

LEGISLATIVE FISCAL ESTIMATE

ASSEMBLY, No. 5107

STATE OF NEW JERSEY

222nd LEGISLATURE

DATED: SEPTEMBER 28, 2026

SUMMARY

Synopsis: Requires DHS to conduct review of reimbursement rates paid by the State’s child care assistance program to certain child care providers.

Types of Impact: One-time State expenditure increase and potential annual State expenditure and revenue increases.

Agency Affected: Department of Human Services.

Office of Legislative Services Estimate	
One-Time State Expenditure Increase	\$100,000 to \$500,000
Potential Annual State Expenditure Increase	Indeterminate
Potential Annual State Revenue Increase	Indeterminate

- The Office of Legislative Services (OLS) estimates that the bill would likely cause the Department of Human Services to incur a one-time expenditure of between \$100,000 and \$500,000 to conduct a child care market rate review for the New Jersey Child Care Assistance Program, apply for additional federal funding, and prepare a written report.
- If the market rate review were to result in higher Child Care Assistance Program rates, the State would incur additional recurring expenditures and potentially receive increased federal financial participation, a revenue to the State. The OLS, however, lacks the informational basis to predict the findings of the market rate study and the extent to which the findings might impel provider rate increases.

BILL DESCRIPTION

The bill requires the Department of Human Services to review New Jersey Child Care Assistance Program rates for child care services provided during non-traditional hours, including early morning and late evening hours. If, based on the review, the department determines that rates should be raised, the department will be mandated to seek additional federal funding to finance the rate increases. Lastly, the department is to prepare and publish on its website a report based on the rate review.

FISCAL ANALYSIS***EXECUTIVE BRANCH***

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS estimates that the bill would likely cause the Department of Human Services to incur a one-time expenditure of between \$100,000 and \$500,000 to conduct a child care market rate review for the New Jersey Child Care Assistance Program, apply for additional federal funding, and prepare a written report. The estimate is based on a review of the cost of market rate studies for child care subsidy programs in other states. The exact magnitude of the cost, however, will depend on future decisions by the Department of Human Services on: a) the scale and scope of any provider survey and rate analysis and b) whether a public institution of higher education or a consultant will be engaged for the task. Moreover, while the bill only requires a review of rates paid for child care services provided during non-traditional hours, the OLS estimate anticipates that the department may view the limited mandate as a catalyst for a more comprehensive survey.

Furthermore, if the rate review were to result in higher Child Care Assistance Program rates, the State would incur additional recurring expenditures and potentially receive increased federal financial participation, a revenue to the State. The OLS, however, lacks the informational basis to predict the findings of the market rate study and the extent to which the findings might serve as an impetus for any provider rate increases.

In general, the OLS notes that available federal child care funding streams require the State to make financial contributions or to maintain funding levels for the subsidy program. New Jersey child care subsidy payments from all funding sources, including federal funds, totaled \$866 million in FY 2025 and are projected by the department to exceed \$900 million in FY 2027.

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.).