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Out of Reach: Sustaining a High Quality Child Care System in New Jersey

Based on *Quality Costs How Much? Estimating the Cost of Quality Child Care in New Jersey*



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At a time when a child's brain is developing more than at any other time in their lives, providing a safe, nurturing and stimulating environment during the first five years is crucial. For working parents who depend on child care, knowing their child is cared for in a quality setting can help put their minds at ease.

Yet, for decades, New Jersey's child care standards did not adequately address quality for a child's overall development. That changed in 2013, when the state created *Grow NJ Kids (GNJK)*, a quality rating and improvement system for child care settings.

With the help of a federal grant, New Jersey expects to reach 22 percent of all sites – about 1,800 – serving infants and young children by the end of 2017. The state's goal is to enroll all publicly funded programs by 2022.¹ As of December 2016, 944 child care centers and 167 family child care homes were participating in *Grow NJ Kids*.²

To determine what it would cost to provide quality and whether those standards could be met through existing funding, Advocates for Children of New Jersey (ACNJ) conducted a cost-estimation study, collecting real budgets



Major Findings from the New Jersey Child Care Cost of Quality Study

- ⇒ A typical NJ center providing subsidized child care will not be able to maintain quality without additional financial supports.
- ⇒ Maintaining quality without an increase in the child care subsidy rate is impossible for programs serving large numbers of subsidy children.
- ⇒ Centers serving only infants and toddlers are unable to sustain quality at any level as defined by the state's child care rating system (*Grow NJ Kids*).
- ⇒ Current subsidy reimbursement policies regarding attendance and payment practices hinders a center's ability to maintain quality.
- ⇒ Full enrollment, timely collection of all revenue, and participation in the Child and Adult Care Food Program are critical for financial sustainability.
- ⇒ Salaries for child care professionals must match the increased qualifications required to reach the higher levels of quality.

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and cost data from state child care providers, as well as early care and education stakeholders.

The findings indicate that at current funding levels, most publicly funded child care centers cannot meet these higher state standards that define quality. The burden is even greater for centers in low-income communities that heavily rely on child care subsidies; without a rate increase in the state child care reimbursement for the past nine years, attaining quality is even more difficult, if not impossible to sustain.

Based on the report findings, ACNJ recommends:

For State Agencies:

- Increase the child care subsidy reimbursement rate to reflect the true cost of delivering high quality child care and allow low income families equal access to quality.
- Adjust the child care subsidy reimbursement rate to align with the increased costs associated with caring for infants (i.e. the difference in staff to child ratio standard.)
- Modify subsidy payment practices to reflect standard policies used when serving non-subsidy families.
- Create a multi-tiered reimbursement system that will motivate providers to move up the quality ladder and serve subsidized children (i.e. paying higher rates for reaching higher levels of quality.)
- Encourage providers to serve infants and toddlers by offering incentives that will compensate for the higher costs related to providing high quality care to this population.
- Offer scholarships for advanced training and related education expenses to encourage and reward professionals to continue their education.

For Legislators and Policymakers:

- Allocate funding to:
 - ensure a meaningful increase to the child care subsidy reimbursement rate and;
 - support ongoing professional development for the child care workforce.

- Establish a New Jersey Child Care Tax Credit to assist families in paying for child care.
- Create a tax credit to encourage and reward child care professionals that complete advanced education coursework.
- Create tax credits to reward centers for maintaining quality.
- Improve policies to assist greater numbers of providers to take advantage of the Child and Adult Care Food Program.

For Child Care Programs:

- Participate in professional development training on effective management, strong business practices and budgeting.
- Become involved in shared services efforts to help improve quality, share learning and reduce operating costs such as the one sponsored by the New Jersey Association for the Education of Young Children.
- Participate in the Child and Adult Care Food Program.
- Ensure full enrollment and timely collection of all revenue.



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¹NJ Department of Education. *Race to the Top Early Learning Challenge Application for Initial Funding*. New Jersey's Early Learning Plan. October 16, 2013 (pg 114).

²As reported by NJ Department of Human Services, Division of Family Development (2015).