Start Strong NJ
Affordable Child Care for All

The Road to Affordability Runs Through Childcare:

Why NJ Must Do More for Working Families

The Bottom Line

New Jersey must prioritize childcare and recognize the critical role it plays for both families and the State economy. **Our state will never be an affordable place to live until childcare is affordable for every family that needs it.**

Background

New Jersey's Child Care Assistance Program (CCAP), housed within the Division of Family Development in the Department of Human Services, helps income-eligible working families pay for childcare, before and after-school care, and summer programs. Funded through federal and state dollars, CCAP pays participating childcare providers directly; families contribute a co-pay. Initial eligibility is generally limited to families earning up to 200% of Federal Poverty Limit (FPL). After initial eligibility, families may remain eligible at higher income levels through redeterminations and phase-out provisions.

In FY27, New Jersey anticipates CCAP will serve up to 77,500 children. To qualify for CCAP, parents must work at least 30 hours a week, be enrolled in higher education for 12 credits or more, attend at least 20 hours a week of job-training, or a combination of these requirements.

Issue

New Jersey's high cost of living, high childcare tuition, and the limits of CCAP eligibility, means many working families with young children are stuck in an affordability gap: Their

income is above CCAP eligibility limits, but far too low to afford childcare without assistance. For many families with young children, childcare is the largest expense, often exceeding the cost of their rent or their mortgage. When parents can't afford childcare, families face deep financial strain. Parents - especially mothers - often leave the workforce or cut their hours. Furthermore, the lack of affordable childcare costs New Jersey $5 billion a year in lost wages, reduced business productivity, and depressed revenues needed to pay for important services. Unaffordable childcare hurts workforce participation, family income and the state economy.

The initial CCAP eligibility for a family of four is approximately $66,000 but the ALICE Household Survival Budget for a family of four with an infant and preschooler is $115,872. That's a $50,000 gap that can't be ignored. ALICE stands for Asset Limited, Income Constrained, Employed. These families' income is above the Federal Poverty Level but less than what it takes to afford the basics, including childcare. Two parents working full time at New Jersey's minimum wage earn more than the initial CCAP eligibility limit while still falling far below the ALICE Household Survival Budget. Meanwhile, full-time center-based childcare tuition for one infant typically exceeds $20,000 a year.

Additionally, many child care educators are themselves ALICE, and any affordability solutions must also strengthen and sustain the child care workforce. With a median hourly wage of $14.64 in New Jersey in 2024, 48% of child care workers were below the ALICE Threshold.

Recommendation

Start Strong NJ calls on Governor Sherrill to increase CCAP funding and use that additional investment to expand eligibility beyond the current threshold so that the assistance better reflects the economic realities faced by ALICE households. Toward that end, we are requesting an additional $35 million a year in the state budget every year, for the next three years. This investment and expanded eligibility would enable about 3,000 more ALICE families per year to afford the childcare they need to gain employment or stay on the job. Taking this action now will be an important first step to making childcare affordable for thousands of families who call New Jersey home.