



Giving Every Child A Chance

To: Members, Senate Budget Committee  
From: Cecilia Zalkind, CEO/President, Advocates for Children of New Jersey  
Cynthia Rice, Senior Policy Analyst  
Date: March 23, 2021  
RE: ACNJ Testimony on the Proposed FY 2022 State Budget

Advocates for Children of New Jersey (ACNJ) appreciates the opportunity to provide the following comments on New Jersey's proposed FY 2022 State Budget.

ACNJ is heartened by the Governor's commitment to a fair and equitable recovery from the COVID-19 pandemic for New Jersey, especially for children and families who continue to struggle to regain their footing. Much-needed additional funding for such programs for schools, public health, school aid, child care, and tax assistance for families will help to minimize the impact of the pandemic now and in the months ahead while providing funding to ensure that the needed systems are in-place to support our state's economic recovery.

ACNJ is particularly happy to see the proposed funding commitments to our youngest children, specifically in the following areas:

- **Preschool Expansion:** Once again, the Governor's inclusion of a \$50 million increase in preschool expansion aid will provide more eligible 3- and 4-year olds in additional school districts with an educational foundation critical for their long-term academic success. Funding support to New Jersey's nationally recognized high quality, state-funded preschool continues to be money well-spent.
- **Child Care:** Additional funding to assist child care providers with addressing increased staff salaries due to the annual minimum wage increase will help programs accepting child care subsidies, particularly at a time when the industry has been hit hard by the pandemic. Additionally, the proposed \$5 million child care pilot project to fund facilities improvements, which could be used to address facilities issues that may be barriers to educating and caring for certain-aged children, particularly infants and toddlers as well as a funding opportunity for providers to have a mechanism to cut expenses by participating in a shared services model.
- **Home Visitation:** The proposed \$450,000 increase to New Jersey's home visitation system is a first-step in strengthening a program that has been flat-funded for more than a decade. This program, which gives at-risk pregnant women and families the

supports needed to raise physically, socially and emotionally healthy children, has been a lifeline for participating young families, particularly during the last year, when families have experienced isolation and supports have been limited. While there are approximately 7000 families who benefit annually in New Jersey, the need is significantly higher.

- Child Dependent Tax Credit: Making this existing tax credit refundable while expanding family eligibility up to \$150,000 per year recognizes the huge financial strain child care costs can have on working families and will provide them with much-needed relief.
- Supports to Nurture NJ: Funding components of the First Lady's initiative demonstrates the state's commitment to new mothers and their babies by taking initial steps to reduce infant and maternal mortality and morbidity. The proposed \$8.5 million to extend Medicaid coverage to 365 days for postpartum mothers and \$2 million to create a new pilot program to support rental assistance for expecting mothers strengthens the safety net for such new families.

As we begin the second year of the pandemic, critical systems that support children, families and our state economy have been and continue to be in crisis. One of those systems that remains in peril is child care.

Although essential to the success of both working families and the economy, the pandemic has made clear the long-standing cracks in its infrastructure. Even before COVID-19, the chronic unstable funding streams have plagued the industry for decades and led them to exist on razor-thin margins, with little room for financial flexibility. While the federal government, through the various COVID relief packages, is providing much-needed emergency relief to the entire child care industry, these funds—while significant—are available for a specific period-of-time. This funding—as well as other funding streams—provide New Jersey with an opportunity to begin solving both short and long-term problems, so that, as a state, we can minimize the chances of returning to the child care system that existed pre-pandemic, but actually build a better system of education and care. As bad as things are and have been during the pandemic, no child care provider wants to revert-back to the financially unstable environment that existed in early March 2020. The use of these dollars now, along with a future state investment, can provide New Jersey with an opportunity to develop and implement strong, long-term policies that strengthen and stabilize a system essential to working families and to the recovery of our economy.

The following are recommendations that ACNJ believes are critical in ensuring that the economy, working families and children can benefit from a stronger, more stable child care system:

- **Maintain the current payment system based on enrollment not attendance.**

In the short-term, there remains a sense of urgency amongst the child care community to continue the sound CARES Act funded policies implemented by the Department of Human Services (DHS) to address providers' initial needs due to the pandemic. Since April 2020, DHS has based child care subsidy payments on enrollment, rather than attendance, their pre-pandemic payment structure. This sound policy decision has provided one stable funding source for those programs that accept subsidy families. Currently, child care enrollments remain low due to continued implementation of the Department of Children and Families (DCF) emergency licensing standards, parent unemployment and parental fears of returning their children to group care. While DHS plans to continue the enrollment payment policy until June 30<sup>th</sup> the financial needs of programs will likely continue long past that date, causing a potential "cliff-effect" and placing programs' futures in jeopardy. Many of these programs continue to remain in a near-crisis situation resulting from the additional costs attributed to the implementation of the emergency licensing standards and fewer enrolled children. Whether the funding is federal or state dollars, policies that stabilize the industry, including subsidy payments at the enrollment level made permanent, must be a top state priority now while the industry remains in dire-straits, as well as part of a long-term strategy that ensures a stable infrastructure.
- **Funding policies must address the crisis in retaining and hiring of child care staff.**

Finding qualified staff was difficult prior to the pandemic. According to a recently released report from the Center for American Progress, the estimated annual salary of an early childhood educator in New Jersey is \$23,940, with 51 percent of the workforce receiving public benefits. [State of Child Care](#) Since the pandemic, finding and keeping staff has become a bigger struggle, as salaries at or near minimum wage have made other employment options at the same or higher salary, far more appealing to existing or potential employees. Developing policies that recognize and compensate the "essential" work that child care staff has done and continues to do even during a pandemic is a critical element in stabilizing the overall industry. Funding is needed to support policies that will help provide additional dollars directly to staff members to incentivize them to become or continue to be child care professionals.
- **The lack of health care coverage for child care staff remains a continued cause of the workforce's instability.** While this issue is long-standing, the pandemic has brought to light the impact that the lack of health coverage has on retaining and hiring child care staff. Besides low wages, the lack of health care, at a time when we are all most vulnerable to becoming sick, adds one more reason why finding staff has become even more problematic. Developing policies that will provide the child care workforce with affordable health care options is desperately needed now and for the system's future.

- **Parents need increased child care options including access to quality family child care homes.** For many families, particularly those with infants and toddlers, in-home care or family child care (FCC) is often a preferred option. This choice has become more attractive during the pandemic, as some families have preferred smaller settings with fewer children. Unfortunately, over the last decade, the number of FCC homes in New Jersey have significantly declined. These in-home programs, many of which are owned and operated by women of color, have received very low child care subsidy rates for years. In a 2013 of child care study from Child Care Aware-NJ, the weekly FCC reimbursement rates were \$151.20 for an infant and \$118.80 for a preschooler. Rates have only slightly increased since then, with the subsidy infant rate increasing only \$3.50 to \$154.79/week and the preschool rate, slightly less than \$3.00 to \$121.59. The result of these low rates has been dramatic. There are 50 percent fewer FCC homes in 2020 than existed in 2010. The greatest impact in this decline has been on programs located in low-income communities that are heavily reliant on subsidies, as this minimal funding is inadequate for program survival. Moreover, unlike center-based programs, FCC homes are provided with no incentives to increase their subsidy rates by improving their program quality through the states Quality Rating and Improvement System, *Grow NJ Kids* (GNJK). Implementing and funding policies that strengthen and improve the quality of all facets of the child care industry is key in providing access to and choice for parents and families.

The work of the child care community did not become “essential” in March 2020. It has always been essential to working families, children and our economy and its importance became apparent to us all as we continue to struggle through the pandemic. We are at a moment in time in which our state has the opportunity to not only address COVID-related issues but to take on those long-standing problems that have been part of the child care system’s struggle for far too long. ACNJ urges the state to embrace this opportunity to develop and implement stronger child care policies that not only support the recovery of our economy but provide the help that programs and families need.