



10 W Lafayette Street  
Trenton, NJ 08608-  
2002

609-393-7707  
www.njbia.org

**Michele N. Siekerka,**  
**Esq.**  
President and CEO

**Christopher Emigholz**  
Chief Government  
Affairs Officer

**Raymond Cantor**  
Deputy Chief  
Government Affairs  
Officer

**Althea Ford**  
Vice President

**Elissa Frank**  
Vice President

**Kyle Sullender**  
Director of Economic  
Policy Research

To: Chair Speight, Vice Chair Tucker and Members of the Assembly Aging & Human Services Committee

From: Althea D. Ford, Vice President, Government Affairs

Date: November 14, 2024

Re: Testimony on the Conditions of Child Care in New Jersey and its Sustainability and Expansion

---

On behalf of our member companies that make the New Jersey Business & Industry Association the largest, most impactful statewide association representing New Jersey businesses, I thank you for the opportunity to offer our perspective on the conditions of childcare in New Jersey and how the State’s childcare industry can be sustained and expanded.

### Vested Interest

The business community has a vested interest in ensuring a robust and diverse childcare system, inclusive of an early childhood education system for infant and toddlers and a care infrastructure for school aged children, i.e., before/after care programs, summer camps, etc. Childcare providers that cater to these youths offer a vital service to working parents and families with young children, ensuring access to quality and reliable care so that working parents can literally show up for work every day and continue to contribute to the state’s economic growth.

Childcare providers are also businesses, many of which are small and minority- and woman-owned, that contribute significantly to our state’s economy and local tax base. Additionally, much of the childcare workforce is comprised of women, who are disproportionately affected by childcare considerations.

It is in the best interest of the State to ensure that the full strength of its talent pool is gainfully employed and contributing to the state’s economy. Working parents, and women in particular, are vital contributors to industry and the forward progress of our state.

### Unsustainable Model

The current childcare model is one in which two statements are true: the cost of childcare is high, and childcare has workforce challenges due in some part to low worker wages.

With New Jersey's affordability issues at the center of many casual conversations as well as the subject of public initiatives like Stay NJ, it is important to assess how the State is strategically addressing affordability in this space, as it has significant implications for the state's economic outlooks.

If a workforce cannot be properly supported with consistent, reliable, accessible, and affordable childcare options, it is the state's economy that will suffer. Working parents, and disproportionately women, will be forced to opt out of the workforce to care for their children, exacerbating already existing workforce shortages, particularly in industries that are predominantly occupied by women, such as childcare and healthcare.

A 2022 report by the Rutgers Center for Women and Work on The Status of Women in New Jersey noted the changes women have had to make when engaging the workforce in order to respond to childcare disruptions, such as forgoing full-time employment, higher wages, healthcare and other benefits for the flexibility to care for their young children. Less workers means less revenue to the state in the form of individual income taxes.

For many employers, the concept of offering childcare onsite or as part of an employee benefits package sounds like a win-win situation, as employers would benefit from an engaged workforce of working parents, and employees can show up for work knowing that their children are placed in safe and reliable care. The reality is that there is not a business of any size that can sustainably contend with the childcare model as it currently exists. Despite its challenges, businesses of all sizes continue to investigate options and collaborate with employees to identify strategies that can ensure these workers are able to maintain gainful employment while honoring their familial obligations.

#### High Operational Costs

Not only is childcare expensive for families, but for the provider as well. Operational costs are evident in the examples of facilities maintenance and insurance but are also borne through the disjointed implementation of well-intentioned programs like preschool expansion.

The early childhood business model relies on the enrollment of infants, toddler, and preschool children. The diversion of preschool children to the public preschool program leaves licensed childcare facilities to care for infants and toddlers, which are more expensive to care for in an already expensive market. Continued expansion without some financial consideration for licensed and community providers offering infant and toddler care will render care unaffordable and significantly reduce the number of providers that can afford to offer this care.

Licensed childcare providers and family childcare providers are regulated by the Department of Children and Families, Office of Licensing. To receive and maintain a license, providers must adhere to the facility and other operational expectations established by DCF. Preschool Expansion is operated by the Department of Education, which has established its own regulations and expectations for facility space and other operational items. The two Department requirements conflict, making provider operations challenging and inconsistent, resulting in contradicting definitions of quality for early childhood facilities.

This also is financially wasteful for both providers who invest thousands of dollars to conform with the DOE's requirements, only for their contracts to be denied or nonrenewed, and to the State, which has significant funds in both the Grow NJ Kids program and preschool expansion but are unable to be efficiently utilized due to the bifurcated system of quality metrics.

The State must continue to engage childcare and employer stakeholders and critically comprehend the effect of its actions on the childcare ecosystem. While well-intentioned, continued operation and expansion of the preschool expansion program will continue to have significant fiscal and operational ramifications for licensed and community-based childcare providers and working parents.

### Solutions and Considerations

To create a more sustainable model of childcare that efficiently utilizes existing resources and deploys future resources, we urge the State to:

- Incentivize State/Employer Collaboration: NJBIA urges the Legislature's support of A-974 (Munoz/Sampson)/S-2240 (Ruiz/Vitale), which provides corporation business tax and gross income tax credits for certain employer-provided childcare expenditures. This bill has been referred to the Assembly Children, Families and Food Security Committee. This legislation recognizes the financial barrier that providing childcare can be for both employees and employers, particularly small and medium sized businesses, and offers a proven strategy to engage employers to invest in childcare.

We thank the committee for its support of A-2243 (Lopez/Freiman/Pintor Marin) |S-3382 (Vitale), which allows a gross income tax credit for certain childcare staff and registered family day care providers. The bill was referred to Assembly Appropriations.

Other bills to consider include:

- A-1415 (Haider/Reynolds-Jackson) | S-2238 (Ruiz/Cruz-Perez) Requires school district to provide majority of preschool pupil placements at licensed childcare provider programs. This bill amplifies the need to engage in a mixed-delivery system, utilizing the existing childcare infrastructure to increase childcare availability and options.
  - A-2221 (Lopez/Speight) | S-3380 (Vitale) Requires DHS to develop incentives to encourage private investment in childcare deserts.
  - A-2291 (Lopez/Speight) | S-1968 (Vitale/ Ruiz) Provides categorical eligibility for subsidized childcare services to certain childcare workers.
- Investigate Existing Investments: With a recent investment in the NJ Economic Development Authority's Child Care Facilities Improvement Program, Governor Murphy noted that the Administration has invested more than \$1 billion in the childcare sector to date. Yet, the cost of childcare is still high, and childcare wages are still low. An analysis should be conducted on the specific beneficiaries of these investments and their efficacy in addressing industry concerns and

pain points. Such an analysis would help to inform decisions about future investments and ensure that state funds were effectively deployed to support this critical industry.

- **Efficiently Deploy the Existing Infrastructure:** The State will realize significant efficiencies by making strategic investments in a childcare ecosystem that utilizes the existing infrastructure of licensed and community-based childcare providers. Licensed providers and community-based providers offer care that is robust and responsive to the needs of the workforce, with hours extending past the traditional public sector offerings, including holidays, non-traditional hours, winter, and spring breaks, and over the summer. State acknowledgment of these diverse providers, financial investment to encourage their continued operation, and streamlining the regulatory process is imperative to establishing a sustainable childcare ecosystem.
- **Reject Costly and Unnecessary Regulatory Requirements:** DCF's facility requirements have been established as acceptable by the state, as it is the metric by which all current licensed childcare providers are measured. This metric should also be used for determining eligibility for DOE's preschool expansion program. This allows for more providers who already have compliant facilities as established by DCF, to participate in the program, and better utilize the state's existing childcare facility infrastructure to implement the program. The financial resources of providers can be deployed more efficiently toward program operations instead of costly capital expenses.

Thank you for considering NJBIA's perspective on this matter, as we represent both childcare operators that contribute to the childcare ecosystem and thousands of employers who rely on the invaluable services that the childcare industry provides.

Should you have any further questions on our positions, I can be reached at [aford@njbja.org](mailto:aford@njbja.org).