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Family Child Care in New Jersey: Challenges and Opportunities



By Diane Dellanno and Jaime Kaiser



Family child care, which is child care provided in the home of a registered provider for no more than five children at a time, is a vital component of New Jersey's early care and education system utilized by approximately 10,000 families annually. The low number of children served, home-like setting, and often more affordable rates than center-based care, make family child care a desirable option for many families, particularly those with infants or toddlers and families that receive a subsidy. In addition, family child care is generally more flexible than center-based care, offering part-time, school-age, drop-in, and evening care, with some also offering over-night, weekend and holiday care. This kind of flexibility is critical in a state where 66% percent of households with children under the age of 6 have all parents in the workforce (US Census, 2014), many of whom work non-traditional hours.

In recent years, economic challenges, changes in child care regulations, as well as variations in the needs of families has had an impact on the quantity and quality of this type of care in New Jersey. Since family child care can be a valuable child care option, helping to meet the diverse needs of New Jersey's workforce, it is critical to find a way to support the growth, preserve the quality, and nurture the development of a statewide network of high-quality family child care providers.

The following brief looks at trends, challenges and opportunities impacting family child care in New Jersey.

Family Child Care In New Jersey		
County	# of Providers 2016	Estimated # of Slots
Atlantic	73	365
Bergen	62	310
Burlington	98	490
Camden	121	605
Cape May	16	80
Cumberland	53	265
Essex	264	1,320
Gloucester	41	205
Hudson	234	1,170
Hunterdon	21	105
Mercer	54	270
Middlesex	150	750
Monmouth	93	465
Morris	60	300
Ocean	54	270
Passaic	280	1,400
Salem	37	185
Somerset	20	100
Sussex	17	85
Union	121	605
Warren	38	190
New Jersey	1,907	9,535

As reported by New Jersey Department of Children and Families as of December 31, 2016.

Challenges Facing New Jersey Family Child Care Providers

The number of registered family child care providers in New Jersey has been rapidly declining.

Over the past fifteen years, the number of registered family child care providers has been rapidly declining, at a rate higher than the national average, dropping 59% since 2001, from 4,689 registered providers to just 1,907 in 2016.

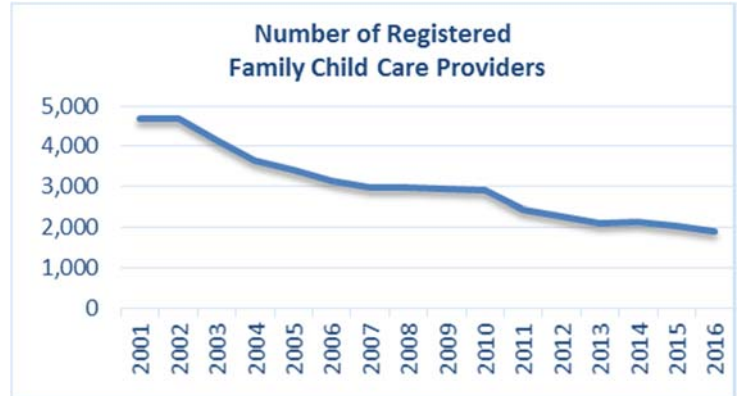
Family child care providers struggle with low wages and the lack of benefits.

In a recent ACNJ study, [*Quality Costs How Much!? Estimating the Cost of Quality Child Care in New Jersey*](#), it was found that family child care providers earn significantly less than their center-based counterparts, not even reaching New Jersey's minimum wage requirement. On average, a family child care provider earns an annual salary of \$18,546, while a teacher earns \$36,679 and a director earns \$54,464. To learn more about the study go to <https://acnj.org/issues/early-learning/childcare>.

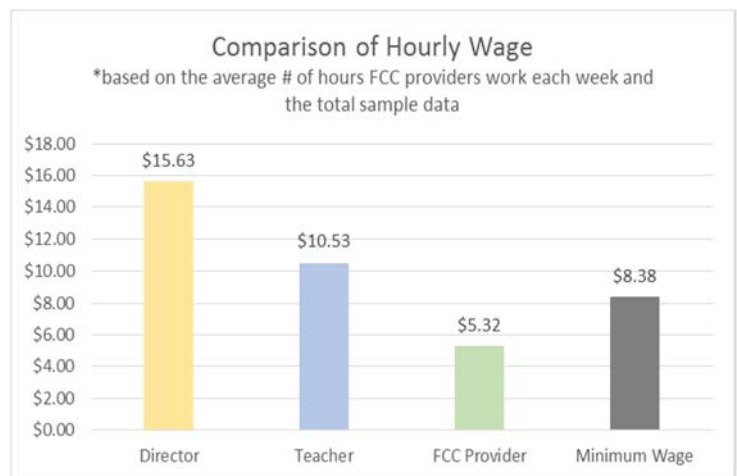
Because family child care providers are small business owners, they are responsible for their own health, life and homeowners insurance, a cost that can have a substantial impact on their annual income. Most providers are not paid for vacation, holidays or sick time.

A 2012 study on family child care in New Jersey and the impact of unions conducted by the Center for Women and Work found the following:

Home-based child care providers exhibited high rates of socioeconomic disadvantage. More than half of all respondents reported having a high school diploma or lower level of education (51%), with an additional 32% having taken some post-secondary courses but with no degree.



ACNJ New Jersey Kids Count, 2001 to 2016.



Consistent with low levels of formal education, over half of respondents lived in households earning less than \$25,000 annually (61%).

Home-based child care providers were vulnerable to under-insurance; moreover, a majority of those who were insured indicated that their health insurance was through government assistance. In response to providers' insurance needs, CCWU has secured a group health insurance option for its members. (Note: While the study did state that access to health insurance was being addressed, stakeholders have stated that this continues to be an issue).

¹ Data provided by NJ Department of Human Services, Division of Family Development, March 2017.

² Quality Costs How Much!? *Estimating the Cost of Quality Child Care in New Jersey*. Advocates for Children of New Jersey. April 2017.

Low payment rates and punitive payment practices threatens the financial stability of family child care providers participating in NJ's child care subsidy program.

Since registration is required in order to participate in New Jersey's child care subsidy program, the majority of registered family child care providers, 96%,¹ accept child care subsidies. Although, since becoming unionized, New Jersey family child care providers have received increases to the child care subsidy reimbursement rate, rates are still well below the amount necessary to ensure providers make a livable wage and are able to meet the quality standards set by Grow NJ Kids, New Jersey's quality rating and improvement system.²

In addition to the low reimbursement rates, a number of provider payment practices related to caring for children that receive a subsidy also impact the financial sustainability of family child care homes (See below).

The Impact of Unions on Family Child Care

In 2006, unions in New Jersey along with six other states, secured the right to organize and negotiate on behalf of home-based child care providers. In 2010, New Jersey enacted legislation codifying bargaining rights first established by an executive order issued by then-Governor Jon Corzine in 2006. Both the executive order and the legislation authorize FCC providers, both subsidized and unsubsidized, to organize and bargain with the state.

Between 88% and 89% of respondents agreed or strongly agreed that information provided by CCWU had been helpful to them; that the CCWU is "an important force in fighting for child care improvements with the governor and legislature;" and that "being a union member is a source of pride for me."

Among those who provided care both before and after unionization, the majority saw conditions for home-based providers as improving in areas including access to training or education opportunities, access to information about child care regulations, access to information about benefits and services, ability to get questions answered, and ability to get complaints or problems as a child care provider solved.

Houser, L., Nisbet, E., White, K., *Giving Voice to New Jersey's Caregivers: The Union Experiences of Home-Based Child Care Providers*, May 2012. Center for Women and Work.

New Jersey Subsidy Payment Practices

- Providers are paid retroactively; private pay parents generally pay before services are provided.
- Child Attendance: According to current regulations, if a child is absent for one or two days (non-illness related) during a two-week payment period, the provider gets paid for the days when the child is out. If the child misses more than two days (non-sickness-related) the provider does not get paid for any of the days. If the child is sick, the provider will get paid for up to five sick days in a two-week payment period. If the child is sick for the two weeks of the pay period, the provider only gets paid for one week. If the child is sick for two weeks over two pay periods (5 days last week of pay period and 5 days first week of next pay period) the provider will be paid for the ten days.
- Provider Time Off: Providers are allowed 22 paid days in which the program can be closed with no more than five in a payment cycle. If a provider was sick for six consecutive days starting the Monday of the second week of the payment cycle, she would get paid for five days and would be paid for the 6th day in the next payment cycle. If she was sick for six days in the first week of the payment cycle, she would only get paid for five days.
- Providers are supposed to schedule their days off prior to the calendar year, but they can change them if they need to.
- Registered providers get paid the full-time rate for 6 hours or more hours per day. If they care for a child on NJCK who is in care less than six hours they get paid the ½ time rate.
- The reimbursement rate drops when children turn 2 ½ even though the provider is not able to add children to compensate for the loss in revenue.



Steps To Quality: Improving the Quality of Family Child Care in NJ

To improve the quality of family child care services, the Steps to Quality Initiative, a public/private partnership funded through The Nicholson Foundation, The Schumann Fund for New Jersey, and the New Jersey Department of Human Services, Division of Family Development, was created. The goal of the project is to improve the quality of care in 45 family child care homes in three New Jersey counties. Child Care Connection (Mercer) works as the lead agency in collaboration with Community Child Care Solutions (Middlesex) and Programs for Parents (Essex). Based on the success of this model, the State adopted Steps to Quality as the pilot for the Grow NJ Kids Initiative. As of December 2016, 167 family child care providers, including the original Steps to Quality homes, were enrolled in Grow NJ Kids. The first cohort is currently in the process of being rated. To learn more about Steps to Quality visit <http://childcareconnection-nj.org/steps-to-quality.cfm>

National Family Child Care Licensing Trends

A 2014 review of licensing trends for family child care providers conducted by the National Center on Early Childhood Quality Assurance revealed the following:

- New Jersey is just one of three states/territories that do not have mandatory licensing requirements for home-based providers.
- Of the States that require home based providers to be licensed, the majority, 38%, set the licensing threshold at three or four children; 31% set the threshold at 1-2 and 26% at 5-7 children.
- Of the 46 States that license FCCs, 13 allow no more than six children in the home.
- Nearly all States set a limit on the number of infants and toddlers that can be in FCCHs;
- Forty-one (41) States count providers' children or other children living in family child care homes in the maximum numbers allowed.
- The most common age requirement is that providers be a minimum of 18 years old.
- Forty (40) percent of States require FCC providers to have a high school diploma or equivalent; the most common minimum qualification for FCCH providers is a certain number of hours of training in early childhood education.
- 40 states, including NJ, have a QRIS system for FCC homes.
- All States that license FCCHs require at least one type of background check for FCCH providers.
- Most States, 41%, inspect FCCHs at least once a year.
- All States that license providers respond to complaints from the public about providers operating illegally. In addition, States work with local law enforcement agencies, monitor outlets where providers advertise, and seek to educate the public with campaigns about the importance of licensing.
- Nearly all States encourage providers operating illegally to become licensed. States take various actions against providers found to be operating illegally the most frequent action is an injunction or cease-and desist order.

It is anticipated that significant changes will be made to licensing and monitoring requirements as State's begin responding to the new regulations as required by the reauthorization of the Child Care and Development Block Grant.

“Love and passion – not just ABCs. It’s how you teach it that makes the difference.”

Focus Group Participant

Family child care is the least regulated form of child care in New Jersey.

The lack of oversight and strong educational, health and safety requirements greatly impacts the overall quality of the family child care home, and influences the demand for this form of care, as parents may question the quality and safety of the family child care setting. It is anticipated that through the implementation of the new requirements of The Child Care and Development Block Grant Act of 2014, that include more frequent inspections and increased training, as well as the addition of a Family Child Care component to Grow NJ Kids, New Jersey’s quality rating and improvement system (see Steps to Quality sidebar) will serve to strengthen the quality of family child care in the upcoming years.

The recent passage of a bill in June 2017 requiring registered family child care providers, as well as certain household members, to undergo comprehensive criminal history record background checks is a major step towards improving the safety of family child care homes.

Benefits of Family Child Care From A Providers Perspective

To learn more about family child care and what it can offer parents and children from a provider’s perspective, ACNJ recently held a focus group with providers from different regions of the state. During the focus group discussion, the providers expressed strong opinions and had clear ideas on the realities of family child care based on years of experience. As parents themselves, the family child care providers shared very personal connections to the work they pursue each day in their homes. They also described the personal sacrifices they made to become a family child care provider - long hours, low pay, isolation, invasion of family space and time. But, regardless of their personal sacrifices, the providers were committed and passionate about their work, sharing the following advantages family child care can offer families:

- **Personal Connections With Families** - families cannot pick their child care center teacher, but they can pick their family child care provider. This choice brings providers closer to those they serve. As one provider put it, “they decide on my site based on who I am. I’m it.” Providers often maintain long-term connections with families. One provider said, “We don’t just do the child; we do the family.”
- **Understanding Community Need**- Providers described how they are more responsive and well-connected to community cultures and needs;
- **Consistency**- Providers believe that they offer more consistency of care without the frequent turnover that often occurs in centers;
- **Inclusiveness and Flexibility**- Providers described how they often accept and work with children who get excluded from centers;
- **Nurturing Environment**- Providers offer a smaller family-like environment that can be a better fit for many children and note that they tend to be more loving than a center-based program.

Opportunities for Growth of Family Child Care in New Jersey

Despite the challenges described above, family child care continues to be an essential component of New Jersey's child care system, offering several benefits for working families and their children (see sidebar). The recent emphasis on improving the quality of family child care, made possible through the CCDBG Act of 2014 and Grow NJ Kids, along with the supports provided through the unions (see sidebar), offers a unique opportunity to strengthen and support family child care as a profession.

Having a supply of family child care as a viable child care option is critical for families, especially since New Jersey has a limited supply of licensed center-based infant and toddler child care. According to a recent study conducted by Advocates for Children of New Jersey, three quarters of New Jersey's infants and toddlers likely to need care do not have access to licensed center-based child care programs.³ The study also found pockets of child care "deserts," where the availability of licensed child care is even more scarce. Ensuring a rich supply of quality family child care, particularly in those communities with a limited supply of regulated child care options, can help to fill the gap.

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35 Halsey Street
Newark, NJ 07102
(973) 643-3876
(973) 643-9153 (fax)
advocates@acnj.org
www.acnj.org

Conclusion

Family child care is a valuable child care option, particularly for parents of infants and toddlers, and families with non-traditional work schedules. Therefore, it is critical to support the growth, strengthen the quality, and nurture the development of a statewide network of high-quality family child care providers. As such, ACNJ recommends the following:

- Create a multi-tiered reimbursement system for Grow NJ Kids to reward family child care providers that are rated at higher levels of quality.
- Address current provider payment practices related to attendance and sick time that penalize providers for participation in the subsidy system and threaten their financial stability.
- Encourage more providers to participate in the Child and Adult Care Food Program to provide an additional revenue source for those serving low income families.
- Promote provider participation in shared services efforts such as the one sponsored by the New Jersey Association for the Education of Young Children to help improve quality, share learning and reduce operating costs.

³ *No Room For Babies Center Based Infant Toddler Child Care In Short Supply.* Advocates for Children of New Jersey, April 2017.

Acknowledgements


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