

SENATE BUDGET AND APPROPRIATIONS COMMITTEE

STATEMENT TO

SENATE, No. 3947

with committee amendments

STATE OF NEW JERSEY

DATED: JUNE 22, 2021

The Senate Budget Committee reports favorably and with committee amendments Senate Bill No. 3947.

As amended by the committee, this bill requires that subsidy payments to licensed child care providers or registered family day care providers be based on enrollment of students who are eligible for child care services, rather than on attendance. Under the bill, “child care services” means those services provided to eligible children, as certified by the Division of Family Development within the Department of Human Services, for which the division receives and administers State and federal funding to provide subsidy payments to licensed child care providers and registered family day care providers.

Under the bill, in addition to any other criteria set forth by the Division of Family Development in the Department of Human Services to determine a provider’s subsidy payment for child care services, the division is required to determine the subsidy payment for child care services issued to a licensed child care provider or a family day care provider based on the number of children enrolled with the provider who are eligible for child care services. The bill stipulates that at no time is a subsidy payment for child care services issued to a licensed child care provider or a registered family day care providers to be based on attendance of eligible children for child care services. Currently, the division determines subsidy payments to all providers based on the attendance, age, and disability-status of eligible children.

The bill additionally stipulates that any licensed child care provider or registered family day care provider for which subsidy payments are based on enrollment of children who are eligible for child care services are to comply at all times with requirements regarding the ratio of staff to enrolled children, as established by the Office of Licensing in the Department of Children and Families. Such licensed child care providers or registered family day care providers are specifically prohibited from revising this staff to child ratio in response to fluctuations in attendance by subsidy-eligible students.

The provisions of the bill require that the division, within 24 months following the effective date of the legislation, submit a written report to the Governor and to the Legislature comparing the costs of basing provider subsidy payments on the number of children

eligible for child care services enrolled with the provider versus basing such subsidy payments on the attendance of children eligible for child care services.

The bill also directs the Commissioner of Human Services to apply for such State plan amendments or waivers as may be necessary to implement the provisions of this section and to continue to secure any available federal financial participation for the applicable child care programs.

The provisions of the bill are to take effect immediately, and expire two years after the earlier of federal approval of the State's waiver or State plan amendment application, or departmental implementation of the revised child care subsidy rates for qualified providers.

COMMITTEE AMENDMENTS

The committee amendments expand the provisions of the bill and the definition of "child care services" to include registered family day care providers.

FISCAL IMPACT:

The Office of Legislative Services (OLS) concludes that this bill will result in the Division of Family Development (DFD) in the Department of Human Services incurring an indeterminate increase in expenses under the Child Care Subsidy Program as a result of switching from a largely attendance-based payment system to an enrollment-based payment system. Costs under this bill will be limited to the two-year period following the federal approval of the State's waiver or State plan amendment application, or the department's implementation of the revised child care subsidy rates for qualified providers, whichever occurs first. The OLS lacks the data to quantify this increase but notes that the distribution of ages of children served under the Child Care Subsidy Program will be a significant cost-driver in this initiative, as infants generally receive the highest subsidy payment and school-aged children receive the lowest subsidy payment. Currently, the DFD is providing a temporary coronavirus child care subsidy enrollment-based payment until December 31, 2021. To the extent that the child care subsidy rates established under this bill overlap with this existing policy, the cost of the bill will be reduced.