

United Way of Northern New Jersey

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March 21, 2017 testimony re: New Jersey FY 2018 State Budget priorities

Dear Chairman Sarlo and Senate Budget Committee Members:

Thank you for this opportunity to submit testimony concerning the fiscal year 2018 State Budget. I also want to thank you and the administration for the recent increase in the state's match of the federal Earned Income Tax Credit. This is a key tool in helping our state's most vulnerable working families.

That being said, there is still much work to do to remove the barriers making financial stability elusive for **1.2 million struggling families in this state.**

For many families, the number one budget-buster is the cost of child care. For families with an infant and preschooler, child care can cost more than housing. This is true not only in the northern New Jersey region we serve, but across the state, as documented in our latest United Way ALICE Report (UnitedWayNNJ.org/ALICE). **Our report shows that child care costs rose 16 percent between 2007 and 2014.** For some perspective, that increase is higher than the rate of inflation, which was 14% during that time period. More broadly, our report shows that **New Jersey families have been buffeted by a 23% increase in the cost of five categories we all consider basic needs** -- housing, child care, food, health care, and transportation. Meanwhile, we know that wages have remained largely stagnant.

Families who are living paycheck to paycheck – who we call **ALICE (Asset Limited, Income Constrained, Employed)** – as well as those in poverty often find that they cannot afford to send their children to a quality child care facility. Instead they may be forced to choose a well-meaning, but unqualified family member, friend, or neighbor. And we've seen enough stories that show that those decisions can sometimes end in tragic consequences.

Others may consider themselves lucky that they qualify for the state's subsidized child care program. The parents of some 44,000 children rely on this assistance in order to work. While intended to help these families access quality care, **the diminished purchasing power of this subsidy can no longer be ignored.** Centers that accept the subsidy are hard pressed to provide quality that families deserve. And many others do not or cannot accept it as full payment for tuition, further restricting parents' choices.

Despite our state's high cost of living, we have one of the lowest subsidy rates in the country, according to the National Women's Law Center. New Jersey's rate has not been raised since 2008.

Can you imagine running a business in 2017 with 2008 levels of funding? That's what this state asks of the people entrusted with our most vulnerable citizens, our children, who at the earliest ages are incapable of communicating beyond crying and unable to protect themselves against abuse.

We know the state's budget is strapped. But is there a priority greater than our children's welfare at an age of greatest vulnerability and potential?

In recognition of the state's fiscal realities we are asking the state to begin by focusing narrowly on raising the subsidy for the 5,000 infants currently being served. Today, centers receive just \$161 per week to care for an infant. That works out to \$4 an hour for a 40 hour work week. You couldn't get a nice teenager to babysit your child for \$4 an hour and we're expecting centers to attract qualified professionals at that rate?

In partnership with other organizations, such as the Advocates for Children of New Jersey, we are asking the state to dedicate an additional **\$20 million to support this program and help to ensure the safety, health and education of our greatest state's greatest resource, our children.**