

A pink piggy bank is the central focus, sitting on a large pile of US dollar bills. The piggy bank is a classic, rounded shape with a small coin slot on its back. The dollar bills are scattered around its base, some overlapping, creating a sense of wealth or cost. The background is a plain, light color, making the piggy bank and money stand out.

# The Cost of Quality Child Care in New Jersey

April 2017

# Why Quality Matters



The quality of a child's future depends on the quality of caregiving in the first five years

High quality early learning programs that are safe, healthy, stimulating, organized and led by well-trained teachers help children enter school ready to learn and succeed

Quality child care programs also provide a critical support for working parents that rely on safe, dependable, nurturing care so they can work

# What is Quality?



## **\*NJ's QRIS Defines Quality\***

By 2018, 1,790 centers and homes will be involved in GNJK  
By 2022, all publicly funded programs will be involved in GNJK

# Purpose of the Study

1

Identify issues and challenges involved in creating a high quality early care and education system

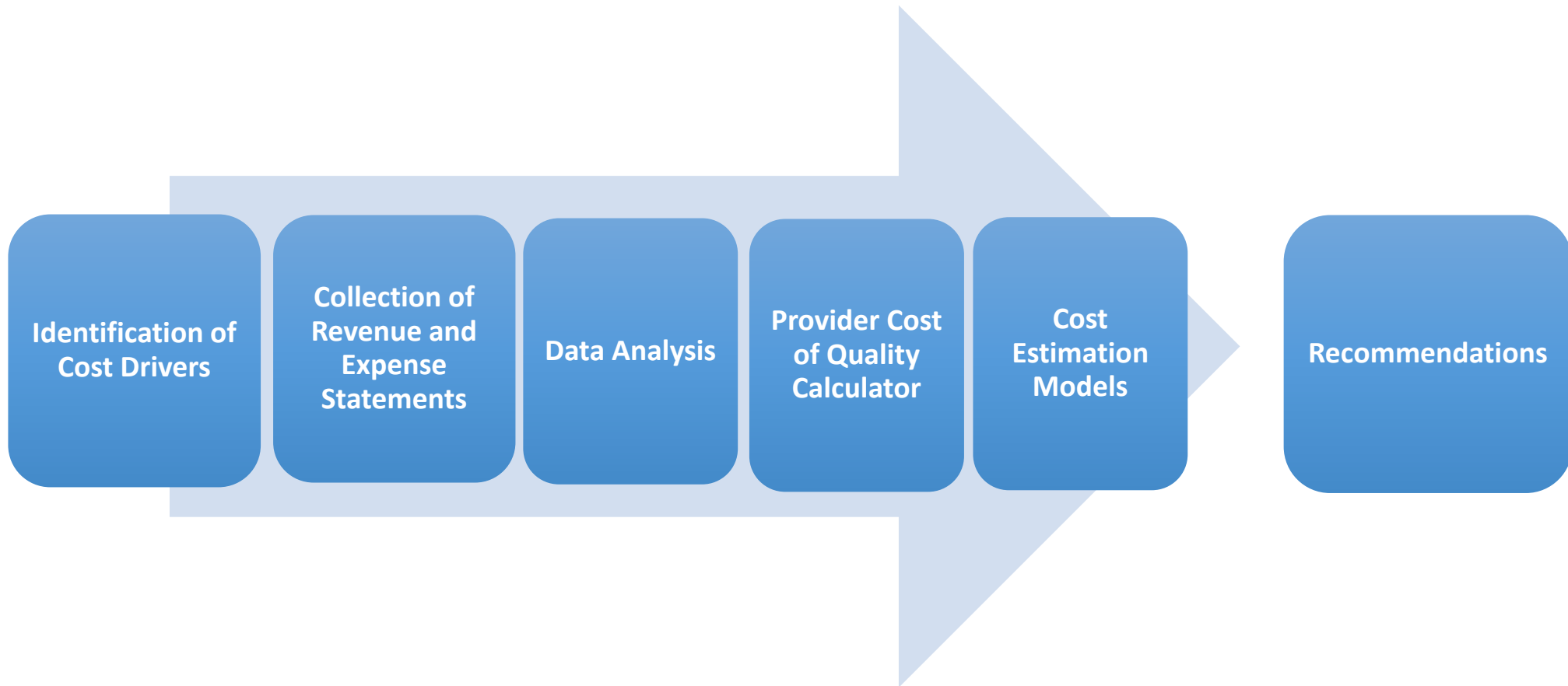
2

Determine if the current NJ child care subsidy reimbursement rate is sufficient to support the costs of operating a quality program

3

Make recommendations regarding resources necessary to support and sustain a quality rating and improvement system

# Methodology

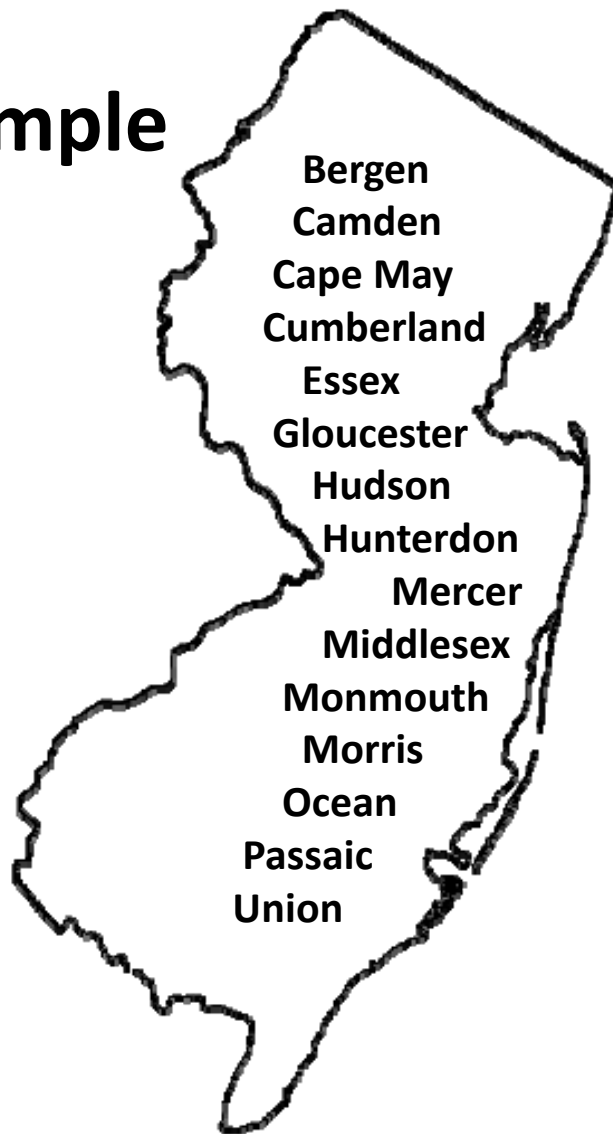
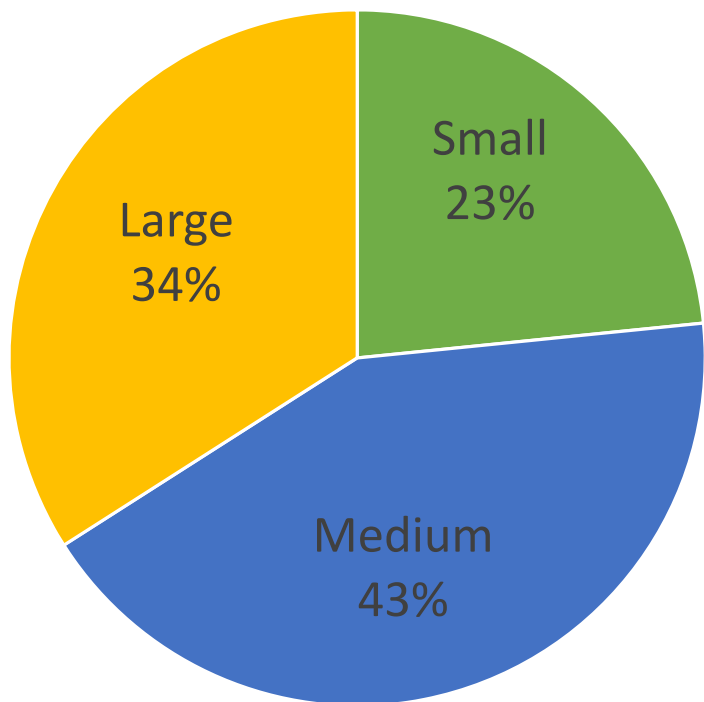


A pink piggy bank is the central focus, sitting on a large pile of US dollar bills. The piggy bank is glossy and has a classic pig shape with small ears and a snout. The dollar bills are scattered around its base, some overlapping. The background is a plain, light-colored surface.

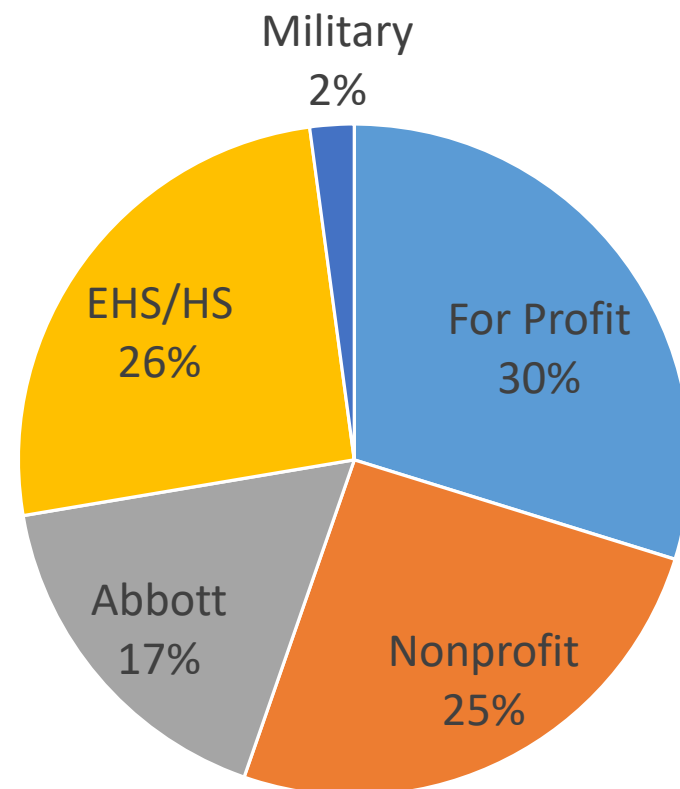
# Center-Based Child Care

# Center-Based Child Care Study Sample

Size of Center



Type of Center



# BASE SCENARIO

## 1 Infant Room

1 teacher:  
4 infants

Group Size  
12

## 2 Toddler Rooms

1 teacher:  
6 toddlers

Group Size  
18

## 2 Preschool Rooms

1 teacher:  
10 children

Group Size  
20



# Assumptions



Salaries, benefits, and staff time will increase with GNJK levels

Private tuition rates will increase with GNJK levels

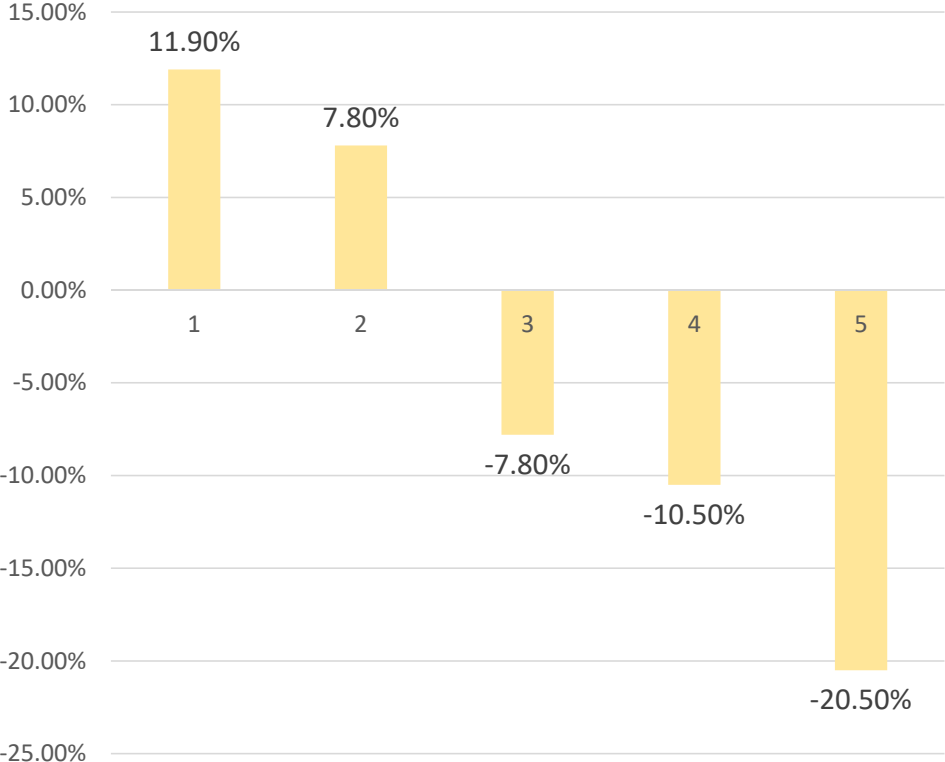
All eligible programs will participate in the CACFP

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# Center-Based Child Care Findings

# The typical center is not sustainable at higher levels of quality.

BASE SCENARIO: NET REVENUE AS A PERCENTAGE OF TOTAL



## Scenario Information:

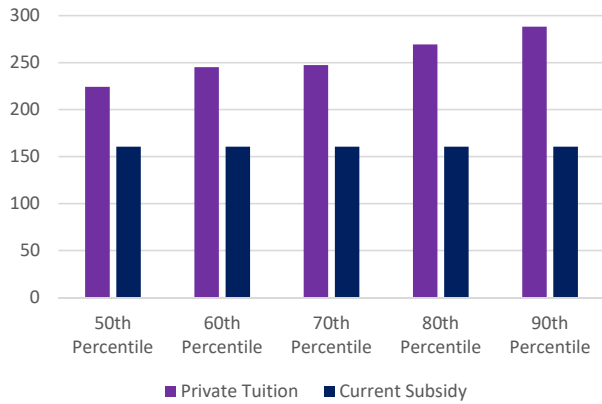
- 5 classrooms – 1 infant room, 2 toddler rooms and 2 preschool rooms
- 25% children receive a child care subsidy
- Program participates in the CACFP
- 85% enrollment
- 3% bad debt

A pink piggy bank is the central focus, sitting on a large pile of US dollar bills. The piggy bank is a classic pig shape, colored in a bright pink. The dollar bills are scattered around its base, with some overlapping. The background is a plain, light-colored surface.

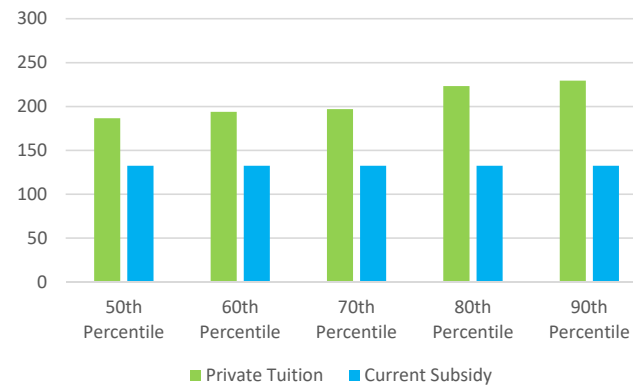
**Recommendation:  
Raise the Child Care  
Reimbursement Rate**

# Current Subsidy VS Tuition

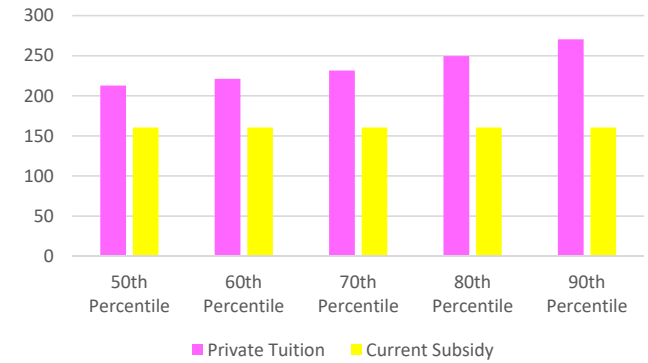
Infants



Preschoolers

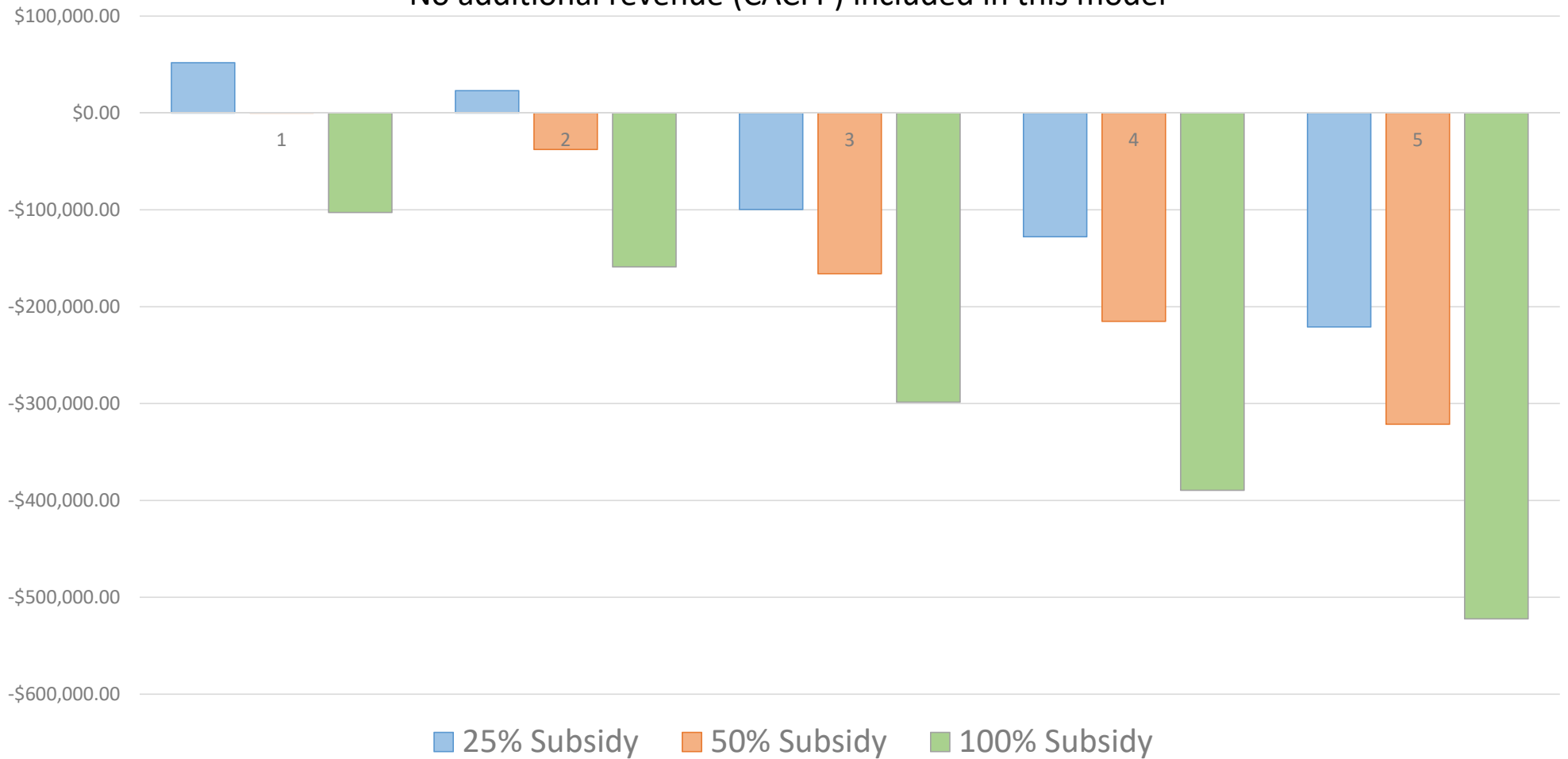


Toddlers



# More subsidy = Less sustainable

No additional revenue (CACFP) included in this model

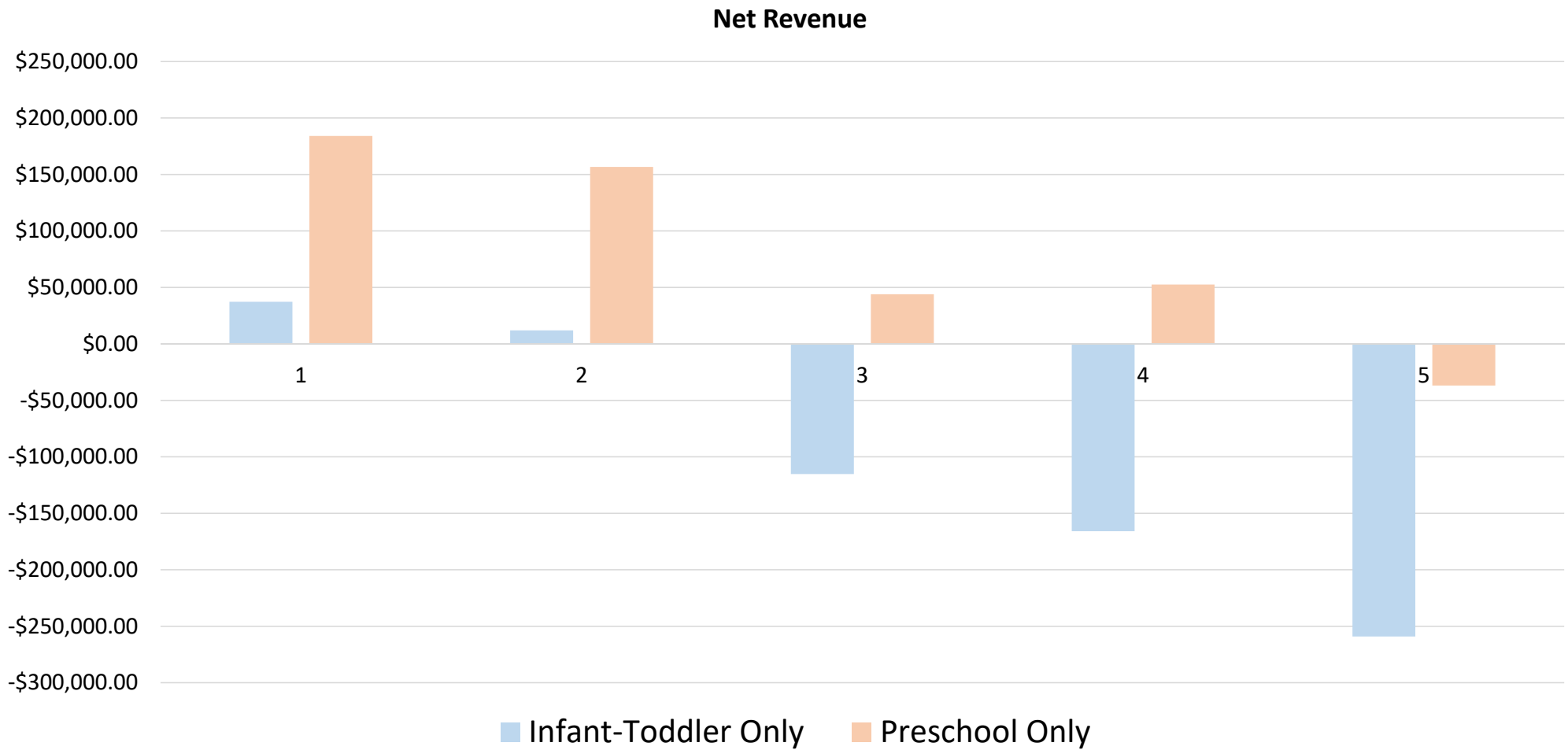


# More subsidy = Less sustainable

CACFP included in this model



# More infant toddler slots = Less sustainable

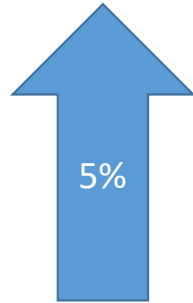




# What if the Subsidy Rate was Gradually Raised Since 2008?

Hypothetical Rate:

**\$237.28**



5%

Current Rate:

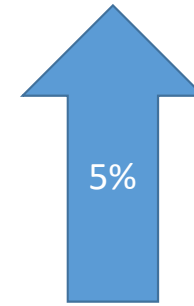
**\$160.60**



Infants

Hypothetical Rate:

**\$195.62**



5%

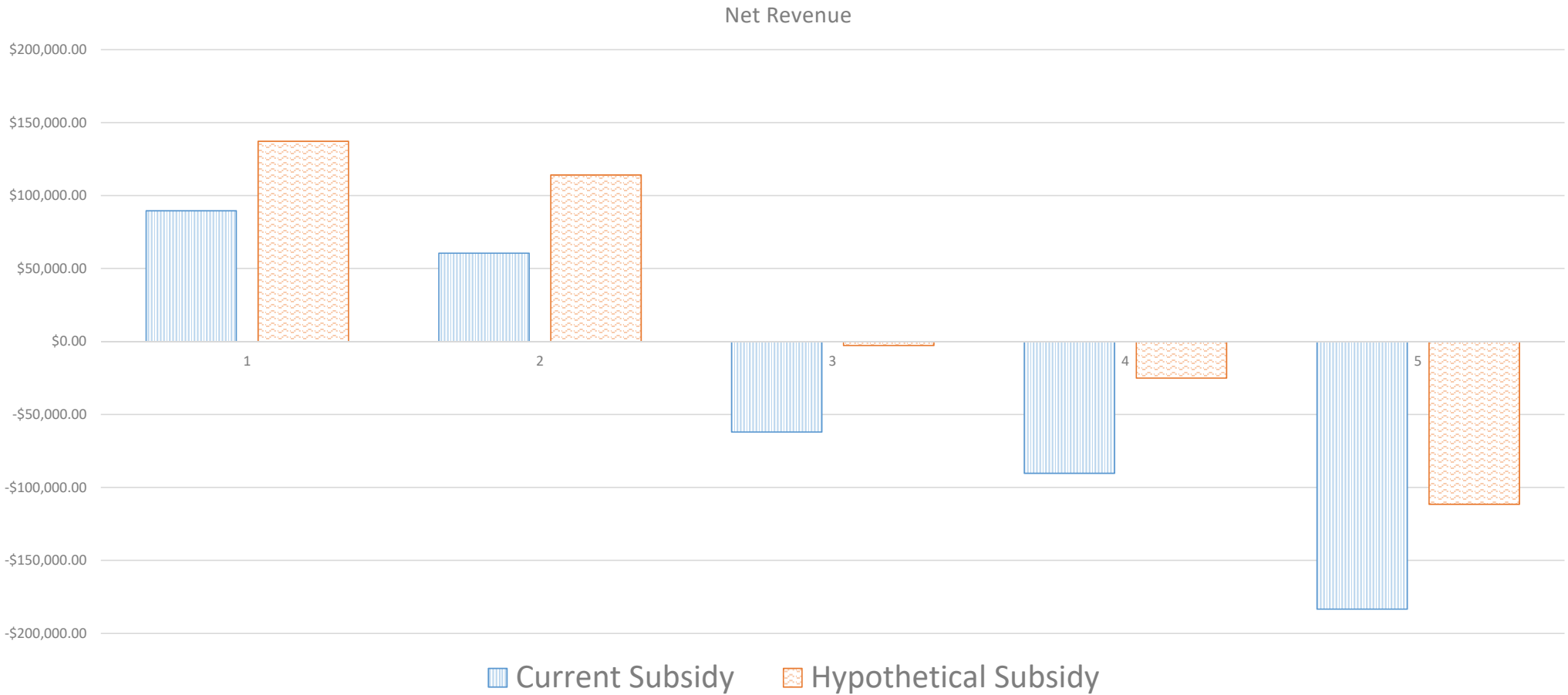
Current Rate:

**\$132.40**



Preschoolers

# Base Model With Current Subsidy VS Hypothetical Subsidy



What would weekly rates need to be for a center to breakeven?

Age Group	Level 1	Level 3	Level 5
Infant	\$254.25	\$332.65	\$428.00
Toddler	\$186.25	\$241.65	\$307.00
Preschool	\$141.25	\$181.65	\$225.00

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**Recommendation:  
Address Compensation Issues**

# A Closer Look at Salary - Median Salary Data

Position	Community Based	Publicly Funded (EHS, HS, ABB)	Total Sample	BLS
Director	\$39,000.00	\$62,500.00	\$50,000.00	\$49,210.00
Ed Coord./Asst. Director	\$32,175.00	\$41,671.00	\$39,487.00	
Head Teacher	\$26,325.00	\$45,000.00	\$30,600.00	\$35,160.00
Assistant Teacher	\$18,768.00	\$26,319.00	\$20,825.00	\$22,070.00

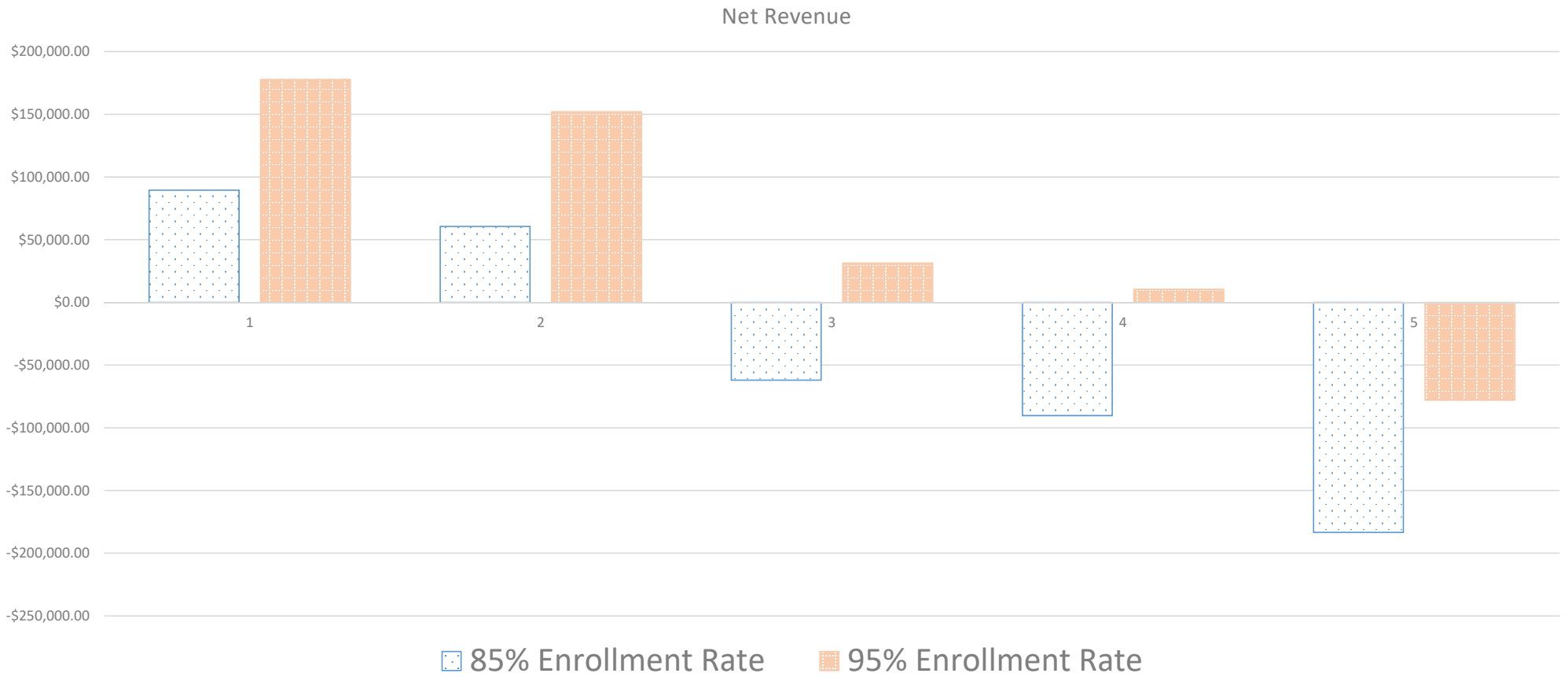
# Salaries of Community-Based Programs

Title	10th percentile	25th percentile	50th percentile	75th percentile	90th percentile
Director	\$27,300	\$35,000	\$39,000	\$45,000	\$53,000
Ed Coordinator/Assistant Director*	\$20,475	\$26,250	\$29,250	\$33,750	\$39,750
Head Teacher	\$18,000	\$21,625	\$26,325	\$29,250	\$34,125
Teacher Assistant	\$16,575	\$16,760	\$18,768	\$20,563	\$23,887

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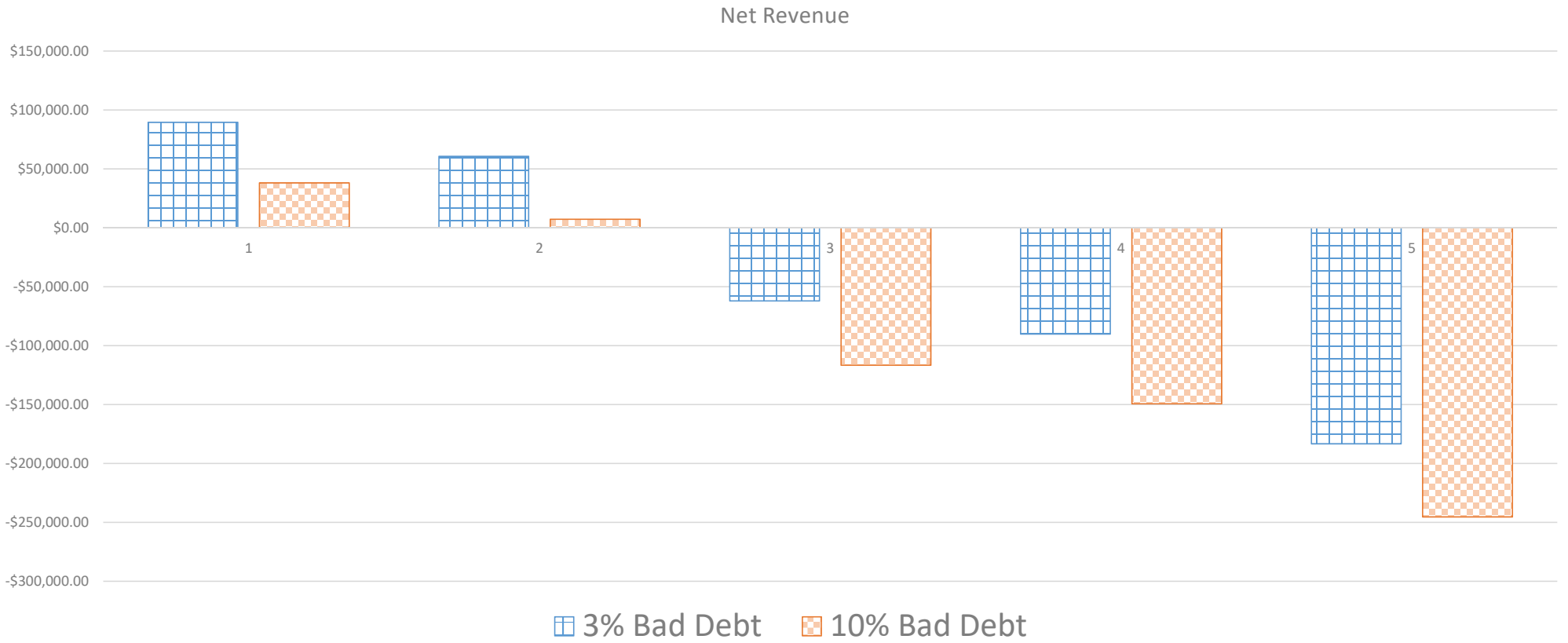
**Recommendation:  
Improve Business Practices**


# Enrollment Efficiency





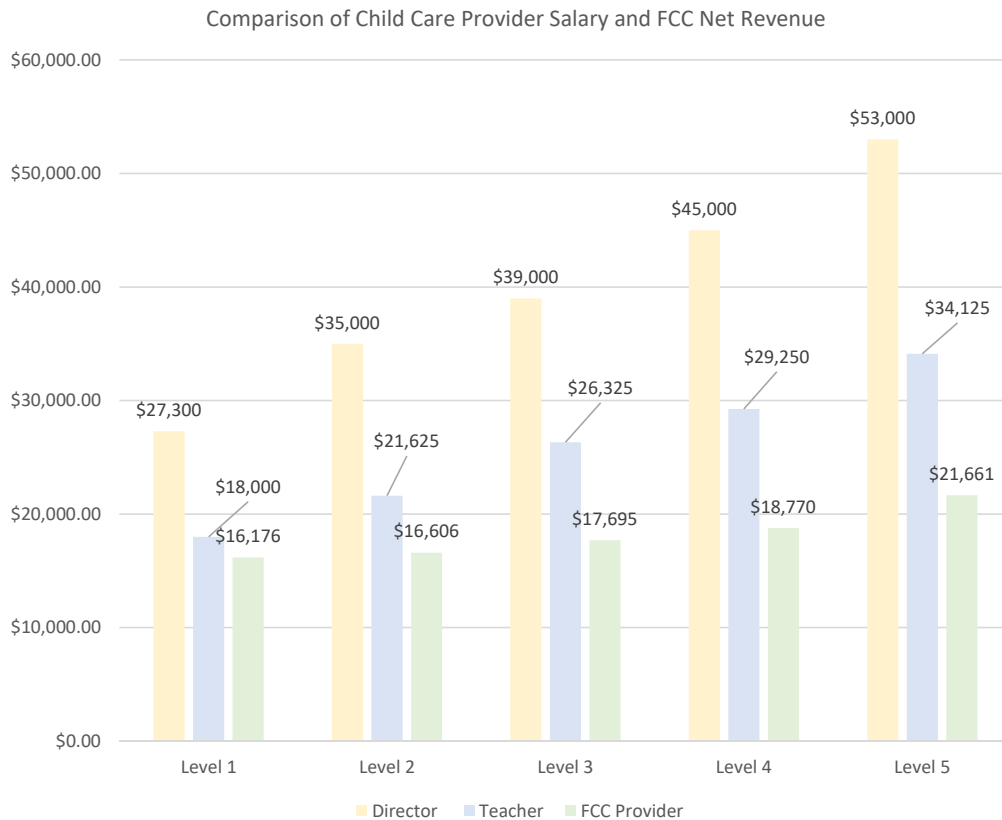
# How Bad is Bad Debt?



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# Family Child Care Findings

# Family child care providers make significantly less money than their center-based counterparts.



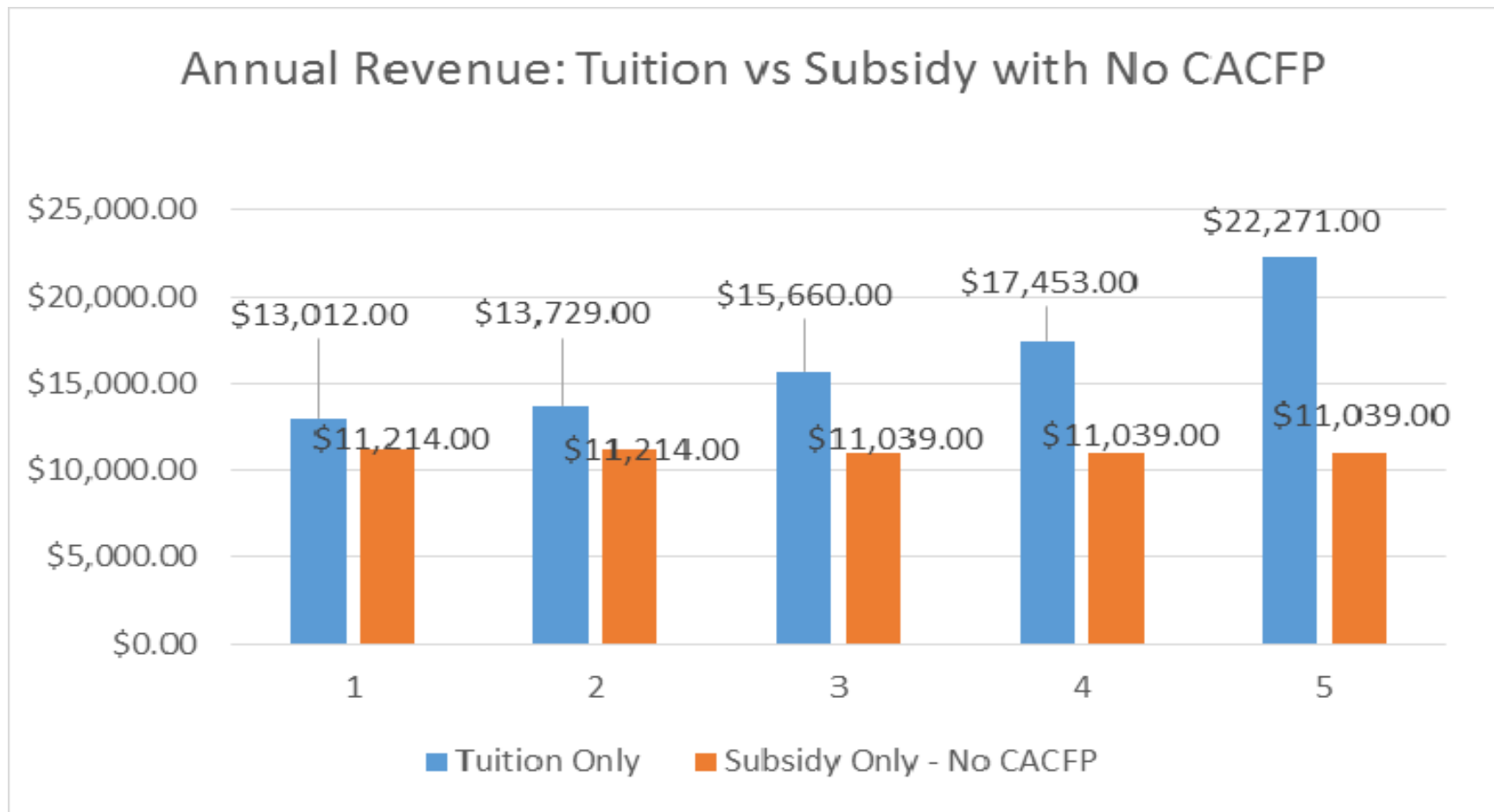
## Scenario Information:

- 5 children – 1 infant (0-12 months), 2 toddlers (12-24 months), and 2 preschoolers (24-36 months)
- 2 children receive a child care subsidy
- Program participates in the CACFP
- 85% enrollment
- 3% bad debt

A pink piggy bank is the central focus, sitting on a large pile of US dollar bills. The piggy bank is glossy and has a small coin slot on its back. The dollar bills are scattered around its base, with some showing the number '12' and the word 'TWELVE'. The background is a plain, light-colored surface.

**Recommendation:  
Raise the Child Care  
Reimbursement Rate**

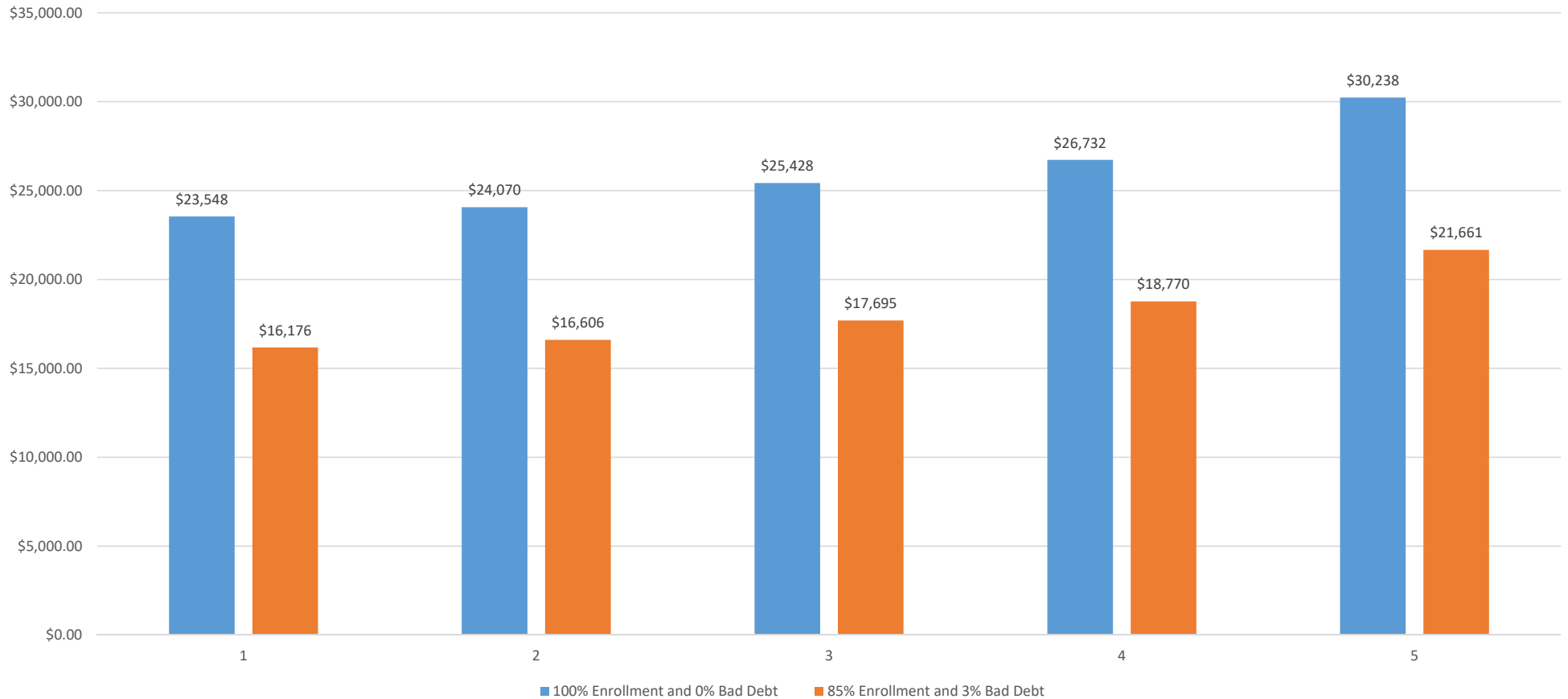
# More subsidy = Less sustainable



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**Recommendation:  
Improve Business Practices**

# Importance of Enrollment Efficiency & Bad Debt



A pink piggy bank is the central focus, standing on a large pile of US dollar bills. The piggy bank is glossy and has a classic pig shape with small ears and a snout. The dollar bills are scattered around its base, with some showing the number '12' and the word 'TWENTY'. The background is a plain, light gray surface.

**In Summary**



# Recommendations

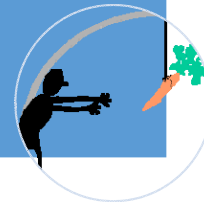
- Rates need to be significantly increased
- Rates need to align with licensing ratio
- Payment practices need to reflect standard payment practices
- Tiered reimbursement to reflect higher levels of quality

## Changes to the Subsidy System



- Incentives for the child care workforce to participate in quality initiatives (tax credits)

## Address Workforce Compensation Issues



- Training on business and financial management
- Involvement in CACFP
- Shared Services Model

## Improve Business Practices



Level 1

Level 2

Level 3

Level 4

Level 5

A pink piggy bank is the central focus, standing on a large pile of US dollar bills. The piggy bank is glossy and has a simple, friendly face with two small black dots for eyes and a snout. The dollar bills are scattered around its base, with some overlapping. The background is a plain, light gray surface.

**Thank You!**