



October 28, 2021

Dear Governor Murphy,

On behalf of the Advocates for Children of New Jersey and the New Jersey Business and Industry Association, we are writing to urge you to immediately sign A4746/S3947 into law, which will require subsidy payments for childcare services to be based on enrollment.

This bill will provide small businesses that care for and educate our most vulnerable children with a reliable funding source and provide much-needed financial stability to center-based and family childcare programs that have struggled to make ends meet long before the COVID-19 pandemic exacerbated these challenges.

Recognizing the inadequacies of a childcare payment practice based on attendance, the state wisely shifted its payment policy early in the pandemic for center- and home-based providers to be based on enrollment, a more reliable funding stream. While important to all childcare programs accepting subsidies, the relief was most significant for those small businesses located in low-income communities which rely more heavily on subsidy funds. While the state has committed to continue this payment practice until the end of this year, the current fragile state of the childcare industry, as well as this industry-supported bill remaining unsigned, has caused considerable anxiety and concern to these small businesses, the vast majority of which are owned, operated, and staffed by women or people of color.

During the last 19 months, your Administration has recognized the childcare industry as an “essential service” that underpins our state’s economy. We greatly appreciate your Administration’s multifaceted plan to provide direct assistance to childcare centers using American Rescue Plan Act funds allocated by the federal government to address critical concerns of the industry. It is our hope that these allocated funds are distributed to providers as soon as possible to support the industry. We also greatly appreciate your recent announcement of a 25% increase in reimbursement rates for providers. However, requiring these subsidy payments to be based on enrollment, rather than attendance, remains imperative to provide widespread stability to childcare centers across the state. Childcare providers continue to make it clear to the Legislature and to your staff that a return to the previous payment structure of attendance will be nothing short of catastrophic for their small businesses, the working families who rely on them to educate and care for their children and the state economy.

The costs to keep young children that are ineligible for COVID-19 vaccinations and staff safe remain high and the inability to adequately staff programs based on parent demand has become nearly impossible for childcare centers. In many childcare businesses throughout our state, there are empty classrooms and waiting lists because of a program’s inability to pay a competitive wage. In addition to the resources from the American Rescue Plan Act, this legislation will provide childcare centers access to a stable funding source and increase their ability to better attract and retain the workforce necessary to maintain

operations next year. It will give working parents the security of knowing their children are well taken care of as they return to work.

Ready Nation recently released its New Jersey-focused report, *Child Care is Key to New Jersey's Economic Recovery from COVID-19: The Pandemic has Decimated the Female Workforce.*" The report (see attached) outlines how the pandemic has disproportionately affected the female workforce, particularly women of color, low-wage workers, and those women with lower-levels of education. It cites that the female participation in the workforce is at its lowest level in 30 years.

The report also states that 19% of New Jersey's mothers of infants and toddlers have left the workforce due to our state's continuing childcare crisis. Should this bill remain unsigned and with fewer care options available, particularly for our youngest children, the "she-cession" will needlessly worsen. Continued investments in and support of the childcare industry is an essential component of expanding the workforce and supporting New Jersey's economic recovery.

This bill's flexibility coupled with federal funding through the American Rescue Plan Act (ARPA), provides our state with an opportunity to provide much needed financial security to the childcare industry. This legislation gives the Department of Human Services the authority to implement appropriate oversight, provide a review of enrollment more than once per year and continue the enrollment payment policy, for at least 24 months until a written report is submitted to you and the Legislature comparing the subsidy payment costs based on enrollment versus attendance.

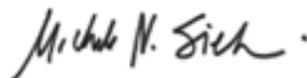
This bill is a strong first step in creating long-term stabilization for an industry critical to children, their working parents, small businesses, and our economy. We respectfully urge you to make the signing of this bill a priority in moving our state one step further towards recovery.

Sincerely,



Cecilia Zalkind  
President/CEO

Advocates for Children of New Jersey



Michele Siekerka  
President/CEO

New Jersey Business and Industry Association