
ACNJ Testimony



To: Elizabeth Connolly, Acting Commissioner NJ Department of Human Services
From: Cecilia Zalkind, Executive Director, Advocates for Children of New Jersey
Date: March 21, 2016
Re: ACNJ Testimony on Draft of FY2016-2018 Child Care and Development Plan

Advocates for Children of New Jersey (ACNJ) appreciates the opportunity to provide the following comments on New Jersey's draft FFY 2016-2018 Child Care and Development Plan. The reauthorization of the Child Care and Development Block grant presents a promising opportunity to strengthen New Jersey's early learning system and improve access to safe, reliable and affordable child care that allows parents to work and promotes children's healthy growth and development.

ACNJ understands the challenges the State faced in the development of this plan given the lack of clarity regarding some of the new requirements as well as the lack of sufficient federal resources to assist in implementation. These substantial challenges make it all the more critical for the state to work collaboratively with all child care stakeholders to identify the financial and other resources necessary to comply with the new provisions and develop viable solutions. Unfortunately, we feel the process the state utilized in the development of this plan lacked meaningful stakeholder involvement, particularly from members of the child care workforce. Their feedback is essential. Input from parents as the consumers of these services is equally important.

New Jersey was one of only a handful of states that did not release a draft plan prior to the due date of March 1st, 2016 to allow stakeholders ample opportunity to carefully review the plan and make comments. Instead, the plan was released on the due date. This sent a message to the child care community that the State was not interested in obtaining input for the plan.

The following are ACNJ comments on the plan:

- 1) There is insufficient information in the plan on how the new provisions will be funded.

While the draft plan does provide a broad framework for how the new requirements will be addressed, ACNJ believes essential details regarding implementation and funding were lacking. For example, as part of the reauthorization, states will now be required to conduct

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comprehensive criminal history background checks at least once every five years for providers who are licensed, regulated or registered that receive CCDBG funds. This will have significant programmatic and financial implications for New Jersey since registered family child care providers and approved home providers are not currently required to undergo criminal history background checks. New Jersey will also have to add several new checks and increase the frequency these checks are conducted. The plan provides no information as to how New Jersey plans to comply with this new mandate or how it will be funded.

Likewise, significant changes regarding the inspection process will need to be made November of this year in order to comply with new requirements. Again, details regarding how the State will implement this mandate and what resources would be necessary were not included in the plan.

Fortunately, New Jersey is the recipient of a federal Race to the Top Early Learning Challenge grant that can be utilized to offset some of the costs related to new quality improvement mandates. With these funds, New Jersey has been able to expand and strengthen their quality rating and improvement system, Grow NJ Kids. However, these funds are due to expire in December of 2017. Since the amount of monies states must set-aside each year for quality improvement will increase annually over the next five years, New Jersey will need to develop a strategy for securing replacement funding to comply with these requirements. A plan to do so was not identified in the draft.

2) Child care reimbursement rates must be increased. The Department of Human Services (DHS) was supposed to certify by March 1, 2016, that payment rates for subsidized care are sufficient to ensure equal access to care for families receiving subsidies. DHS was unable to provide that information because of insufficient price market data. Regardless of "insufficient data," the reality is that center-based providers who accept subsidy payments have not received an increase since 2008. Currently, 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 and \$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 which have undoubtedly increased since then.

Low reimbursement rates have a negative implications for the quality and stability of child care programs, the services children are receiving, and the ability of parents to afford child care. For families, low rates limit parental choice by forcing families with a subsidy to either pay the difference between the center rate and subsidy payment or place their child in an under-funded child care arrangement with insufficient resources to ensure quality.

It is almost impossible to run a high-quality child care center when the majority of the children are from low-income families and the State's reimbursement rate is significantly below the actual cost of care. With centers receiving just \$32.12 per day or \$3.21 per hour for infant care and just \$26.48 per day or \$2.65 per hour for preschool age care, it is extremely difficult to attract and retain qualified teaching staff, better equip classrooms, and upgrade curriculum materials - all essential to quality care. The recent increase in the minimum wage has made it even more challenging for centers to cover costs. Keeping program doors open is becoming more and more difficult.

Advocates for Children of New Jersey is currently working with national experts to conduct a cost of quality study. The State was invited to participate in this process but declined. ACNJ

is happy to share our findings from this study in order to help establish reimbursement rates that take into consideration the costs to operate a high quality child care program in New Jersey.

3) A tiered reimbursement system should be created to encourage participation in GNJK.

Closely tied to the subsidy reimbursement rate issue is the need to create a process for rewarding those centers that achieve higher quality, critical to the long-term success of voluntary quality improvement systems. While "enhanced incentives" in the form of training, scholarships and classroom improvement grants are currently offered to those programs participating in Grow NJ Kids with the aid of the federal Race to the Top funds, NJ 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.

4) Prospective provider payment practices must be implemented.

The success of state child care assistance programs relies on an accessible system of high-quality child care providers. In order to provide stability of funding and encourage more child care providers to participate in the subsidy program, the law specifies that states must develop payment practices that reflect the generally accepted practices of private pay child care providers who do not receive CCDBG assistance. The law further states that to the extent practicable, states must also implement enrollment and eligibility policies that support the fixed costs of providing child care services by delinking provider reimbursement rates from an eligible child's occasional absences due to holidays or unforeseen circumstances (such as illness).

The e-child care system currently utilized in New Jersey reimburses providers retroactively, in most cases approximately 4 weeks after the service is provided, based on time and attendance. To receive full reimbursement, the child must attend 8 out of the 10 days in a two week period. In contrast, private pay child care providers utilize prospective payment practices, in which the family must pay for the child care prior to receiving services, regardless of attendance and holidays.

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. 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.

5) Child Care Resource and Referral Agencies must be adequately funded.

As evidenced throughout the plan, child care resource and referral agencies are vital to the implementation of the CCDBG grant. New Jersey's 21 county-based child care resource and referral agencies provide essential services for child care providers and families alike. As New Jersey moves forward with Grow NJ Kids and other activities to improve access to high quality child care, it critical that the child care resource and referral agencies are adequately funded to help carry out this important work.

6) Services to address the social-emotional needs of children in child care must be developed.

The new consumer education provisions require states to address the social-emotional needs of children in child care through the development of policies and intervention programs. We were pleased to learn the state will be working with experts in this area from Montclair State University to help draft policy and best practices for addressing this mandate. The creation of a statewide suspension and expulsion policy as described in New Jersey's plan is critical.

However, we caution that it must be developed in conjunction with a plan to also 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.

Conclusion

The reauthorization of the Child Care and Development Block Grant presents an opportunity to transform the child care subsidy program and make a significant impact on the quality and safety of child care in New Jersey. ACNJ acknowledges that this is not an easy task and therefore should not be done in isolation. Additional federal and state resources, including financial as well as technical expertise, will be essential to fulfill the new mandates and ensure that we do not make tradeoffs that would undermine the very goals of the reauthorization and further reduce the number of children served.

We hope the state will take into consideration the above recommendations and incorporate into the final CCDF plan. Thank you.