

January 27, 2016 Testimony before the N.J. Legislature Assembly Women and Children Committee  
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Good morning. Thank you Madam Chairwoman and committee members for this opportunity.

I'm pleased to be here today representing United Way of Northern New Jersey. Our United Way represents five northern counties – Morris, Somerset, Suburban Essex, Sussex, and Warren – which account for 1,700 square miles with 1.2 million residents.

While the perception is often that our region and New Jersey as a whole is wealthy – the reality is we are a state and region facing a growing crisis with more and more families living paycheck to paycheck and unable to afford basic necessities.

At United Way, we call this population **ALICE**<sup>®</sup>. ALICE stands for **A**sset **L**imited, **I**ncome **C**onstrained, **E**mployed and these are our residents who go to work every day, sometimes to more than one job, but struggle to afford basic necessities. There are **890,000** ALICE households in New Jersey, according to research in our United Way ALICE Report. I've shared copies with each of you.

When we combine the number of ALICE families with those who meet the formal definition of poverty, we have **1.2 million** New Jersey households falling behind. That's 40 percent of our neighbors. This cannot help but touch all of us.

Throughout much of the state, child care and/or preschool is often the No. 1 most expensive item in a family's budget. At a cost of \$1,000+ a month, it's more than housing and on par with the cost of a two year college education.

However, despite the enormous price tag, New Jersey families are not guaranteed quality care for their children, who – let's not forget – are our future workforce. ALICE parents, who work in jobs critical to our communities, including the very preschool teachers educating our young children, are largely left to fend for themselves when it comes to finding and affording quality care for their children.

Our United Way is laser focused on making sure today's workforce has access to quality early childhood education for their children. We are heavily invested in this issue, to the tune of \$1 million a year, for two simple reasons. One, we believe it is critical for the well-being of our communities, and two, because we see positive results.

Our investment has shown higher quality programs, better trained staff, and higher rates of kindergarten readiness. The payoff is real and tangible.

Our experience is backed by study after study that shows quality early childhood education is a strong predictor of success in kindergarten. And we know that it goes well beyond that to have far-reaching benefits in shaping our workforce.

For us at United Way there is no greater call to action in our state today than to provide access to quality early childhood education.

We believe it's time New Jersey made ensuring access to quality care for more families a top priority. A good first step would be raising the state's subsidy for struggling families across the state, without reducing the number of children served.

Today, child care centers that accept the state's preschool subsidy receive just **\$26 a day** to educate a child. The state spends **double** that in its nationally-recognized, model preschool program in 35 towns. How are centers to provide a safe and engaging atmosphere to educate our children, allow today's workforce to be its most productive, and prepare our future workforce on \$26 a day?

Research by the National Institute for Early Education Research at Rutgers University says likely they aren't. In a study of hundreds of centers, they found that on average, quality was "less than good."

The last time the state raised the subsidy for working families was 2008. A lot has changed since then. The state has become even *less* affordable. The cost of basic necessities has grown by 19%, according to our ALICE study.

This year, our United Way is providing funding so that 1,000 children from ALICE households can attend quality centers across our region. We're addressing only a fraction of the need.

It's an uphill battle. Some 100 centers in our footprint have closed over the past four years. This puts the families served at risk, as well as their employers, and the community at large.

Our partner centers tell us the United Way funding helps to bridge a portion of the gap between the state subsidy and the true cost of running a quality program. To address this, we believe the state's subsidy should be raised to promote quality and take into account regional costs of living.

Without an increase, many centers will continue to reject the vouchers and those that do will be at a clear disadvantage.

Meanwhile, it's not just the pediatricians and the teachers and the advocates like United Way who point to early childhood education as a linchpin for future success. Top economists, including a Nobel laureate, point out that \$1 invested in early childhood education has a 7 to 10 percent return on investment over a lifetime.

The same economists tell us the average portfolio in the stock market yields about 6 percent.

I think we can all do that math.

It boils down to common sense, really. Providing access to quality child care and preschool gives ALICE parents the peace of mind to go to work and be their most productive. And it ensures that we continue to produce the highly educated workforce business looks for and expects from New Jersey.

I thank you for this opportunity today and I look forward to continuing the conversation in the coming months about how, together, we can work to improve life for ALICE and all our residents. Thank you.