

June 9, 2022

Testimony re: A1469, A4176, A4177, A4179
Kiran Handa Gaudioso, CEO, United Way of Northern New Jersey

Dear Chairwoman Mosquera and members of the Assembly Women and Children Committee:

Thank you for this opportunity to provide testimony on behalf of the child care professionals whose lives have been turned upside down due to COVID-19, as well as those **ALICE**[®] families (**A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed) who have struggled with accessing quality child care.

Access to affordable, quality child care continues to be elusive for many ALICE families more than two years after COVID-19 threw an already broken child care industry into further crisis.

This committee knows well that without affordable, quality, reliable child care, parents cannot return to work, businesses cannot return to normal operations, and our economy will continue to be stalled. Child care is not just in the business of meeting the needs of parents, child care drives our economy.

To address systemic issues within this industry, United Way of Northern New Jersey has been leading a pilot project called United In Care with funding from the New Jersey Pandemic Relief Fund, several foundations, and the federal government. The pilot connects highly rated centers with local family care providers to expand capacity, leverage expertise, share resources, and sustain critical infrastructure. Our program includes opportunities for providers to receive professional development, mentorship, and concrete supports to promote financial stability and long-term sustainability. In addition, we support ALICE parents with additional financial aid to cover the true cost of child care.

Through United In Care, we have seen the challenges and opportunities up close. And we are encouraged that leaders in the state Assembly and Senate are committed to playing a role in improving New Jersey's child care landscape.

We support the following four bills and ask that you consider our recommendations for making them even more effective. We call on all state legislators to lend their backing to these proposals.

1. **A4176** – Our ALICE data has shown that 200% of the Federal Poverty Level is still not enough to afford the cost of household basics in New Jersey. We fully support extending the child care subsidy program to families earning 300% of the Federal Poverty Level, as based on our ALICE Household Survival Budget. Our latest ALICE research shows that 45% of New Jersey's children under age 2 and 44% of those ages 3 and 4 live in households struggling to make ends meet. Our United In Care program has provided tuition assistance for several of these ALICE families earning slightly too much to qualify for subsidy, but not enough to afford necessities such as quality child care. We also support the Assembly's continuation of the Child Care Tuition Assistance Program and increasing eligibility to households earning \$175,000 or less.

***Suggestion:** Ensure that the legislation's language recognizes that both licensed child care centers and registered family care providers are currently eligible to accept subsidy payments from parents.*

2. **A1469** – We support a refundable income tax credit for child care workers that puts their hard-earned money back into their pockets. Through United In Care, we have seen a dearth of talent and high turnover rates within the industry, due to chronic low wages. We believe this credit could help to attract and retain workers. These essential ALICE workers help our children establish foundational skills for school and life. An income tax credit that supports their financial stability can lead to higher quality care for our youngest children.

***Suggestion:** Please consider amending this proposal to simplify it on several levels, ensuring that these workers can indeed claim this credit. First, we suggest making it fully refundable through the proposed \$45,000 income limit. And while we believe this income limit is a good start, we would like to see it raised in recognition of those who may be filing a joint income tax return. We also suggest a simplified process for eligibility documentation to ensure it doesn't become unduly burdensome for either the workers or their employers.*

3. **A4179** – There is a dire need for high-quality early childhood education programs targeting infants and toddlers. Many providers are more than capable of employing an effective and sustainable program. They struggle, however, to afford the necessary startup costs, which include training, materials, and curriculum. In addition, finding and hiring qualified staff to run these programs has been daunting. A program like Thriving By Three can provide critical funding to help these providers establish the foundation for a successful infant and toddler program. Access to additional funding can also help to attract and retain an early childhood education workforce. Through United In Care, we've seen the benefits of mentorship and shared services collaboration and applaud this vision in the proposed grant program.
4. **A4177** – We, along with other child care advocacy groups, continue to believe that subsidy payments to providers should be based on enrollment, not attendance to stabilize and ensure sustainable businesses. Parents' needs for child care are often inconsistent. The increased risk of children calling out sick as well as unforeseen financial hardships on parents, add to the unpredictable nature of the child care industry and makes running a sustainable and successful child care business difficult.

***Suggestion:** We would like this change to become permanent, not only extended through 2025.*

We know there is still so much work to do to financially stabilize our child care industry, for the workforce, for parents, and children across the state. The need for change and action has never been greater than it is now.

We are thrilled to see the state doing its part, and we feel passing these pieces of legislation is an important step in stabilizing the child care industry in New Jersey.

Thank you.