

# Fact Sheet

December 10, 2014



## New Federal Law to Strengthen Child Care in NJ

In November 2014, President Obama signed into law the Child Care and Development Block Grant Act of 2014. This marks a critical step toward building a strong early learning system in New Jersey and across the nation. The last time that Congress “reauthorized” or made changes to this act was 18 years ago.

This block grant is the primary federal program that provides child care assistance to families. It also funds initiatives to improve the quality of child care. States receive grants based on a formula to subsidize child care for low-income working families. Most of this assistance is administered through vouchers or certificates, which can be used by parents for the child care provider (either center- or home-based) of their choice.

The new law requires that a higher percentage of this funding be used to improve the quality of care for all children within each state. The funds also pay for child care resource and referral services, which are located in each county and assist parents with finding care, as well as managing quality improvement projects for infants and toddlers.

### **The reauthorization of this critical program contains several key changes that will:**

- Improve the health and safety of children in child care settings.
- Make it easier for parents to get and keep the child care assistance they need.
- Enable children to have more stable child care.
- Strengthen the quality of child care.



Advocates for Children of New Jersey, through the work of the Build NJ Initiative, a coalition of child care and preschool providers, has championed for such improvements to New Jersey's early learning system for more than a decade.

While this federal law promises to bring much needed safety and quality improvements to New Jersey's early learning system, it leaves unaddressed several key areas critical to ensuring all children in the state have access to safe, high-quality child care. Pending state legislation would strengthen the federal requirements in certain areas.

### **Criminal Background Checks**

The federal law requires fingerprinting and criminal background checks for all providers that accept this federal subsidy. Currently, New Jersey requires staff in center-based care to undergo these checks, but not

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people providing care in their own homes, so this is a step forward. However, the federal legislation does not require people over 18 living in a family child care provider's home to undergo the same safety check. Pending state legislation, A-3238, would provide that additional safety protection.

In addition, the federal law does not require these checks until September 2017. State legislation could accelerate the enactment of this common-sense measure.

### **Informing Parents**

The federal law now requires states to post online inspection and violations reports for each individual child care provider, giving parents an important resource when choosing child care. However, this is not required until September 2017. It is expected that state legislation will be introduced that would speed up the provision of this information to parents to help them make the critical decision of who will care for their children while they are at work.

### **Continuity of Assistance**

The federal law allows parents to remain eligible for a subsidy for a full 12 months, even if they experience a change in circumstance, such as losing a job or getting a raise that would make them ineligible for a subsidy. However, the federal legislation does not address the issue of when a parent moves from one county to another. Currently in New Jersey, when a parent moves to another county they are treated as a "new applicant," who can earn only up to 200 percent of the federal poverty level, or almost \$47,000 for a family four. Once in the program, a parent's income can go as high as 250 percent of the poverty level and remain eligible for assistance. State legislation, S-2343, currently moving through the Legislature would address this issue.

### **Inspections**

The new federal law requires all child care programs receiving these funds to have at least one unannounced annual inspection.

States must maintain an adequate number of licensing inspectors to conduct these inspections in a timely manner. States must have these policies and practices in place no later than November 2016.

Currently, New Jersey's licensed child care centers are inspected annually, so this will not change. However, registered family child care homes are only inspected once every two years, with random annual monitoring conducted on at least 20 percent of homes in any given year. "Approved" home providers, which are state-approved to care for certain identified children, are inspected only at the time of application. That means that New Jersey will have to conduct many more inspections over the course of a year. To meet this new federal requirement, it is likely that additional inspectors will have to be hired. State legislation may be needed to ensure this occurs.

### **Reimbursement Rates**

The federal law requires states to conduct an analysis of the current cost of child care to determine if reimbursement rates are in line with the market cost of providing care. However, the federal law does not explicitly require states to raise their rates to match the market value. New Jersey has not increased its child care reimbursement rates since 2008 for child care centers. Child care providers struggle to meet increasing costs while maintaining quality of care. New Jersey should consider legislation to raise the reimbursement rates to more accurately reflect the true cost of providing quality care.

To further strengthen child care safety and quality in New Jersey, state legislation and policy change is needed to address the above concerns.

### **How the New Federal Law Affects NJ**

The chart on the next page highlights key areas of the new federal law and the impact it will have on child care in New Jersey. Additional information may become available as federal officials clarify and issue guidance on some aspects of the new law.

Area	CCDBG Act of 2014	Implications for New Jersey
<b>Background Check Requirements</b>	Requires comprehensive background checks for child care providers that are licensed, regulated, registered under state law or who are non-relatives that receive funds from this block grant. The cost for the background check will be the responsibility of the provider. States must meet the background check requirements by September 30, 2017.	Child care providers working in licensed child care centers are already required to undergo comprehensive background checks. Under the new federal law, registered family child care providers and non-relative home providers approved by the state that receive these funds will have to undergo a comprehensive background check. This requirement does not include household members over 18 living in the home, but this would be required if pending state legislation is passed.
<b>Inspections/ Accountability</b>	All child care programs receiving these funds, including registered family child care homes and non-relative approved homes, will be subject to an inspection before a license is granted and at least one unannounced annual inspection. The ratio of licensing inspectors must be maintained at a level sufficient to enable the state to conduct inspections in a timely manner. States must have these policies and practices in place no later than November 2016.	In New Jersey, licensed child care centers are already inspected annually. However, registered family child care homes are only inspected once every two years with random annual monitoring conducted on at least 20 percent of homes in any given year. Approved home providers are only inspected at the time of application. This change will now require annual unannounced inspections for all registered and non-relative approved homes that receive federal subsidies. It is unclear but likely that additional inspectors will be needed to meet these new requirements.
<b>Additional Funding for Child Care Improvement</b>	States receiving this funding are required to set aside funds to improve the quality of child care and provide specialized training and support for child care providers in the amount of 7 percent in the first and second years, 8 percent in the third and fourth years and 9 percent for the fifth and each succeeding federal fiscal year after enactment. Three percent of the “set aside” funds must be for activities related to the quality of care for infants and toddlers beginning with dollars received in the second full fiscal year after the bill’s enactment.	Prior to the reauthorization, states were only required to spend 4 percent of funds on activities to improve child care quality. Grant appropriations included an earmark for investments in infant-toddler care that varied annually. In FY 2012, dedicated infant-toddler funding totaled \$107 million, or approximately 2 percent of these federal funds. This new mandate will greatly increase the amount of federal dollars dedicated to quality improvements for infants and toddlers.

Area	CCDBG Act of 2014	Implications for New Jersey
<b>Quality Improvement Initiatives</b>	States are required to implement at least one quality improvement initiative. They must develop a plan immediately and report on activities beginning in federal fiscal year 2016. One of these options is to create a tiered rating system known as Quality Rating Improvement System (QRIS).	While New Jersey is in the early stages of implementing a Quality Rating and Improvement System called Grow NJ Kids, only 22 percent of New Jersey's early care and education programs will be participating by the end of 2017. It is possible that the increase in the federal dollars for quality improvement could help expand this initiative, but at this point, it is unclear. The federal law also fails to mandate other critical quality issues. For example, New Jersey is not currently rewarding quality improvements with increased subsidy reimbursements through Grow NJ Kids.
<b>Protection for Working Parents and Students</b>	New regulations will enable children to stay in child care for a full 12 months regardless of a temporary change in the parent's work or participation in a job training or educational program, as long as the parent's income does not exceed 85 percent of the state's median income for families of the same size.	Under current New Jersey policy, eligibility for a child care subsidy is determined annually. However, child care services can be terminated if a parent leaves school, job training, is no longer employed or receives a raise that makes them no longer eligible. The new federal rules will make it easier for parents to maintain continuity in child care when their situation changes, with the exception of a move to a different county – an issue that pending state legislation would address.
<b>Posting Information on Child Care Information Electronically</b>	The new law requires states to electronically post monitoring and inspection reports in a consumer-friendly and easily accessible format. This must include those that result in major, substantiated complaints. Additionally, states are now required to collect and make public the number of child deaths, serious injuries and instances of substantiated child abuse that happened in child care settings each year. Reports must be posted no later than 1 year after the state has in effect new licensing practices required by this legislation (approximately 3 years from enactment or 2017).	New Jersey currently does not post inspection reports and violations on-line, nor does it make the data specified in federal law easily accessible online. This will provide critical information to New Jersey parents who are choosing child care.