

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY, No. 5863
STATE OF NEW JERSEY
219th LEGISLATURE

DATED: JUNE 17, 2021

SUMMARY

Synopsis: Establishes child care revitalization fund in Department of Children and Families; appropriates \$100,000,000.

Type of Impact: State expenditure increase from the General Fund.

Agencies Affected: Department of Children and Families; Department of Human Services; Economic Development Authority

Office of Legislative Services Estimate

| Fiscal Impact | <u>FY 2022</u> |
|----------------------------|-----------------------|
| State Cost Increase | Up to \$100,000,000 |

- The Office of Legislative Services (OLS) finds that the Department of Children and Families would incur increased expenditures of up to \$100 million in Fiscal Year 2022 in order to establish the dedicated, non-lapsing Child Care Revitalization Fund, which would provide financial assistance to State-licensed child care providers adversely impacted by the COVID-19 pandemic.
- The OLS estimates that the department would may also incur additional indeterminate expenditure increases related to programming, administrative, and communications costs in order to: program and maintain an online portal through which licensed child care providers may submit applications for assistance from the fund; develop and implement the procedures and processes by which child care providers would submit applications to the fund; establish policies and criteria to be used in evaluating these applications and determining the amount of assistance to be disbursed from the fund to qualified applicants; and conduct outreach to promote awareness among the State’s licensed child care providers concerning the availability of financial assistance from the fund. It is not known if these administrative functions can be performed by existing staff using current resources.

BILL DESCRIPTION

This bill establishes the Child Care Revitalization Fund, a dedicated, non-lapsing fund to be administered by the Department of Children and Families for the purpose of providing financial

support to the State’s licensed child care providers. The bill authorizes the Commissioner of Children and Families, in consultation with the Commissioner of Human Services and the Chief Executive of the Economic Development Authority, to develop processes by which licensed child care providers may submit, through an online portal, applications for assistance through the fund, and by which the allocation of resources from the fund may be prioritized. Authorized allocations from the fund are to be disbursed to licensed child care providers within 21 days of the department’s receipt of a qualifying application, as submitted by a provider through the online portal established pursuant to this act, prior to September 1, 2021.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS finds that the Department of Children and Families would incur increased expenditures of up to \$100 million in Fiscal Year 2022 in order to establish the dedicated, non-lapsing Child Care Revitalization Fund, which would provide financial assistance to State-licensed child care providers adversely impacted by the COVID-19 pandemic.

By way of context, the Commissioner of Children in Families, during FY 2022 budget hearings before the Senate Budget Committee, noted that the State, as of April 1, 2021, had 3,195 open child care providers, which represents a 23 percent reduction from the number of operating child care providers at the beginning of the pandemic in March 2020. An additional 908 child care providers were temporarily closed as of April 2021, but reported plans to reopen later in the year; 395 child care providers had closed permanently. Assuming that all 908 of the temporarily-closed child care providers reopen prior to the September 1 deadline for providers to submit applications for assistance from the Fund, and all 4,103 operating child care facilities apply for assistance, each facility could receive \$24,372 in financial support through the fund.

The department additionally could incur indeterminate expenditures related to programming, administrative, and personnel costs in order to establish and administer the Child Care Revitalization Fund. Moreover, the department would be required to develop and implement criteria for determining applicants’ eligibility for financial assistance from the Fund, and the amount of funding to be disbursed to each qualified applicant. Finally, the Commissioner of Children and Families would realize additional costs to draft regulations governing the creation and administration of the fund, the process for evaluating applications for assistance, and the criteria used to determine the amount of disbursements from the fund. It is not known if these administrative functions can be performed by existing staff using current resources.

Section: Human Services

*Analyst: Anne Cappabianca
Associate Fiscal Analyst*

*Approved: Thomas Koenig
Legislative Budget and Finance Officer*

This legislative fiscal estimate has been produced by the Office of Legislative Services due to the failure of the Executive Branch to respond to our request for a fiscal note.

This fiscal estimate has been prepared pursuant to P.L.1980, c.67 (C.52:13B-6 et seq.).