

# SENATE BUDGET AND APPROPRIATIONS COMMITTEE

## STATEMENT TO

[Second Reprint]

## ASSEMBLY, No. 4177

with committee amendments

# STATE OF NEW JERSEY

DATED: NOVEMBER 30, 2023

The Senate Budget and Appropriations Committee reports favorably and with committee amendments Assembly Bill No. 4177 (2R).

As amended by the committee, this bill extends the applicability of P.L.2021, c.324, which requires that subsidy payments to licensed child care providers be based on enrollment of students who are eligible for child care services, rather than on attendance, to provide that the provisions of the law continue for an additional three years, instead of expiring on June 30, 2022 as provided for in existing law.

The bill, as amended, provides that a licensed child care provider or a family day care provider that receive subsidy payments based on enrollment is required to pay wages to its staff, and determine the number of hours worked by staff, based on the number of children enrolled with the provider who are eligible for child care services. At no time will the amount of wages paid to staff or the number of hours worked by staff be based on the attendance of children eligible for child care services.

As amended, the bill stipulates that a licensed child care center or a registered family day care provider receiving subsidy payments based on enrollment will continue to receive such payments until the Division of Family Development (the division) in the Department of Human Services issues the report required pursuant to the bill, at which time the division may consider to extend the payment of enrollment-based subsidies to licensed child care centers and registered family day care providers in accordance with P.L.2021, c.324.

The bill, as amended, requires the division to submit a report to the Governor and the Legislature on the study conducted under the provisions of P.L.2021, c.324 within three years following the effective date of the bill.

As amended and reported by the committee, Assembly Bill No. 4177 (2R) is identical to Senate Bill No. 2478 (1R), which was also amended and reported by the committee on this date.

COMMITTEE AMENDMENTS:

The committee amended the bill to provide that a licensed child care provider or a family day care provider receiving subsidy payments based on enrollment is required to pay wages to its staff, and determine the number of hours worked by staff, based on the number of children enrolled with the provider who are eligible for child care services, and that at no time will the amount of wages paid to staff or the number of hours worked by staff be based on the attendance of children eligible for child care services.

The committee amendments stipulate that a licensed child care center or a registered family day care provider receiving subsidy payments based on enrollment will continue to receive the payments until the division issues the final report, at which time the division may consider to extend the payment of enrollment-based subsidies to licensed child care centers and registered family day care providers in accordance with P.L.2021, c.324.

The committee amended the bill to add a requirement that the division is to submit a report, within three years of the effective date of the bill, on the study conducted pursuant to P.L.2021, c.324.

FISCAL IMPACT:

The Office of Legislative Services notes that the FY 2023 Appropriations Act included \$48 million for a one-year extension of the enrollment-based payment system under the child care subsidy program. The extension is currently funded through the end of FY 2024. Therefore, the bill will result in an annual cost increase in the neighborhood of \$48 million from FY 2025 through FY 2027. The Department of Human Services may at that time consider extending the payment of enrollment-based subsidies to licensed child care centers and registered family day care providers.