



Child Care Tuition Assistance for Child Care Workers

An Analysis of the Categorical Eligibility Bill in New Jersey

>>> Introduction

Child care is critical to meeting the needs of families, communities, and the economy. But attracting and retaining a high-quality early care and education workforce is a challenge for child care providers in New Jersey and around the country.¹ Low wages and poor compensation packages are ubiquitous in the child care field and are associated with high levels of staff turnover. This creates disruptions to the continuity of care and learning for our youngest children and increases costs for providers already working on thin margins. Increasing compensation in the industry is an obvious strategy to attract, retain and stabilize a high-quality workforce, but without public investment, there are significant barriers to improving compensation. The largest barrier is that parents, most of whom already experience child care as a significant financial burden, cannot afford to pay what it truly costs to provide quality child care.² Given their low wages, child care workers themselves often face barriers when it comes to affording child care for their own children. Many child care educators are at risk of leaving the field altogether when they have young children because such a significant portion of their wages would go toward care.

Given the prevalence of these issues across the nation, several states have expanded their child care tuition assistance (subsidy) programs to allow automatic eligibility for workers in licensed child care settings who meet minimum work hour requirements. Known as “categorical eligibility,” this allows

1 Small, S., Lancaster, D., Fischer, J., and van der Muelen Rodgers, Y. The Status of New Jersey’s Childcare Infrastructure: A Focus on Policy Prescriptions, Data Collection, and Community Needs (2023). Center for Women and Work and New Jersey State Policy Lab. New Brunswick, NJ: Rutgers University.

2 Workman, S. (2021, June). The True Cost of High-Quality Child Care Across the United States. Center for American Progress. <https://www.americanprogress.org/wp-content/uploads/sites/2/2021/07/True-Cost-of-High-Quality-Child-Care.pdf>

child care workers to access child care tuition assistance for their own children without regard for their income. Of the 18 states that proposed legislation related to categorical eligibility, seven successfully piloted or enacted it: Kentucky, Washington, Nebraska, Rhode Island, Indiana, Iowa, Massachusetts.^{3, 4} In New Jersey, several bills, including Senate Bill 1968 (S1968) and Assembly Bill 2291 (A2291) have been introduced to address the needs of child care workers through similar measures.

This policy could help to retain child care workers with young children, keeping them in the child care workforce when they otherwise may have had to leave, and also serve as a recruitment tool, providing an incentive to work in the child care field and signaling that child care educators are valued. This brief estimates the number of additional families that would qualify for child care assistance if New Jersey were to adopt categorical eligibility based on employment in the child care sector, recognizing that some child care workers may already qualify for assistance given their low income.

>>> **Basic Eligibility Criteria in New Jersey**

New Jersey’s Child Care Assistance Program (NJ CCAP), the state’s primary child care subsidy program, is funded primarily through the federal Child Care and Development Fund (CCDF). NJ CCAP covers eligible children up to the age of 13, or under the age of 19 if they are under the protective supervision of the NJ Division of Child Protection and Permanency or are mentally or physically incapable of self-care. To qualify for child care subsidies in New Jersey, state residents must meet specific income eligibility requirements and must not have assets exceeding \$1 million. Families must have an income below 200% of the federal poverty level (FPL) to be eligible for assistance. For example, in 2024 a family of four must have had an annual income at or below \$62,400 to qualify.⁵ In addition to meeting income eligibility requirements, parents must be engaged in qualifying work or education activities: working full-time (30 hours or more per week), attending school full-time (12 credits or more), participating in job training for at least 20 hours per week, or having a full-time equivalent combination of these activities.⁶ For two-parent households, both parents must meet the employment or qualifying activity requirements to be eligible for subsidies. Families receiving Temporary Assistance for Needy Families (TANF) benefits are automatically eligible for child care subsidies.

>>> **How many families would likely be covered under Categorical Eligibility?**

Under the most recent proposed bills for categorical eligibility in New Jersey, such as Senate Bill 1968, “qualifying child care workers” would gain automatic eligibility for child care tuition assistance regardless of their annual family income. The bill defines a qualifying child care worker as an educator or staff member employed by a licensed child care center or a registered family child care provider for a minimum of 30 hours per week.⁷

3 Rafa, A. (2024, July). *2024 Prenatal-to-3 Legislative Highlights*. Prenatal-to-3. <https://pn3policy.org/2024-prenatal-to-3-legislative-highlights/>

4 Sullivan, E. T. (2024, May 2). *At least a dozen states are considering free child care for early educators - edsurge news*. EdSurge. <https://www.edsurge.com/news/2024-04-30-at-least-a-dozen-states-are-considering-free-child-care-for-early-educators>

5 State of New Jersey Department of Human Services Division of Family Development. (n.d.-b). *Copy of FY2024 eligibility schedule - 85% SMI*. Child Care Assistance Program (CCAP). https://www.childcarenj.gov/ChildCareNJ/media/media_library/Income_Eligibility_Schedule.pdf

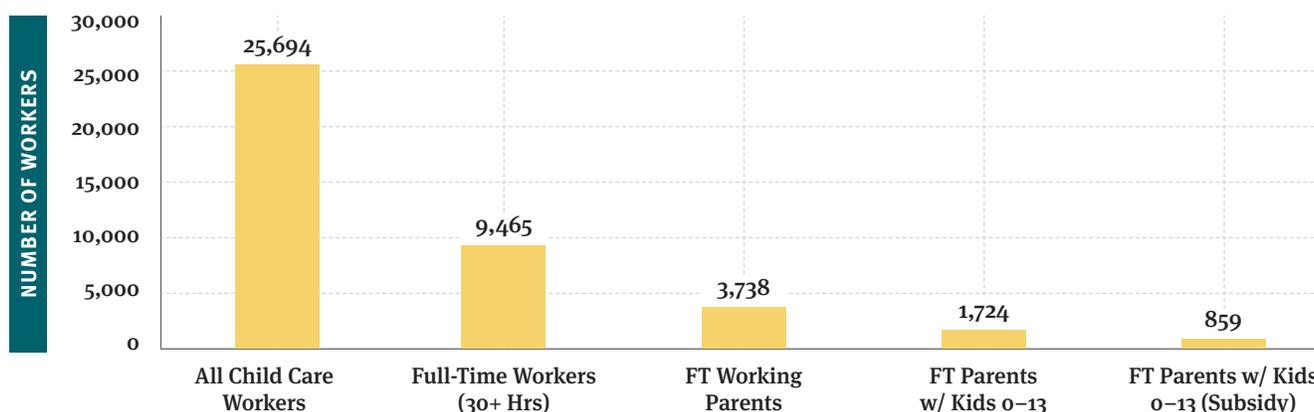
6 State of New Jersey Department of Human Services Division of Family Development. (n.d.). *Child Care Assistance Program (CCAP)*. Help Paying for Child Care - Child Care In New Jersey. <https://www.childcarenj.gov/parents/ccap>

7 New Jersey General Assembly. (2023). *Assembly Bill No. 2291*. Retrieved from <https://legiscan.com/NJ/text/A2291/id/2892833>

Using the 2023 American Community Survey (ACS) 1-year estimates Public Use Microdata Sample (PUMS)⁸, we analyze and compare the number of child care workers who would qualify for CCAP benefits under the proposed categorical eligibility criteria versus the existing eligibility requirements. We define child care workers as individuals whose industry code corresponds to child care services (IND == 8470) and whose occupation code indicates a child care worker role (OCC == 4600).

Currently, there are approximately 25,694 child care workers in New Jersey. As shown in Figure 1, out of these, 9,465 child care workers work 30 hours or more per week, as required by current CCAP eligibility rules. Out of the 9,465 full-time child care workers, approximately 1,724 are parents of children aged 0 to 13, and 1,150 of these are parents of children under age 5. Once we identified the universe of child care workers who meet CCAP work hour requirements and have children within the age range for CCAP, we further limited our analysis to those with household income under the current threshold for subsidy eligibility. Under these requirements, 859 child care workers with children under 13 qualify, with 664 of these having children ages 0 to 5. Thus, under the current eligibility requirement roughly 49.8% of child care workers with children 0–13 already qualify for a subsidy.

FIGURE 1 Universe of Child Care Workers and Eligibility for Subsidies

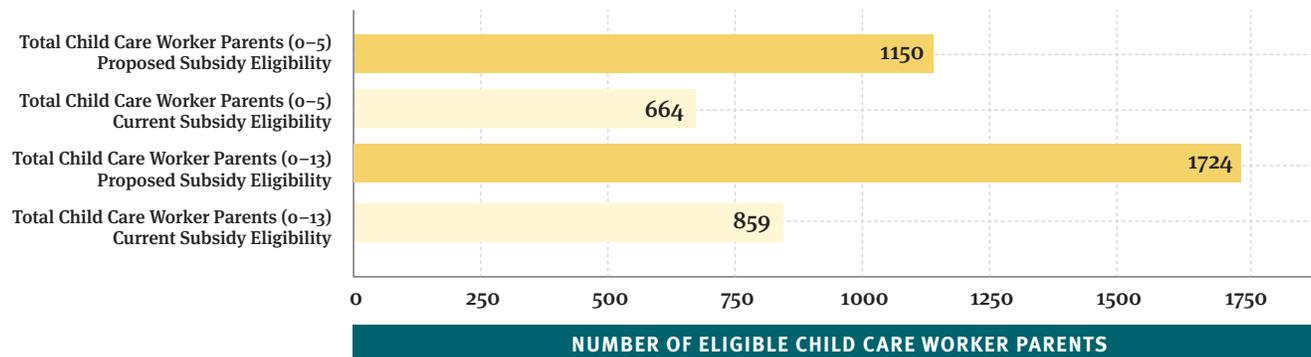


Source: Author’s calculations from 2023 ACS 1-year estimates PUMS extracted through IPUMS USA. The n in these figures represents the weighted data.

Under New Jersey’s proposed legislation for categorical eligibility, child care workers with children under 13 would qualify for subsidies by working a minimum of 30 hours per week, regardless of household income. Thus, adopting categorical eligibility as defined in Senate Bill 1968 and Assembly Bill 2291 would allow an additional 865 child care workers with children aged 0 to 13 to qualify for child care tuition assistance. This would be in addition to the 859 child care workers with children aged 0 to 13 who are currently covered by the subsidy. Of this additional 865, 486 would be parents of children under the age of 5 (Figure 2), compared to the 664 parents of children under 5 who are currently eligible.

8 Steven Ruggles, Sarah Flood, Matthew Sobek, Daniel Backman, Annie Chen, Grace Cooper, Stephanie Richards, Renae Rodgers, and Megan Schouweiler. IPUMS USA: Version 15.0 [dataset]. Minneapolis, MN: IPUMS, 2024. <https://doi.org/10.18128/Do10.V15.0>

FIGURE 2 Comparison of Child Care Worker Eligibility Under Current and Proposed Criteria



Note: The calculations for the proposed subsidy eligibility reflect a minimum 30 work hour requirement and waived income-based requirements. Source: Author’s calculations from 2023 ACS 1-year estimates PUMS extracted through IPUMS USA. The n in these figures represents the weighted data.

Expanding child care tuition assistance through categorical eligibility has the potential to alleviate financial burdens for child care workers while also strengthening New Jersey’s early care and education workforce. The proposed policy change would allow the remaining 51.2% of child care workers with children aged 0 to 13 to qualify for a subsidy, making it possible for all eligible child care workers to access financial support for child care. This expansion would not only benefit child care workers and their families but also contribute to greater workforce stability and continuity of care for young children. By reducing the financial strain on child care educators, the policy could help retain skilled workers in the field, reducing turnover and improving the quality of care provided to families across the state.

SUGGESTED CITATION

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