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Ensuring Full Funding for the Division of Family Development:

A Critical Investment in New Jersey's Children, Families, and Economy

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What is the Child Care Assistance Program?

The [New Jersey Child Care Assistance Program](#), administered by the State Department of Human Services (DHS), Division of Family Development (DFD), provides financial assistance to low-income, working families to help cover the expenses of child care for children 0 - 13 years of age. The program operates based on specific eligibility criteria to alleviate the burden of child care costs. Child care for children 0 - 13 includes early care and education, before and after school care, and summer programs.

The Problem: An Underfunded Child Care System Threatens Families and Compliance

- **Growing Demand for Child Care:** DFD's proposed State Fiscal Year 2026 budget supports subsidies for only 70,000 children. However, since the COVID-19 pandemic, New Jersey has experienced a significant increase in the number of families applying for and becoming eligible for child care assistance. Without additional funding, the current allocation will be insufficient to meet this growing demand. If implemented, a federal mandate requiring Medicaid recipients to work would further expand the number of families seeking support.
- **Seasonal Fluctuations and Federal Guidelines:** Seasonal fluctuations further strain the system. Child care enrollment spikes during the summer months when school is not in session, adding
- **Consequences of a \$20 Million Shortfall:** A \$20 million shortfall in DFD's FY2026 budget would have immediate and harmful consequences. Waitlists for child care assistance would grow,



pressure to an already stretched program. At the same time, the federal Child Care and Development Fund (CCDF) will require states, starting in 2026, to make prospective payments to child care providers, paying them in advance rather than after services are delivered. To successfully navigate this significant operational shift and remain compliant, New Jersey must receive full funding to ensure adequate preparation.

leaving families without access to the care they need. Working parents already struggling financially could face higher co-pays. Additionally, already under-resourced providers would face the burden of adapting to a new payment process/system without sufficient state investment in training or infrastructure.

A Common-Sense Solution: Fully Fund DFD's Budget

- 1. Protect Access to Child Care Programs:** Ensuring that DFD's budget is fully funded secures child care for thousands of children, including those potentially required to work under new federal mandates, helping parents remain in the workforce and reducing family financial strain.
- 2. Comply with Federal Guidelines:** Adequate funding allows DFD to implement necessary system changes thoughtfully, smoothly roll out prospective payments to child care programs, maintain compliance with CCDF requirements, and ensure New Jersey remains aligned with federal standards.
- 3. Support Sustainable Child Care Operations:** When providers are paid *before* services are rendered, they can implement stronger budgeting and financial planning practices. This stability supports more efficient business operations, allowing programs to maintain consistent staffing, invest in quality improvements, and better serve children and families. Predictable funding strengthens the overall child care, after-school, and summer program system and leads to more reliable, high-quality care.

Why This Matters to New Jersey

- **Supports Economic Growth:** Quality child care programs empower parents to work, pursue education, and contribute to the economy. A fully funded child care assistance system strengthens the workforce across industries by ensuring parents have the care they need to remain employed and productive.

- **Prevents Systemic Disruptions:** Underfunded child care programs lead to enrollment caps, provider instability, and staff shortages—all of which have long-term impacts on children's development and family well-being. Investing now prevents future crises and supports the long-term health of the 0 - 13 child care system.

- **Demonstrates Commitment to Families and Providers:** New Jersey's most vulnerable families rely on accessible, affordable child care programs to maintain stability. Fully funding DFD's budget request ensures they are not left behind. It also signals to providers that the state values and supports their essential role in our communities.

Conclusion

New Jersey's child care assistance program is not just a support program—it's an economic engine, a workforce enabler, and a developmental foundation for young children. A \$20 million shortfall in the Division of Family Development's FY2026 budget threatens to disrupt access to care, destabilize provider operations, and push the state out of compliance with federal requirements. Fully funding DFD is not only a matter of compliance—it's a commitment to smart public policy, business stability, and the long-term success of New Jersey's children, families, and economy.

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