

## 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 cost of child care for children 0 - 13 years of age. This includes early care and education, before- and after-school care programs, and summer care.

To qualify for assistance, families must meet several eligibility requirements:

- **Residency:** Parents or caregivers must reside in New Jersey.
- **Work/School/Training Requirement:** Parents or caregivers must be working, attending school, or participating in job training.
- **Income Eligibility:** Families generally qualify initially if their income is at or below 200% of the Federal Poverty Level (FPL).
  - Continued eligibility may extend to 250% FPL.
  - A gradual phase-out period is available for those earning up to 85% of the State Median Income (SMI).
  - Families with assets over \$1 million are not eligible.
- **Child Eligibility:**
  - Children must be U.S. citizens or qualified non-citizens.
  - Children must live with the applicant parent or caregiver.
  - Children must be under age 13.
  - Children with special needs or those under the protective supervision of the Division of Child Protection and Permanency may be eligible through age 19.
- **Documentation Requirements:**
  - Families must submit proof of income, work or school participation, and household size.
  - Eligibility is re-determined every 12 months.
  - Co-payments may apply based on income and family size.

A fully funded child care assistance system is a key tool in advancing equity—ensuring all children, regardless of income, race, ability, or ZIP code, have access to safe, enriching care.



### 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, as of March 2025, the Child Care Assistance Program was already serving 69,000 children— leaving virtually no room to accommodate the increasing number of families who need this support to work or pursue their educational goals. Since the COVID-19 pandemic, New Jersey has experienced a significant rise in the number of families applying for and qualifying for child care assistance.

■ **Seasonal Fluctuations:** When school is out for the summer, thousands of children across New Jersey need consistent care and supervision. For working families, this often means relying on structured environments such as licensed child care centers, registered family child care homes, and summer camps. These seasonal shifts place additional pressure on an already stretched child care assistance system, as more families seek safe, reliable care while continuing to work or pursue training.

■ **Implementation of New Federal Guidelines:** In 2026, the federal Child Care and Development Fund (CCDF) will require states to pay providers prospectively, issuing payments before services are delivered rather than after. This significant operational shift will require system updates, staff training, and increased provider coordination. Without adequate funding, New Jersey risks falling out of compliance with federal guidelines, while families and providers bear the burden of an underprepared system.

■ **Consequences of a \$30 Million Shortfall:** What was previously a \$20 million funding gap is now projected to be closer to \$30 million based on current enrollment and cost projections. This shortfall would have immediate and harmful consequences. Waitlists for child care assistance would grow, 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 prospective payment process without sufficient state investment in training or infrastructure.

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

**1. Ensure Access to Year-Round Care and Support for Children and Families:** Fully funding DFD's budget is essential not only for maintaining access to traditional child care, but also for ensuring that children have access to safe, supervised environments during out-of-school hours—including before- and after-school care and summer programs. For working parents and caregivers, especially those with low incomes, these programs are critical to maintaining employment and stability. For children, they provide more than supervision—they offer structure, enrichment, and developmental support in trusted settings. Without adequate funding, New Jersey risks leaving families without options and children without the consistent care they need to thrive.

**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

■ **Strengthens Families; Fuels Economic Growth:** Access to reliable care—including early learning, after-school programs, and summer supervision—empowers parents and caregivers to work, pursue education, or participate in job training. These programs not only support employment but also open doors for families seeking to build better futures. At the same time, they provide children with consistent, developmentally supportive environments that contribute to school readiness, social-emotional growth, and long-term success. A fully funded child

care assistance system strengthens New Jersey's workforce across all industries by ensuring families have the support they need to remain employed, continue their education, and achieve greater economic stability.

■ **Prevents Systemic Disruptions:** Underfunded child care programs lead to enrollment caps, provider instability, and staff shortages—all of which ripple across early learning, after-school, and summer care settings. These disruptions have long-term consequences for children's development, family economic stability, and community well-being. Investing now prevents future crises and supports the long-term health of New Jersey's full care and education continuum for children ages 0 to 13, including those with disabilities or special needs.

■ **Demonstrates Commitment to Families and Providers:** New Jersey's families—particularly those facing the greatest barriers—rely on accessible, affordable care throughout the day and year to stay stable, employed, and moving forward. Fully funding DFD's budget request ensures that low- to moderate-income families are not left behind. It also sends a clear message to providers—who deliver critical services across all child care settings—that their role in supporting families and building healthy communities is valued and supported.

## Conclusion

New Jersey's child care assistance program is not just a support program—it's an economic engine, a pathway to opportunity for families, and a critical foundation for children's learning and development. A growing shortfall in the Division of Family Development's FY2026 budget—now projected to reach \$30 million—threatens to limit access, destabilize operations, and put the state out of compliance with federal requirements. Fully funding DFD is not just a fiscal necessity; it's a strategic investment in public policy, community infrastructure, and the long-term success of New Jersey's children, families, and economy.

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