In 2018, the Bipartisan Policy Center examined how states oversee federal and state funding dedicated to early childhood education, or ECE, programs. Now in 2021, we revisit each state system to understand enacted improvements and emerging challenges in state governance.

As the country adjusts to a new reality of work and home life amid the pandemic, American families are faced with the challenge of finding and affording quality child care, now more than ever. Early learning operates within a fragile business model, in which services cost more than most families can afford to pay. For this reason, states must administer funding with efficiency and effectiveness to ensure families are able to access programs and to maximize the reach of federal and state investments.

States are now responsible to distributing recent COVID-19 relief funding for child care—allocated through three successive relief packages by Congress in 2020—in addition to established funding streams that support multiple early childhood programs. The relief packages are intended to stabilize the fragile system that challenged access to affordable, reliable care. State governments are tasked with coordinating and combining the many different ECE funding streams allocated to them.

For all but one federal program, governors have wide discretion with regard to the administration and coordination of early childhood funding. The Bipartisan Policy Center set out to re-examine the issues of state governance, coordination, and integration by reviewing how states are meeting requirements set by federal statutes and agencies, as well as how states are capitalizing on the opportunity to create efficiency through their governance structures.

With this in mind, BPC is making recommendations at the federal and state level with an eye towards further reducing duplication and improving results for families. These recommendations are summarized in the full report. The following summarizes the findings for New Jersey.

More state data, including funding levels and demographic information, can be found at https://bipartisanpolicy.org/report/national-child-care/.

RECOMMENDATIONS FOR NEW JERSEY’S EARLY CARE AND EDUCATION SYSTEM

- Facilitate cross-agency communication to ensure seamless coordination and transition for IDEA Part C (infants/toddlers) and Part B, Section 619 (3-5 year olds).
- Increase efficiency and cost-effectiveness of monitoring and oversight by aligning Child Care and Development Fund (CCDF) with state Pre-K and Child and Adult Care Food Program (CACFP).
- Improve program alignment and efficiency by colocating CCDF with state Pre-K and Head Start Collaboration Office.
- Ensure the State Advisory Council (SAC) for Early Education and Care, mandated by the Improving Head Start for School Readiness Act of 2007, is fulfilling its required activities, including conducting a statewide needs assessment on the quality and availability of early care and learning programs.
- Include licensing as the entry level for state Quality Rating and Improvement System (QRIS) to ensure program quality.
Flow of Federal Early Childhood Funds: New Jersey

**KEY:**
- Funding mandated for State Departments of Education
- Funding provided directly to local organizations
- State does not receive funding

**New Jersey Office of the Governor**

**Department of Health and Human Services**
- Office of Head Start
  - CCDF
- Office of Child Care
  - CCDF
- Office of Family Assistance
  - TANF

**Department of Agriculture**
- Food & Nutrition Service
  - CACFP
- Office of Special Education and Rehabilitative Services
  - Part B, Section 619
  - Part C

**Department of Education**
- Office of Postsecondary Education
  - CCAMPIS
- Office of Special Education
  - Part B, Section 619

**Department of Children and Families, Office of Licensing - Child Care Licensing**
- CCDF

**Department of Health, Division of Family Health Services, Early Intervention System**
- CACFP

**Department of Agriculture, Division of Food and Nutrition**
- CACFP

**Department of Human Services, Division of Family Development**
- Child Care Subsidy
  - CCDF
- Grow NJ Kids - Child Care Quality Improvement Rating System
  - CCDF
- Services and Programs for Individuals and Families, WorkFirst NJ
  - TANF

**State Advisory Council (SAC)**
The Council for Young Children was created by Executive Order in 2010 to serve as the governor’s state advisory council for early care and education.

**Local Institutions**
- Early Head Start-Child Care Partnership
  - Grants to local organizations

**Grow NJ Kids**
Grow NJ Kids has five levels with higher levels indicating higher levels of quality. The QRIS is statewide and participation is voluntary.

**Quality Rating Improvement System (QRIS)**

**Local Head Start Programs**
BPC Reviewed

BPC reviewed the following federally-funded programs to assess the efficiency and integration of New Jersey’s early care and education system.

- Child Care and Development Fund (CCDF)
- Head Start
- Child Care Access Means Parents in School (CCAMPIS)
- Early Intervention Program for Infants and Toddlers with Disabilities (IDEA Part C)
- Preschool Development Grant Birth through Five (PDG B-5)
- Preschool Grants for Children with Disabilities (IDEA Part B, Section 619)
- Promise Neighborhoods
- Striving Readers Comprehensive Literacy
- Child and Adult Care Food Program (CACFP)
- Temporary Assistance for Needy Families (TANF)
- Early Head Start – Child Care Partnership (EHS-CCP)
- Race to the Top, Early Learning Challenge

### ECE Funding in New Jersey

<table>
<thead>
<tr>
<th>Funding from Nine GAO-Identified Programs</th>
<th>FY 2019 Funding</th>
<th>FY 2020 Funding</th>
<th>FY 2021 Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>CCDF Expenditure</td>
<td>$314,984,665</td>
<td>$235,719,168.58</td>
<td>1,056,651,520</td>
</tr>
<tr>
<td>Transfer from TANF</td>
<td>$72,000,000</td>
<td>$79,000,000</td>
<td>-</td>
</tr>
<tr>
<td>Head Start Allocation</td>
<td></td>
<td>$177,684,738</td>
<td>-</td>
</tr>
<tr>
<td>Early Head Start</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>IDEA Part C, Allocation (infant/toddler)</td>
<td>$11,554,377</td>
<td>$11,826,579</td>
<td>$17,192,551</td>
</tr>
<tr>
<td>IDEA Part B, Section 619 Allocation (3–5 years)</td>
<td>$11,665,277</td>
<td>$11,745,805</td>
<td>$17,634,449</td>
</tr>
<tr>
<td>CCAMPIS Grants</td>
<td>$508,630</td>
<td>$594,959</td>
<td>$675,904</td>
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</tbody>
</table>

**Additional ECE Funding Streams**

<table>
<thead>
<tr>
<th>FY 2019 Funding</th>
<th>FY 2020 Funding</th>
<th>FY 2021 Funding</th>
</tr>
</thead>
<tbody>
<tr>
<td>TANF Child Care Expenditure (Direct)</td>
<td>$91,904,427</td>
<td>$139,423,030</td>
</tr>
<tr>
<td>TANF Pre-K / Head Start Expenditure</td>
<td>$559,776,791</td>
<td>$614,996,644</td>
</tr>
<tr>
<td>CACFP Allocation</td>
<td>$87,693,489</td>
<td>$65,968,720</td>
</tr>
</tbody>
</table>

### Number of Children Under Age 6

<table>
<thead>
<tr>
<th></th>
<th>UNDER 3</th>
<th>3–4 YEARS OLD</th>
<th>5 YEARS OLD</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Total</strong></td>
<td>300,284</td>
<td>215,761</td>
<td>108,414</td>
</tr>
</tbody>
</table>

**Percentage of Children in Poverty**: 14.2%