

LEGISLATIVE FISCAL ESTIMATE
ASSEMBLY COMMITTEE SUBSTITUTE FOR
ASSEMBLY, No. 1471
STATE OF NEW JERSEY
220th LEGISLATURE

DATED: SEPTEMBER 15, 2023

SUMMARY

- Synopsis:** Requires DHS to establish quality-based reimbursement system for registered family child care providers participating in Grow NJ Kids.
- Type of Impact:** No net impact on State expenditures.
- Agencies Affected:** Department of Human Services.

Office of Legislative Services Estimate

Annual Fiscal Impact	
State Expenditure Net Impact	None

- The Office of Legislative Services (OLS) determines that the bill would not affect annual State expenditures, based on the child care subsidy rates in effect as of March 1, 2023. Because this bill does not specify the enhanced subsidy rate that will be paid to registered family child care providers that are rated under Grow NJ Kids, the State’s child care quality rating and improvement system, the OLS assumes that the baseline subsidy rate will be equal to the subsidy rate currently paid by the Department of Human Services to registered family child care providers who participate in Grow NJ Kids.
- The bill, moreover, does not specify the amount by which the enhanced subsidy rate, paid to registered family child care providers that are rated under Grow NJ Kids, should increase each year. As such, the OLS estimate assumes that the enhanced subsidy rate paid to Grow NJ Kids-rated family child care providers will increase by the same percentage as will the enhanced subsidy rate paid to center-based child care providers that are rated under Grow NJ Kids.
- The OLS notes that, prior to March 1, 2022, only State-licensed child care centers, Head Start programs, and school-based or center-based preschool programs were paid an enhanced child care subsidy under the Grow NJ Kids system. As of this date, the Department of Human Services expanded access to the Grow NJ Kids enhanced quality-based subsidy to include family child care providers.

BILL DESCRIPTION

The bill permits registered family child care providers who participate in the State's subsidized child care assistance program and in the tiered, quality-based reimbursement system for child care providers, known as the Grow NJ Kids program, to receive enhanced payments under Grow NJ Kids. Prior to March 1, 2022, only State-licensed child care centers, Head Start programs, and school-based or center-based preschool programs that earned a Grow NJ Kids three, four, or five star quality rating were paid an enhanced subsidy rate. As of this date, the Department of Human Services expanded access to the Grow NJ Kids quality-based subsidy enhancement to include registered family child care providers.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that the bill would not affect annual State expenditures, based on the enhanced child care subsidy rates that the Department of Human Services currently pays to registered family child care providers who participate in the Grow NJ Kids program.

As of March 1, 2022, the department began making enhanced subsidy payments to registered family child care providers that are highly rated under the State's tiered, quality-based reimbursement system for child care providers, known as Grow NJ Kids. Previously, only State-licensed child care centers, Head Start programs, and school or center-based preschool programs that earned a three, four, or five start quality rating under Grow NJ Kids were paid an enhanced subsidy rate. The department's policy change, however, has not been codified, and the amount of the subsidy rate enhancement paid to registered family child care providers varies with a child's age and disability status, and the provider's Grow NJ Kids quality rating.

Because the bill does not specify the amount of the enhanced subsidy rate that the department would pay registered family child care providers who are highly rated under Grow NJ Kids, the OLS assumes that the rates paid by the department will equal the enhanced rates currently paid to registered family child care providers with a three, four, or five start quality rating under the program. The OLS, moreover, assumes that the annual percentage increase in the enhanced subsidy rates paid to these registered family child care providers would be equal to the annual percentage increase in the enhanced subsidy rates provided to licensed child care centers under Grow NJ Kids.

The OLS notes that the department typically publishes the maximum child care payment rates for registered family child care providers and licensed child care centers annually during the first half of the calendar year. To the extent that the current rates are updated in subsequent years, this fiscal estimate will change accordingly.

The Grow NJ Kids program reimburses child care providers based on a set of objective quality measures. Under this initiative, State-licensed child care centers, school-based or center-based preschool programs, Head Start programs, and registered family child care providers may request to be evaluated and rated on the quality of child care services provided for infants, toddlers, and preschoolers. Depending upon the outcome of the evaluation, the Grow NJ Kids system may award the provider a quality rating that ranges from one through five stars. Those providers with

a three, four, or five star rating receive enhanced child care subsidy payments from the Department of Human Services.

Section: Human Services

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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.).