

NJ's Child Care and Development Fund Plan FFY 2016-2018



CCDBG and What it Means for NJ Children

In November 2014, President Obama signed into law the Child Care and Development Block Grant Act of 2014. This marked 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 nearly two decades 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.

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.

States were required to develop a plan to comply with the new requirements by March 1, 2016. While New Jersey’s proposed plan does provide a broad framework for how the new requirements will be addressed, ACNJ believes essential details regarding implementation and funding are lacking for many of the mandates.



The chart below highlights the main areas of the Child Care and Development Block Grant Act of 2014 (CCDBG) that will have a significant programmatic and/or budgetary impact on child care in New Jersey and how New Jersey addressed in their proposed 2016-2018 Child Care and Development Fund plan.

Area	CCDBG of 2014	ACNJ’s Analysis of New Jersey’s Plan
Background Check Requirements	Requires comprehensive background checks be conducted at least once every five years for child care providers who are licensed, regulated, or registered under state law or who are non-relatives that receive CCDBG funds. For family child care providers, this includes the caregiver themselves as well as other adults in the home. States must meet the background check requirements by September 30, 2017.	<p>Implications for NJ: Child care providers working in a licensed child care center are already required to undergo comprehensive background checks, however, under the new law, New Jersey will now be required to include additional checks and conduct these checks at least once every five years. Providers previously not required to undergo background checks, including registered family child care providers and other adults in the home, and non-relative approved home providers (aka Family, Friend and Neighbor care) are now required to also have a comprehensive background check at least once every five years. This new mandate will impact approximately 3,200 registered family child care providers and approved home providers, as well as an unknown number of adults also in the home.</p> <p>NJ’s Plan: The Division of Family Development states that “in conjunction with the Department of Children and Families, Office of Licensing, and local law enforcement, they will develop a process for acquiring all of the required background checks by September 30, 2017,” but they do not describe a specific implementation plan for achieving compliance with this requirement, or identify who would be responsible for paying for this new mandate.</p>

Giving Every Child A Chance

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Inspections/ Accountability	<p>All child care providers receiving CCDBG funds, (with the option to exempt relatives), would be subject to an inspection before a license is granted and at least one annual unannounced inspection for licensing compliance, health, safety, and fire standards. In addition, states must establish qualifications and training for licensing inspectors and maintain a ratio of licensing inspectors 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.</p>	<p>Implications for NJ: Licensed child care centers are already inspected annually. This past year, New Jersey also began inspecting registered family child care homes and approved home providers annually, however, this is not yet included in regulations. License-exempt providers that accept subsidy, including child care centers operated by the Board of Education or housed in a Board of Education building and private schools with a child care center or pre-k program will now be subject to increased monitoring requirements.</p> <p>NJ's Plan: The Division of Family Development states that they are "meeting with the Department of Children and Families, Office of Licensing to revise current policy and practices to bring all provisions into alignment with CCDBG by November 19, 2016." The plan states "with the exception of summer camp programs, NJ currently has a sufficient ratio of licensing inspectors to conduct the increased inspections in a timely basis, but unannounced inspections across all program settings will need to be established."</p> <p>Details regarding how these new mandates will be implemented and funded were not included in the plan.</p>
Quality Set-Aside	<p>States receiving CCDBG 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 first and second years, 8 percent third and fourth year and 9 percent for the fifth and each succeeding 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 funds received in the second full fiscal year after the bill's enactment.</p>	<p>Implications for NJ: Prior to the reauthorization, states were required to spend 4 percent of funds on activities to improve child care quality. New Jersey currently spends approximately 2 percent of their federal funds on infants and toddlers. This new mandate will greatly increase the amount of federal dollars earmarked for quality and provide much needed dedicated funding for quality improvements for infants and toddlers.</p> <p>NJ's Plan: The proposed plan indicates that New Jersey will utilize both CCDF funds as well as funds from their federal Race to the Top Early Learning Challenge grant to meet the increased quality set-aside requirements. Since the Race to the Top grant is scheduled to end in December 2017, the State will need to develop a strategy for securing replacement funding in order to comply with the increasing set-aside requirements in upcoming years and maintain quality improvement efforts.</p>

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<p>Support for Continuous Quality Improvement</p>	<p>States will be required to implement at least one quality improvement activity. 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 a Quality Rating and Improvement System (QRIS).</p>	<p>Implications for NJ: To address continuous quality improvement mandates, New Jersey recently began the statewide implementation of Grow NJ Kids, a voluntary tiered 5 star quality rating and improvement system. Approximately 550 programs are currently enrolled in this effort thus far. CCDF funds, federal Race to the Top funds, and a variety of State and private funds are currently being utilized to support this initiative.</p> <p>NJ's Plan: It is unclear from the plan how the State will continue to fund Grow NJ Kids beyond December of 2017 when Race to the Top funding is due to expire. Also, while "enhanced incentives" are currently offered to those programs participating in this system with the aid of the federal Race to the Top funds, Grow NJ Kids does not have in place a tiered reimbursement system that would provide increasing financial incentives for higher quality ratings to those programs that accept subsidy and the proposed plan does not establish a process for creating such a system.</p> <p>Meaningful incentives to encourage provider participation such as tiered reimbursement are critical to the long-term success of voluntary quality improvement systems.</p>
<p>Protection for Working Parents and Students</p>	<p>Eligibility for child care subsidies will be re-determined every 12 months regardless of a temporary change in the ongoing status of the child's parent as working or attending a job training or educational program.</p>	<p>Implications for NJ: Under current New Jersey policy, eligibility for a child care subsidy is already determined annually, however, parents are required to notify their CCR&R, the agencies responsible for administering the child care subsidy program in New Jersey, if there is a change in status prior to redetermination and child care services are terminated if a parent leaves school/job training, is no longer employed, or receives a raise that makes them no longer eligible. New regulations will enable children to stay in child care for the full 12 months as long as the parent's income does not exceed 85% of the state median income for a family of same size.</p> <p>NJ's Plan: The Division of Family Development reports they still need to establish policies to ensure child care is not terminated prior to the end of the 12 month period and to ensure a gradual phase out period for continued child care assistance for families whose income increases but remains below 85% of the state's medium income. These policies are expected to be developed by September 30, 2016.</p> <p>The plan does not include a description of how the new mandate to continue to provide child care during temporary changes in a parent's eligibility status will be funded.</p>

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Monitoring, Inspection, and Complaint Reports	<p>Would require states to post electronically the results of monitoring and inspection reports, including those as a result of major, substantiated complaints. Additionally, states would be required to collect and make public the number of 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 state has in effect new licensing practices required by this legislation (approximately 3 years from enactment).</p>	<p>Implications for NJ: The Department of Children and Families, Office of Licensing recently launched a web portal which is accessible by the general public to search and find child care. At the present time, this system includes only licensed child care centers and is limited to inspection and violation reports.</p> <p>NJ's Plan: The State reports they are "in the process of developing a consumer-friendly website to allow multiple ways to search for the full diversity of providers that will include the required information such as description of the various types of providers, new health and safety requirements and licensing/regulatory requirements, as well as annual aggregate information about the number of deaths, serious injuries and incidences of substantiated child abuse in child care settings." All components of the website are expected to be completed by September 30, 2016 with the exception of posting inspection results based on the new monitoring requirements which will be completed by November 19, 2017.</p> <p>Posting this information online will provide parents with easy access to critical information to make informed decisions about who will care for their children. Once developed, ACNJ recommends this system should also include information regarding Grow NJ Kids ratings so parents have one-stop access to child care information.</p>
Child Care Subsidy Reimbursement Rates	<p>States must conduct a statistically valid and reliable assessment of the cost of child care services by geographic area, type of provider and age of child in order to establish subsidy reimbursement rates that are sufficient to ensure equal access and allow parents freedom of choice in selecting a provider. Equal access is considered the 75th percentile of the current market rate which is the amount a family will need to be financially able to enroll their child in three out of four providers in the market area. The new law also requires states to take into consideration the cost of providing higher quality child care services than were provided prior to November 2014 and without, to the extent practicable, reducing the number of families receiving CCDG.</p>	<p>Implications for NJ: According to the National Women's Law Center, New Jersey's child care reimbursement rates are substantially below the current child care market rate. The New Jersey full time subsidy reimbursement rate for a non-accredited center is \$160.60 per week for infants up to age 2.5; \$132.40 for children ages 2.5 to age 13; a shortfall of nearly \$100.00 per week for infant care and \$75.00 per week for pre-school care compared to the 2013 New Jersey child care market rates. The subsidy rates for licensed centers have not been raised since 2008; family child care received a slight rate increase in 2014.</p> <p>NJ's Plan: The Division of Family Development reports that although they recently completed a market rate study, due to a low provider response rate, "at this time they (DFD) do not have sufficient price market data to certify that the payment rates are sufficient to ensure equal access" and as a result "have not set new payment rates." The state plans to explore other methods of collecting cost data to help establish subsidy reimbursement rates that would take into consideration the cost of providing higher quality child care services than were provided prior to November 2014, noting such a change to the subsidy rates would require budget and legislative approval.</p> <p>Without an increase to the subsidy reimbursement rate it is unlikely centers that serve high numbers of subsidy families will be able to participate in quality improvement efforts and sustain quality improvement gains.</p>

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Provider Payment Practices	<p>To provide stability of funding and encourage more child care providers to participate in the subsidy program, states must develop payment practices that reflect the generally accepted practices of private pay child care providers.</p>	<p>Implications for NJ: The Division of Family Development utilizes an automated web based application known as e-child care that reimburses providers for services every two weeks based on time and attendance. To receive full reimbursement, the child must attend 8 out of the 10 days in a two week period. As stated in the plan, "By contrast, private pay child care providers in New Jersey utilize prospective payment practices," in which the family must pay for the child care prior to receiving services, regardless of attendance and holidays.</p> <p>NJ's Plan: Despite concerns raised by members of the Provider Payment Practices workgroup, the plan does not address modifications necessary to revise the current system to meet the generally accepted practices of private pay child care providers.</p> <p>Child care providers are responsible for paying for fixed costs such as staff salaries, rent etc., regardless of attendance. The current system of paying providers retroactively and penalizing for absences acts as a disincentive for participation in the subsidy program.</p>
Social-Emotional Needs of Children	<p>Under the new consumer education requirements, states must develop policies to address the social-emotional/behavioral and early childhood mental health of young children. This includes the development of positive behavioral intervention and support models and policies on expulsion of children ages birth to five in early childhood programs receiving CCDF.</p>	<p>Implications for NJ: New Jersey currently has Preschool Student Suspension/Expulsion Guidance through the Department of Education as well as State regulation. In addition, licensed centers are required to provide parents with a copy of the centers' policy on the expulsion of children enrolled.</p> <p>NJ's Plan: The State plans to utilize the Department of Education's guidance, as well as Head Start and ACF policies, to assist with the development of a statewide expulsion policy. In addition, the Division of Family Development also plans to partner with Montclair State University, Center for Autism and Early Childhood Mental Health to help draft policy and best practices for addressing the social/emotional needs of children in child care and to provide training to enhance the knowledge of early care and education staff on the development of social and emotional practices.</p> <p>While a statewide suspension and expulsion policy as described in New Jersey's plan is critical, it is also essential that this policy is developed in conjunction with a plan to develop an infancy and early childhood mental health consultation program to provide training, coaching, and mentoring supports for child care providers and families dealing with challenging behaviors. Research has shown that the availability of such services is linked to decreased expulsion rates, reductions in child challenging behavior, improvements in child social behavior, increases in teachers' sense of efficacy, decreases in teaching stress, reductions in staff turnover, and increases in the overall quality of the program.</p>



FOR QUESTIONS ABOUT ACNJ'S ANALYSIS OF NJ'S CHILD CARE AND DEVELOPMENT FUND PLAN FFY 2016-2018, CONTACT DIANE DELLANNO AT ADVOCATES FOR CHILDREN OF NEW JERSEY, (973) 643-3876 OR DDELLANNO@ACNJ.ORG.