on a 24-hour per day schedule would further increase staffing requirements. Additional evening and overnight hours would require a minimum of two staff members to support up to twelve (12) children. For budgeting purposes, it is assumed that one Director and one associate teacher would be required.

In addition, DHHS regulations (He-C 4002.32) require a Center Director be on-site:

*(a) All center-based programs, other than those operating solely as a school-age program, shall have a center director who meets the following conditions:*

- (1) The center director or qualified substitute shall be on the premises for at least 2/3 of each day’s daytime operating hours; and*

*(2) For programs operating as night care programs, the center director or qualified substitute shall be on the premises for at least 2/3 of the program's evening and nighttime operating hours.*

This requirement means that a childcare center in Newport operating 16 to 24 hours per day (weekdays) would have to have at least two full-time Directors (and possibly qualified substitutes) on-site during operating hours to meet DHHS requirements.

In total, it is anticipated that operation of a childcare center with an enrollment of forty children during typical daytime hours and twelve children in the “shoulder” times (4 AM to 8 AM and 6 PM to 8 PM) would require four associate teachers, three assistant teachers and two Directors. Additional operating hours (8 PM to 4 AM) would require at least two additional staff, and possibly an additional Director.

In order to estimate wages for childcare workers, the Early Childhood Workforce Index 2018 was reviewed.<sup>2</sup> The study provides an estimate of the median wage for childcare workers, based on the U.S. Department of Labor Statistics’ Occupational Employment Statistics (OES). For budgeting purposes, the study’s wages were increased by 5% to reflect the change from 2017 to 2020.

Occupation	Median Wage
Child care worker	\$ 11.33
Preschool teacher	\$ 14.44
Center director	\$ 22.64
Kindergarten teacher	\$ 33.90
Elementary teacher	\$ 34.79
All workers	\$ 19.64

Source: University of California Berkley

For budgeting purposes, the analysis will use the childcare worker wage as an estimate of the wage for an assistant teacher, and the preschool teacher wage from the study as an approximation for the associate teacher wage. The Table below provides a summary of the projected cost for staff wages.

Job Category	Number	Annual Wage	Total
Assistant Teacher	4	\$ 23,565	\$ 94,261
Associate Teacher	3	\$ 30,030	\$ 90,090
Center Director	2	\$ 47,087	\$ 94,174
<b>Total</b>	<b>9</b>	<b>\$ 30,947</b>	<b>\$ 278,526</b>

In addition to the direct cost for wages, an additional 30% is included to reflect the cost of taxes, unemployment insurance and benefits. This adds \$83,600 to the cost of salaries, bringing total personnel costs to \$362,100.

<sup>2</sup> Center for the Study of Childcare Employment, University of California, Berkley

A variety of other operating costs need to be included in order to evaluate the required revenue for a childcare center to breakeven. Among the costs to be included are:

- Advertising and Promotion – Budgeted at \$2,500 annually;
- Accounting and Bookkeeping – Budgeted at \$1,800 annually;
- Books and Subscriptions – Budgeted at \$500 annually;
- Building Amortization/Depreciation (discussed below) - \$13,540 annually;
- Expendable Equipment - Budgeted at \$1,500 annually;
- Fees, Background Checks, Reporting - \$800 annually;
- Insurance – Budgeted at \$6,000 annually;
- Janitorial – Budgeted at \$26,000 annually;
- Legal – Budgeted at \$1,200 annually;
- Maintenance and Repairs – Budgeted at \$3,600 annually;
- Office Expenses – Budgeted at \$1,500 annually;
- Personnel Costs – Budgeted at \$362,100 annually;
- Printing & Postage – Budgeted at \$600 annually;
- Supplies for Building Operations and Instruction - \$6,900 annually;
- Telephone- Budgeted at \$1,800 annually;
- Travel and Transportation – Budgeted at \$12,000 annually;
- Utilities – Budgeted at \$4,800 annually; and
- Waste Disposal – Budgeted at \$3,000 annually.

In addition to these costs, which total just under \$490,700 annually, a contingency reserve of 7% annually for unplanned or unforeseen expenses, is recommended. This brings the total operating budget to almost \$525,100 annually. Assuming full enrollment of 52 children (40 daytime and 12 off-shift), this equates to an average of approximately \$194 per child per week, assuming all available slots are full on a year-round basis.

To put these numbers into context, the 2018 New Hampshire Early Care & Education Market Rate Survey was reviewed. According to the Survey, the 50<sup>th</sup> percentile (median) cost for children from birth to five years ranges from \$232 per week for the youngest children to \$191 per week for children from 36 to 59 months of age.

<b>2018 FULL-TIME WEEKLY RATES</b>		
<b>AGE</b>	<b>50th Percentile</b>	<b>75th Percentile</b>
00-12 mos.	\$232.50 wk.	\$265.00 wk.
13-24 mos.	\$220.00 wk.	\$240.00 wk.
25-35 mos.	\$210.00 wk.	\$234.00 wk.
36-59 mos.	\$191.00 wk.	\$212.00 wk.
Source: New Hampshire Early Care & Education Market Rate Survey		

Based on this data, the anticipated costs for a new childcare center in Newport are consistent with the median rates from the 2018 New Hampshire Early Care & Education Market Rate Survey. A

subsequent section of this report will include a discussion of strategies to reduce the costs to parents for childcare.

### **Facility Development Costs**

In order to estimate the costs for developing a childcare center in Newport, construction costs data from Marshall Valuation Services (MVS) was reviewed. MVS is a national cost estimating database which provides estimated construction costs for dozens of facility types. In addition, MVS provides regional cost adjustments based on the geographic region of the country, as well as localized cost adjustments for ten different regions of New Hampshire. For this analysis, the Newport area is considered to be part of the Keene market area.

MVS includes an estimated base development cost per square foot for childcare centers that includes five different construction types, with two to four quality levels for each type of construction. Overall, the base cost per square foot for childcare facilities is estimated to be as low as \$85 per square foot for lesser-quality facilities to as much as \$221 per square foot for very high quality facilities. For evaluation purposes, a base cost of \$169 per square foot has been used to reflect a better-quality facility to be developed in Newport. MVS indicates a regional multiplier of 101% for construction of a daycare center, and a local (Keene) multiplier of 99%, such that the base cost is essentially unchanged. To this base cost, an additional 25% is added to reflect architect's fees, other soft costs and equipment, such as changing tables, food service equipment and playground equipment. This brings the estimated project cost to \$211 per square foot.

The New Hampshire Code of Administrative Rules requires an average of 40 square feet per child.<sup>3</sup> This indicates that the future Newport Childcare center could be developed with as little as 1,600 square feet of floor space. However, this is considered insufficient to meet the needs of the potential enrollment. As such, a facility which includes 2,500 square feet is included for analysis purposes, to reflect the need for additional office space, food service, rest rooms and equipment storage. The need for equipment storage is driven principally by the need to store beds and/or sleeping mats, as well as dividers, to ensure adequate separation of children who are sleeping. The New Hampshire Code of Administrative Rules requires "Childcare personnel shall make sleeping arrangements that ensure that children who stay all night are not disturbed by the departure or arrival of those who stay only a portion of the night."<sup>4</sup>

Using the MVS cost data, development of a 2,500 square foot facility is estimated to cost approximately \$528,000, as summarized in the Table below.

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<sup>3</sup> He-C 4002.21 – Child Care Space

<sup>4</sup> He-C 4002.37(h) – Night Care Program

Description	Cost
Class C - Good Quality, Base Cost	\$ 169
Regional Multiplier	101%
Local Multiplier	99%
Adjusted Base Cost/SF	\$ 169
Soft Costs and Equipment	125%
Development Cost/SF	\$ 211
Square Feet	2,500
<b>Project Budget</b>	<b>\$ 528,072</b>

Amortization of the full building cost over the thirty-nine year period allowed by the Internal Revenue Service results in annual depreciation of \$13,540.

It should be noted that this analysis does not include a land acquisition cost. Land prices can vary significantly, based on zoning, access, visibility, availability of utilities and other factors. In addition, depending on how the facility is developed, owned and operated, land costs may be supported by outside entities. If the facility is developed by the Town, an existing Town-owned land parcel could be used for the development. A one- to two-acre parcel is considered to be sufficient to develop a childcare center.

It is also important to recognize that the financial estimates above do not include interest on a mortgage to develop the childcare center. The analysis assumes that the center will be developed using a combination of grants, donations and internal funds, such that the entire \$528,000 development cost does not require any kind of mortgage.

### **Funding Considerations**

As discussed above, development costs for a childcare center in Newport are estimated to be on the order of \$528,000. In addition, conceptual annual operating costs are projected to be similar, approximately \$525,000 annually.

The organizational structure for a childcare center in Newport is a consideration as it relates to fundraising. From a practical perspective, development and operation of a childcare center by a municipality is uncommon. Identifying and acquiring donations for the development and construction of a childcare center could be difficult for a governmental entity such as the Town of Newport. Conversely, a private sector entity could have similar difficulty applying for grants and/or attracting donations. A non-profit entity could have a higher level of success but could be in a more difficult position in terms of operating a childcare center that operates outside of “traditional” operating hours (7:00 AM to 6:00 PM). One possible approach could be for the Town of Newport to develop the facility and to retain a service-provider to operate the facility.

Similarly, while the projected rates for childcare services are consistent with market-base rates from the 2018 New Hampshire Early Care & Education Market Rate Survey, some parents surveyed for this analysis identified pricing as a significant concern. If the Town could negotiate with one or more large employers to provide financial support for the childcare center in exchange for offering services at a below-market rate to that Company’s employees, it could provide some financial relief to employees. As an example, if Company X provided \$135,000 annually to support operations, or approximately

25% of the annual operating cost for the facility, up to twenty of their employees could attend the facility for half-price. Similarly, if the Town of Newport provided annual funding, presumably children of Newport residents could enroll at the facility at a discounted price.

It will be important for whatever entity develops and operates the facility to look closely at whether and to what extent subsidies for the development and/or operation of the facility should be used. Monitoring who is eligible for subsidies and to what extent will require an additional level of effort for the managers of the center. In addition, if an individual were to lose his or her job at “Company X”, and was therefore no longer eligible for subsidized childcare, the increase to market rate tuition could become a contentious issue.



