



Giving Every Child A Chance

To: Members, Senate Budget Committee
From: Cynthia Rice, Senior Policy Analyst, Advocates for Children of New Jersey
Winifred Smith-Jenkins, Director of Policy, Advocates for Children of New Jersey
Date: March 24, 2023
RE: ACNJ Testimony on the Proposed FY 2024 State Budget
Advocates for Children of New Jersey (ACNJ) appreciates the opportunity to provide the following comments on New Jersey's proposed FY 2024 State Budget.

ACNJ is heartened by and thankful for the Governor's continued commitment to expanding affordability, promoting fiscal responsibility, and creating world-class opportunities for everyone to succeed in New Jersey," particularly in those programs that specifically impact young children and their families, such as child care, state-funded preschool, home visitation, maternal and infant health, mental health services, and nutrition.

The following proposed funding commitments are critically important, but for some, additional funding remains essential:

- **Child Care:** Governor Murphy's proposed FY 2024 budget includes very positive steps that will continue to fund important COVID-related policies throughout the upcoming fiscal year. The majority of the steps, including continuing child care subsidy payments based on enrollment, maintaining the \$300/child monthly child care supplementary payment and the continuing the family subsidy co-pay waiver, however important, are all currently in place and yet, the child care crisis continues, particularly regarding staffing and access to care for infants and toddlers. These policies continue to support the status quo, but none address the short- and long-term problems facing the child care system and the families who rely on it to care for and educate their children.

Further, it is clear that the Governor heard the concerns from child care programs regarding their inability to pay their staffs a livable wage, by including an additional \$12.8 million in the budget to address compensation. The funding however, is only meant to help providers "keep pace with the minimum wage," and does not begin to recognize the reality that minimum wage is no longer relevant to child care providers. In order for their programs to be adequately staffed, they need to provide a level of compensation far above minimum wage that will allow them to compete with other available jobs. This explains why in too many programs throughout our state, there are empty child care classrooms, not because of parent demand, but because providers

cannot find staff to teach in those classrooms. As one provider recently told ACNJ staff, “We have stopped putting names on our waiting list. We just didn’t want to give parents hope that a spot would open up.”

Providers’ funding sources continue to be solely based on child care assistance (subsidy) or private pay and both have their limitations. Child care subsidy payments have increased significantly since the beginning of the pandemic, but they are still inadequate to pay for the true cost of care. Providers also know that they cannot pass higher tuition costs on to parents without losing children due to the higher costs. This funding stranglehold makes providing a livable wage to staff nearly impossible.

While long-term child care solutions will require significant federal funding, the state must recognize the inextricable links between a stable child care system, parents’ (particularly mothers) ability to work and a strong state economy and its continuing role in strengthening those links. To that end, ACNJ urges the state to think differently on how best to develop and fund policies that will attract and retain child care staff. Faced with a continuing teacher staffing crisis, Governor Murphy called for a task force to address this issue. The child care crisis is just as important and warrants the same type of attention.

Fortunately, the Legislature has already taken some steps towards ameliorating the child care wage issue. There are currently several bills that exist or are being developed that can be considered initial steps in providing additional dollars to staff. The child care income tax credit (S1099/A1469) would provide individual child care staff with a tax credit, with staff in infant/toddler classes receiving a higher credit as an incentive to stay in those classrooms. While subsidy enrollment payments will be safe until the next fiscal year, the shadow of losing this reliable funding source in July 2024, will remain heavy on the minds and budgets of child care providers, who view the return of payments based on attendance as financially devastating to their programs. Lastly, Kentucky, in recognizing that because of their low compensation, most child care staff cannot afford to pay for the programs in which they work, has passed a new law that provides child care assistance for child care and educators and staff by making them categorically eligible for child care subsidies. This is a clear example of how Kentucky is thinking differently on how best to support a larger benefits package for child care workers with the goal of attracting and retaining staff who have children of their own. Funding to support any and all of these legislative initiatives will help improve this system that remains essential to our children, our families and the overall economy.

- Preschool Expansion: Once again, the Governor’s inclusion of a \$109 million increase in preschool expansion aid will provide more eligible 3- and 4-year olds in additional school districts and in existing programs that wish to expand access, 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.

- Home Visitation: ACNJ is pleased to see a \$4.5 million increase to expand New Jersey's universal home visitation system to provide at-risk pregnant women and families the supports needed to raise physically, socially and emotionally healthy children.
- Child Tax Credit: ACNJ appreciates the Governor's efforts to continue helping families help their children by doubling the child state income tax credit to \$1,000 per child. By putting more money in families' pockets, these additional funds will be a lifeline for those struggling to remain out of poverty.
- Maternal and Infant Health: Maternal and infant health remain a priority for ACNJ. We applaud the \$750,000 in new funding for doula and community health worker training, \$630,000 in funding for the first in the nation New Jersey Report Card of Hospital Maternity Care and \$600,000 for the New Jersey Maternal Data Center. The increased funding to the Commission of Science, Innovation, and Technology in EDA to expand their Maternal and Infant Health Research & Development Seed Grant Program will positively impact thousands of lives throughout the state.
- Mental Health Services: Mental health needs attention now more than ever, as children grapple with the aftereffects of the pandemic. By \$43 million for the inaugural year of the NJ Statewide Student Support Services (NJ4S) network, a new model for delivering mental health services to New Jersey's youth across the State, the Governor has displayed his commitment to children's health needs, including their mental health.