

LEGISLATIVE FISCAL ESTIMATE

[First Reprint]

SENATE, No. 2476 STATE OF NEW JERSEY 220th LEGISLATURE

DATED: JUNE 15, 2022

SUMMARY

- Synopsis:** Establishes Thriving By Three competitive grant program for infant and toddler child care programs; appropriates \$28 million.
- Type of Impact:** State expenditure increase.
- Agencies Affected:** Department of Human Services.

Office of Legislative Services Estimate

Fiscal Impact	<u>One-Time</u>
State Cost Increase	Minimum of \$28 million.

- The Office of Legislative Services (OLS) determines that the bill would limit the amount of each one-time grant awarded under the Thriving by Three grant program, as established under the bill, to the availability of funds. Therefore, the OLS concludes that the costs incurred by the Department of Human Services (DHS) to award grants through the program will be limited to the \$28 million appropriation under the bill, of which \$22 million would be from the General Fund and \$6 million would be from the federal Coronavirus State Fiscal Recovery Fund.
- The above estimate assumes that the: 1) DHS will award grant amounts that provide the department with sufficient funding to also provide certain grantees with a child care reimbursement rate of \$22,000 per year per child, as provided for under the bill; and 2) enhanced reimbursement rate provided to certain grantees is temporary in nature.
- The OLS further estimates that the DHS may incur certain minimal costs to promote the program, provide technical assistance to grantees, and to comply with the reporting requirements established under the bill. To the extent that the department can utilize existing operating resources, any expenses experienced from these activities will be reduced.

BILL DESCRIPTION

This bill establishes the Thriving By Three grant program. Grants under the program are to be awarded to licensed child care providers, registered family day care providers, Head Start programs, and school districts on a competitive basis based upon selection criteria established by the commissioner. The DHS will make separate one-time grants available to: (1) expand, renovate, or reconstruct existing facilities to increase the number of infant and toddler child care spaces and classrooms; and (2) recruit staff and provide staff development opportunities. The amount of each grant is to be based upon review of the application and subject to the availability of funds.

The bill also stipulates that a licensed child care provider, registered family day care provider, Head Start program, or school district receiving a grant under the program and using that grant to increase the number of infant and toddler child care spaces and classrooms is to receive from the DHS a child care reimbursement rate of \$22,000 per year per child to cover staff salaries commensurate with the infant and toddler child development associate or other equivalent credential.

The DHS will be required to: 1) publicize the grant program and provide technical assistance to the grant awardees; and 2) report to the Governor and the Legislature, no later than two years after establishing the grant program, detailing certain aspects of the program.

The bill appropriates \$28 million to the DHS to effectuate the provisions of the bill. This appropriation will comprise \$22 million from the General Fund and \$6 million from the federal Coronavirus State Fiscal Recovery Fund established pursuant to the federal American Rescue Plan Act.

FISCAL ANALYSIS

EXECUTIVE BRANCH

None received.

OFFICE OF LEGISLATIVE SERVICES

The OLS determines that the bill would limit the amount of each one-time grant awarded under the Thriving by Three grant program, as established under the bill, to the availability of funds. Therefore, the OLS concludes that the costs incurred by the DHS to award grants through the program will be limited to the \$28 million appropriation under the bill, of which \$22 million would be from the General Fund and \$6 million would be from the federal Coronavirus State Fiscal Recovery Fund. This estimate assumes that the: 1) DHS will award grant amounts that provide the department with sufficient funding to also provide certain grantees with a child care reimbursement rate of \$22,000 per year per child, as provided for under the bill; and 2) enhanced reimbursement rate provided to certain grantees is temporary in nature.

The OLS notes that the highest existing child care reimbursement rate is \$21,229.20 per year for an infant with special needs when provided services by a licensed child care center, while the lowest existing child care reimbursement rate is \$14,043.36 per year for a toddler when provided services by a registered family child care. As such, it will cost the State between \$7,956.64 and \$770.80 per child per year for the enhanced rate provided to certain grantees under the bill. The OLS is unable to quantify the aggregate cost to the State, as the number of providers and children

who will receive the enhanced rate is unpredictable and based upon decisions made by the department during application review.

The OLS further estimates that the DHS may incur certain minimal costs to promote the program, provide technical assistance to grantees, and to comply with the reporting requirements under the bill. To the extent that the department can utilize existing operational resources, any expenses experienced from these activities will be reduced.

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.).