



Research Report on Child Care Affordability in New Jersey

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>>> Introduction

The goal of this research report is to provide descriptive insights into the affordability and accessibility of child care in New Jersey (NJ). The first section shows full-time child care prices across counties in NJ by using various affordability measures. We start this analysis by comparing child care prices in NJ with those in other states, considering the age of the children and the care setting. Then, we evaluate child care prices within counties in NJ relative to median income in different types of households. In the second section, we examine regional price differences from state-level prices and see if these differences reflect broader regional price trends. The last section explores how geographic disparities in household-level factors like poverty and female labor force participation relate to child care prices. This analysis draws from the National Database of Childcare Prices (2016–2018), adjusted to 2022 real values using the Consumer Price Index for All Urban Consumers (CPI-U) for child care (day care and preschool in the average US city). Economic and demographic data are sourced from the 2018–2022 American Community Survey to align with estimated 2022 pricing data.

>>> Key Findings

Is Child Care Affordable in New Jersey?

- According to the U.S. Department of Health and Human Services' definition of child care affordability, child care in New Jersey is costly for infants, toddlers, and preschool-aged children across all care settings, thus providing a strong rationale for policy reforms to reduce the financial burden.

- Center-based care in New Jersey is generally more expensive than home-based care in the state. Infant and toddler care are the most expensive types of child care in the state, ranging from 10 to 15 percent of median family income. As children age, the cost of child care gets less expensive.
- Married couple families typically spend the lowest percentage of their income on child care, although infant care still can still account for up to 15 percent of their income.
- In contrast to married couple families, single female headed families across the state pay the highest percentage of their income for all types of child care, spending up to 30 percent of their income on care for infants and toddlers.
- Low-income families who earn slightly more than the child care subsidy thresholds in the state also pay a considerable percentage of their income on child care. Particularly noteworthy are Morris, Somerset, Middlesex, Union, Monmouth, and Bergen Counties, which consistently show high costs for low-income families across all age groups, with infant and toddler center-based care constituting between 15 and 25 percent of their income. In most counties, home-based child care expenses for children younger than school age range from 10 to 15 percent of 300 percent of the federal poverty level.

Does child care reflect general differences in regional price levels?

- The variation in general price levels across Metropolitan Statistical Areas (MSAs)¹ is less pronounced compared to the variation in child care prices across counties within the state.
- Families in Cape May County face higher child care costs for both center-based care of infants and toddlers, and home-based care for preschool and school-aged children, despite residing in the least expensive MSA (Ocean City MSA) in the state overall.
- The Trenton-Princeton Metropolitan Statistical Area (MSA) shows lower general price levels than the state. However, in Mercer County, which is a part of this MSA, child care prices for center-based care of infants, toddlers and preschoolers are up to 21 percentage points higher than the state average.
- Similarly, in the Allentown-Bethlehem-Easton MSA (Warren County), the general cost of living is lower than the state average, yet child care costs are higher, particularly for center-based care. A similar pattern is also seen in the Vineland-Bridgeton MSA (Cumberland County) for home-based care of preschool and school-aged children.
- The New York-Newark-Jersey City MSA shows higher prices for all goods and services compared to other MSAs. Counties within this MSA such as Hunterdon, Morris, and Somerset also experience the highest child care prices, resulting in both a high cost of living and even higher child care prices.

¹ A Metropolitan Statistical Area (MSA) is a designation made by the US Office of Management and Budget to designate larger areas within states that have a “high degree of economic and social integration.” Note that some MSAs include areas in adjacent states, but we do not include those counties in our analysis. See <https://www.census.gov/programs-surveys/metro-micro/about.html> for a more detailed explanation.

What is the association between county characteristics and child care prices?

- Counties with high home-based child care costs also have high child poverty rates across age groups.
- Passaic and Salem counties show the highest poverty rates, yet they have relatively low child care prices for center-based infant and toddler care.
- In Cumberland and Atlantic Counties, both high child poverty rates and high child care costs are prevalent for center-based care of preschool and school-aged children.
- Families in Cumberland, Salem, Atlantic, and Ocean counties face the dual challenges of high child poverty and elevated child care costs, which may greatly hinder child care access.
- Cape May, Mercer, and Middlesex Counties show low female labor force participation rates alongside high child care costs, particularly for infants and toddlers in center-based facilities.
- Hudson County stands out for its low female labor force participation rate and comparatively high prices for home-based child care across all age groups compared to other counties.

1. Is Child Care Affordable in New Jersey?

Child care is expensive across the United States, and high child care prices are just one part of the story when it comes to assessing child care affordability for most households in the United States. Income is the other crucial factor. The proportion of income that families spend on child care provides a clear indicator of the burden of child care costs. The US Department of Health and Human Services recommends that families allocate no more than 7 percent of their income towards child care expenses to ensure affordability (Child Care Development Fund Program, 2016).²

In this section, we examine the affordability of child care in New Jersey. In doing so, we use median family income data from the American Community Survey and express child care prices as the share of income spent on child care. This is based on annual median child care prices in center-based or home-based settings, sourced from the National Database of Childcare Prices (NDCP, 2016–2018) and adjusted to 2022 real values using the CPI-U³ for child care (day care and preschool in the average US city).

The NDCP is constructed by the Women’s Bureau, US Department of Labor, by using each state’s Market Rate Surveys. Prices are reported as the median yearly prices for full-time care of one child at the market rate in 2018.⁴ NDCP classifies infants as 0–23 months, toddlers as 24–35 months, preschoolers as 36–54 months, and school age children as 5–12 years old.⁵

2 US Department of Health and Human Services. (2016). Child Care and Development Fund (CCDF) Program. *Federal Register*, 81(190), 67438-67595.

3 CPI-U is a monthly price index measured by Bureau of Labor Statistics (BLS). It tracks the average change over time in prices based on spending patterns of urban consumers. For this analysis we used the seasonally adjusted CPI-U for day care and preschool services in the average US city, with June 2018 set as the base (=100) and estimated prices reported as June 2022. More detailed information on CPI-U can be found at <https://www.bls.gov/cpi/overview.htm#:~:text=The%20CPI%20represents%20changes%20in,the%20consumer%20are%20also%20included>

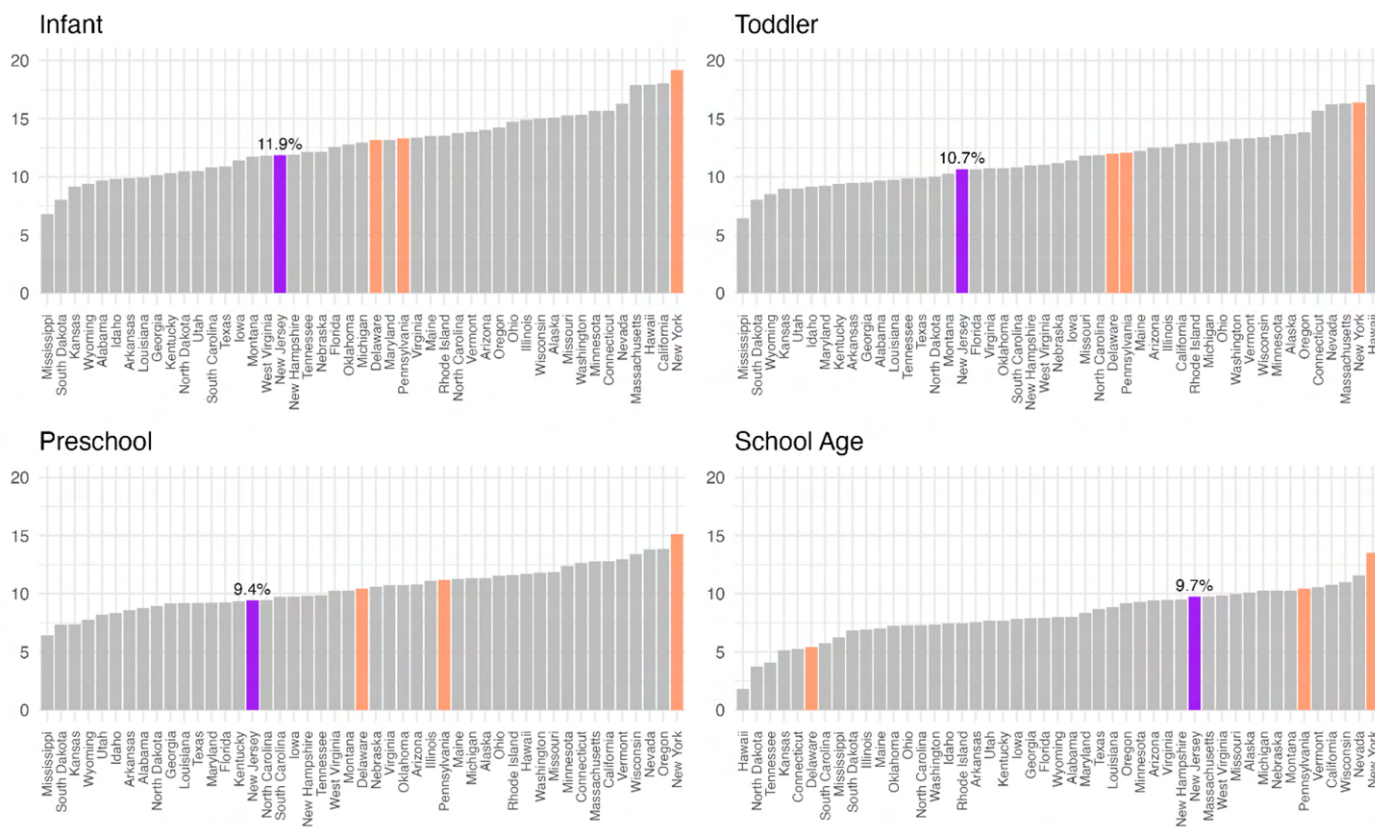
4 Note that median represents the middle point of a distribution of incomes, not the mathematical average. This helps to eliminate the potential for the income estimates to be skewed toward higher incomes.

5 More details about NDCP can be found at <https://www.dol.gov/agencies/wb/topics/featured-childcare>.

Figures 1 and 2 illustrate the affordability of full-time child care by state as a share of the median family income spent on child care for one child. Each figure reports child care costs to families according to the child’s age group and care setting. According to these figures and the affordability definition (7%), child care prices in the majority of states are not affordable for any age group and care setting. A general observation from these figures is that child care prices decrease with the children’s age, and home-based child care is less expensive than center-based child care for all age groups. Mississippi and New York stand out as having some of the lowest and highest child care prices, respectively, across all age groups and care settings.

The child care prices in New Jersey reflect these affordability trends. Specifically, families in New Jersey pay around 12 percent of their median income for infants (rank: 18), 10.7 percent for toddlers (rank: 17), and 9.4 percent for preschool-aged children (rank: 16) in center-based care. For home-based child care, the costs are 8.3 percent for infants (rank: 10), 8.2 percent for toddlers (rank: 17), and 7.6 percent for preschool-aged children (rank: 11). Among New Jersey families who have children in the home, 6 percent have more than one child under the age of 5, indicating higher possible expenses for these families.⁶

FIGURE 1: Center-based child care prices as a share of median family income by the age of the children (2022, estimated)

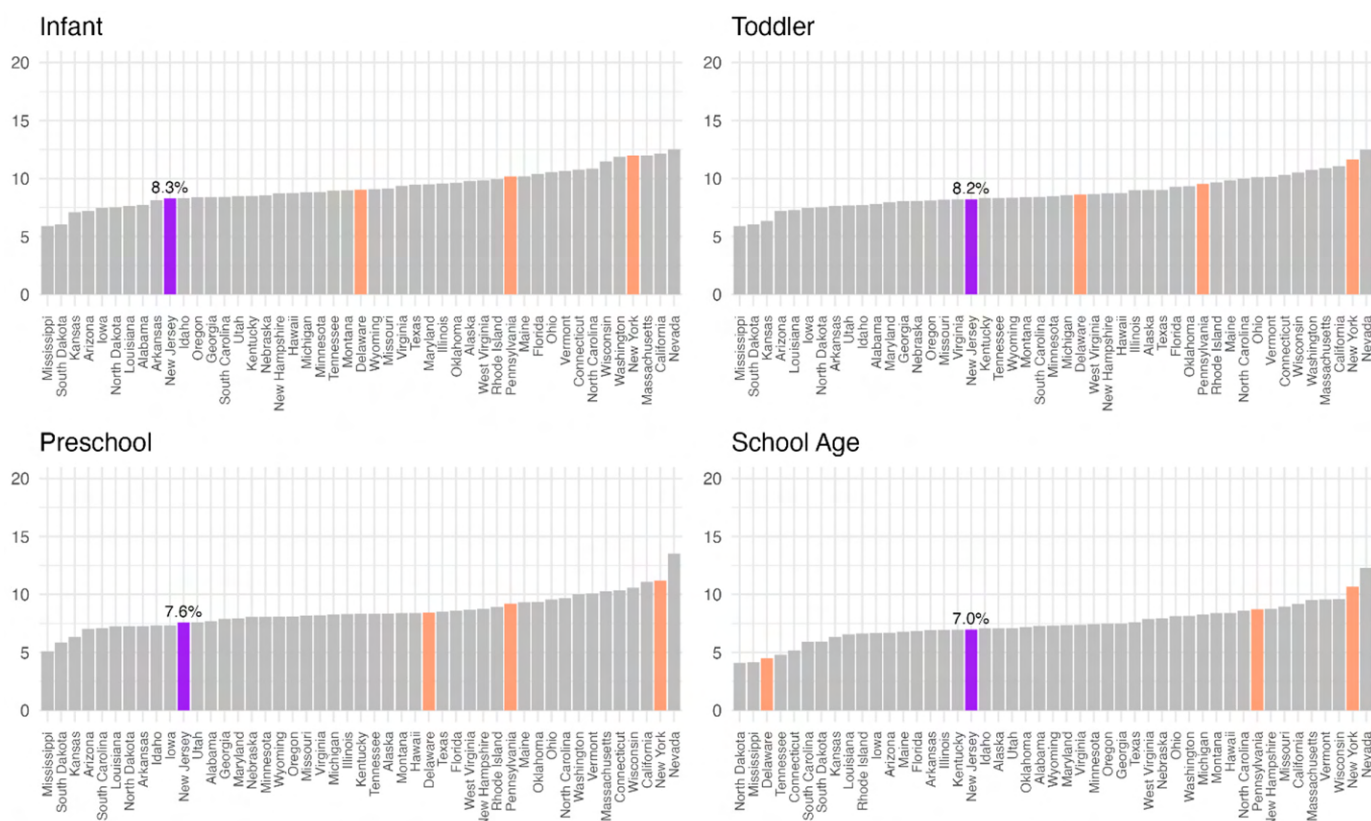


Source: National Database of Childcare Prices (NDCP) 2016-2018, Women’s Bureau, US Department of Labor and American Community Survey 2022, 5-year estimates, Table S1903. *Note: Prices are based on the NDCP 2016-2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average.) The full list of prices is available in Appendix Table A1.*

6 Authors’ calculations of weighted 2022 American Community Survey for New Jersey.

For school-age center care, New Jersey families spend 9.7 percent of their income. This percentage is slightly higher than the costs of preschool care, and it could be considered high, situated at the high end of the graph compared to other states (rank: 37). For school-age home care, New Jersey maintains somewhat lower child care costs at 7 percent of median family income (rank: 18). This is considerably more expensive than neighboring Delaware, which has one of the least expensive child care prices for school-aged children in home-based care, at around 5 percent of median family income (rank: 3).

FIGURE 2: Home-based child care prices as a share of median family income by the age of the children (2022, estimated)



Source: National Database of Childcare Prices (NDCP) 2016-2018, Women’s Bureau, US Department of Labor and American Community Survey 2022, 5-year estimates, Table S1903. *Note: Prices are based on the NDCP 2016-2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average). The full list of prices is available in Appendix Table A1.*

Similar to state-level figures, Figures 3–5 show how much the median family spends on child care in each county of New Jersey. These county-level figures follow the main trends in child care prices: (1) prices decrease for older children, and (2) center-based care is more expensive than home-based care in every county.

Figure 3 shows that in most counties, families pay between 10 and 15 percent of their income for infant care in a center-based facility, while it accounts for up to 20 percent of income in Cape May County. Hudson and Gloucester counties stand out with their relatively less expensive child care; families in these counties pay between 4 percent and 10 percent of their income. These findings are consistent for toddler care. While the share of income spent on child care decreases as children age,

the cost of center-based care for preschool or school-age children still amounts to 10 percent or more of the median family income in several counties in the state.

Although home-based care is relatively less expensive than center-based care, the cost of infant care can still reach up to 15 percent of median family income in Cumberland, Ocean, and Salem counties. In most other counties, families are more likely to pay between 4 percent and 10 percent of their income for infant care in a home-based facility. This finding is mostly consistent for other age groups as well.

Figure 4 shows the proportion of median income that married-couple families spend on child care. Compared to the median family, married couples generally pay less, as shown in Figure 3. However, families are still likely to pay between 10 and 15 percent of their income for center-based infant care in most counties. For other age groups, the share of income spent on child care decreases to between 4 and 10 percent in most counties. For home-based care, the cost remains between 4 and 10 percent of income for families across all age groups. This indicates that for non-infant care in centers and home-based care for all ages, married couple families pay close to the 7% recommended by the US Department of Health and Human Services.

Lastly, Figure 5 shows child care prices as a percentage of median single-family income with a female householder, hereafter labeled as single female headed families. The first striking observation is that child care is drastically more costly for single female headed families compared to median and married-couple families. Specifically, center-based care for infants can cost up to 25 to 30 percent of family income in Camden, Mercer, and Middlesex counties. In the majority of counties, single female headed families pay between 20 and 25 percent of their income. Even in the counties with the lowest costs for center-based infant care, single female-headed families' payments can range between 15 and 20 percent of their income. For toddlers, the trend remains similar, with single female headed families in Mercer County paying the highest proportion of their income, while families in other counties generally spend between 20 and 25 percent. Even for preschool and school-age center-based care, single female headed families pay more than median or married-couple families.

Although home-based care is relatively less expensive than center-based care, single female headed families still face significant financial burdens. They spend a substantial portion of their income on home-based care, often between 10 and 20 percent. Cumberland County is particularly noteworthy across all age groups, with families spending 20 to 25 percent of their income on home-based care.

1.1 Is Child Care Affordable for Low-Income Families in New Jersey?

In New Jersey's high cost child care market, subsidies are essential for assisting low-income families in affording non-parental child care. The state does provide subsidies to families with incomes below 200 percent of the federal poverty level (FPL), which is \$55,500 for a family of four in 2022⁷. Although several other eligibility criteria exist, families earning less than 200 percent of the FPL are more likely

⁷ Federal Poverty Guidelines are reported by US Department of Health and Human Services (HHS) and used to determine financial eligibility for certain programs. HHS Poverty Guideline for 2022 can be find here: <https://aspe.hhs.gov/sites/default/files/documents/4b515876c4674466423975826ac57583/Guidelines-2022.pdf>

to receive these subsidies. While 16.7 percent of households with children live below 200 percent of FPL (ACS, 2022),⁸ a report by the United Way of New Jersey shows that 26 percent of households are considered Asset Limited, Income Constrained, Employed (ALICE). These households earn more than FPL but still struggle to afford the basic cost of living in their county. Overall, 36 percent of households in NJ earn below the ALICE threshold of \$95,592 for a family of four (United Way, 2024),⁹ which is about 344% of the FPL.

While subsidies are currently set at 200 percent of the FPL, a recent bill in the New Jersey legislature proposes extending child care subsidies to families earning up to 300 percent of FPL, which is \$83,250 for a family of four in 2022 (New Jersey Senate Bill 2241, 2024).¹⁰ Figure 6 highlights child care costs as a share of 300 percent of FPL for a family of four (\$83,250). It essentially shows the potential child care expenses for families in each county whose incomes are at 300 percent of FPL. This can be interpreted as representing families whose incomes are higher than the current subsidy threshold but are still considered low-income, making them potential new subsidy recipients under the proposed bill. Around 12 percent of families with children in NJ earn between 200 percent and 300 percent of FPL¹¹ (\$55,500–\$83,250), so the share of income they would pay in child care would be even higher for these families. In other words, child care costs will constitute a greater portion of their income, and they are unlikely to receive subsidy support under current rules. Hereafter, we will refer to 300 percent of the FPL as poverty level income and families with 300 percent of poverty level income as low-income families.

Figure 6 shows a vast variation in child care costs for low-income families across counties. In center-based care, these families face costs ranging from around 10 percent of poverty level income in Hudson County for toddlers to up to 25 percent in Hunterdon, Morris, Somerset and Bergen Counties for infants. Across most counties, child care for infants and toddlers exceeds 15 percent of the poverty level income, while a few counties have costs exceeding 15–20 percent of low-income families' income for preschool and school-age care. Particularly noteworthy are Morris, Somerset, Middlesex, Union, Monmouth, and Bergen Counties, which consistently show high costs for low-income families across all age groups, with a minimum of 15 percent of the poverty level income. In contrast, Passaic, Essex, and Hudson Counties consistently show lower costs for low-income families across age groups, ranging from 4 percent to 10 percent. Additionally, child care costs for low-income families range from 10 to 15 percent of poverty level income in Gloucester, Salem, Atlantic, and Cumberland Counties, across all age groups in center-based care. Therefore, we emphasize that families with incomes that do not qualify for subsidies but are still considered low-income face considerable child care expenses for center-based care across all counties, especially for infant and toddler care.

8 Authors' calculations using weighted estimates from the American Community Survey, 2022.

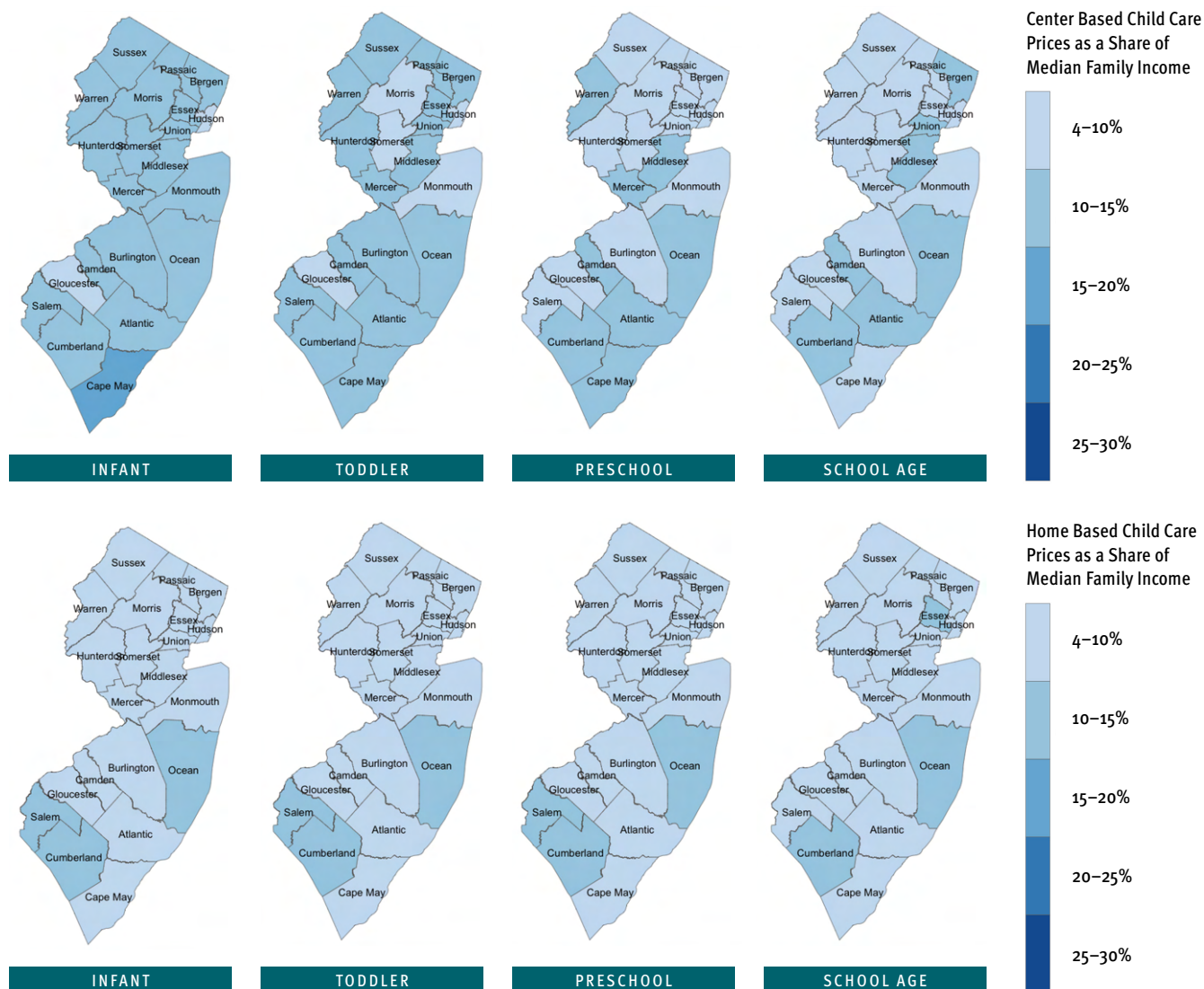
9 The United Way examines ALICE households state by state through detailed reports. More information on ALICE households can be found in the 2024 Update for New Jersey report from here: <https://www.unitedforalice.org/all-reports>

10 The full version of the proposed bill can be found here: <https://www.njleg.state.nj.us/bill-search/2024/S2241>

11 Authors' calculations using weighted estimates from the American Community Survey, 2022.

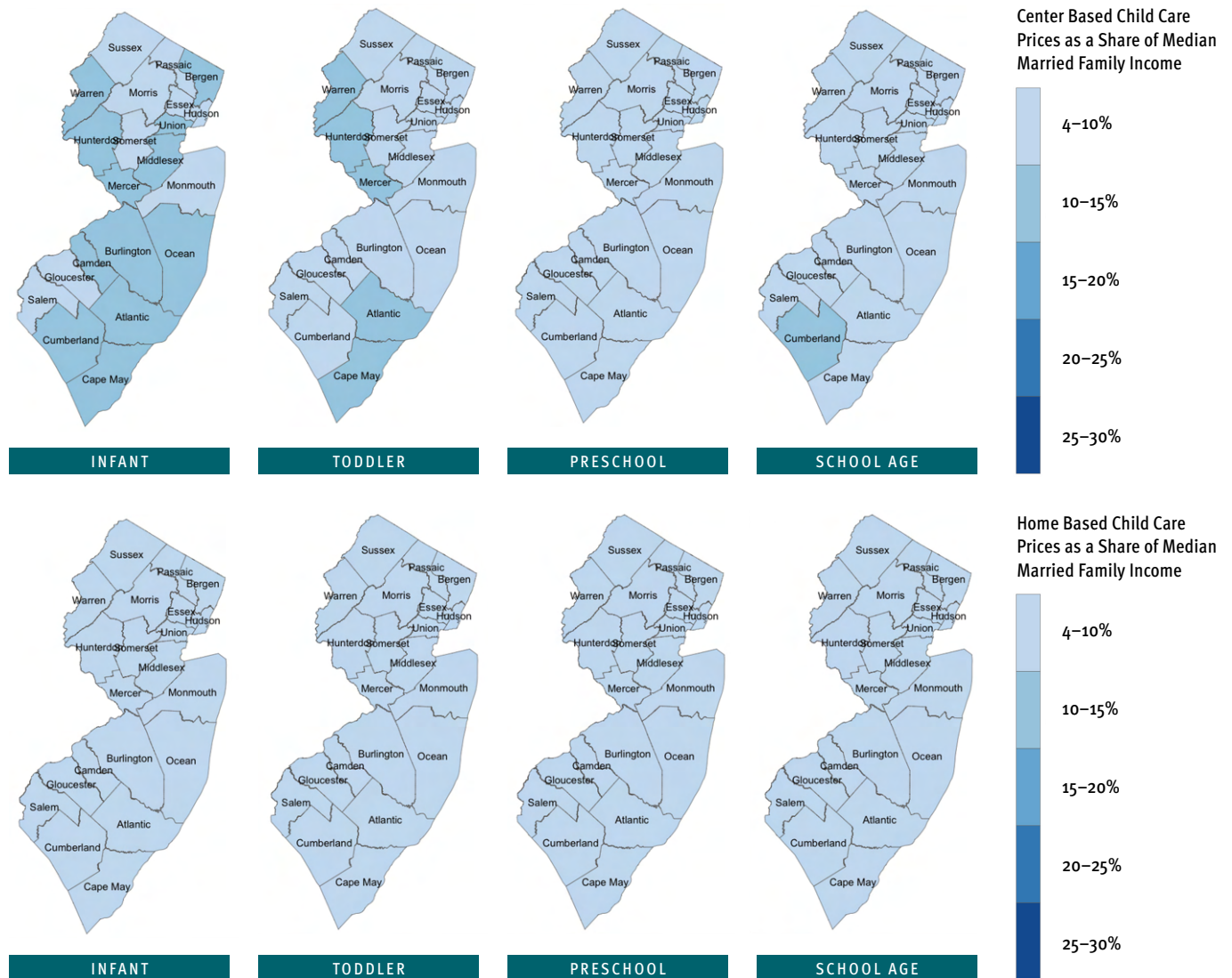
Like the affordability trends depicted in Figures 3–5, Figure 6 reveals that home-based care tends to be more affordable for low-income families compared to center-based care. In most counties, child care expenses range between 10 percent to 15 percent of the poverty level income for children under school age with only a few counties showing costs up to 20 percent. Hunterdon County stands out for its notably high child care expenses, reaching nearly 20 percent of the poverty level income across all age groups in home-based care. Sussex, Bergen, and Ocean Counties also exhibit consistently high child care costs for families with incomes at poverty level.

FIGURE 3: Child care prices in counties as a share of median family income by the age of the children and care setting (2022, estimated)



Source: National Database of Childcare Prices (NDCP) 2016–2018, Women’s Bureau, US Department of Labor and American Community Survey 2022, 5-year estimates, Table S1903. *Note: Prices are based on the NDCP 2016-2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average. The full list of prices is available in Appendix Table A3 and A4.*

FIGURE 4: Child care prices in counties as a share of median family income of married couple families by the age of the children and care setting (2022, estimated)



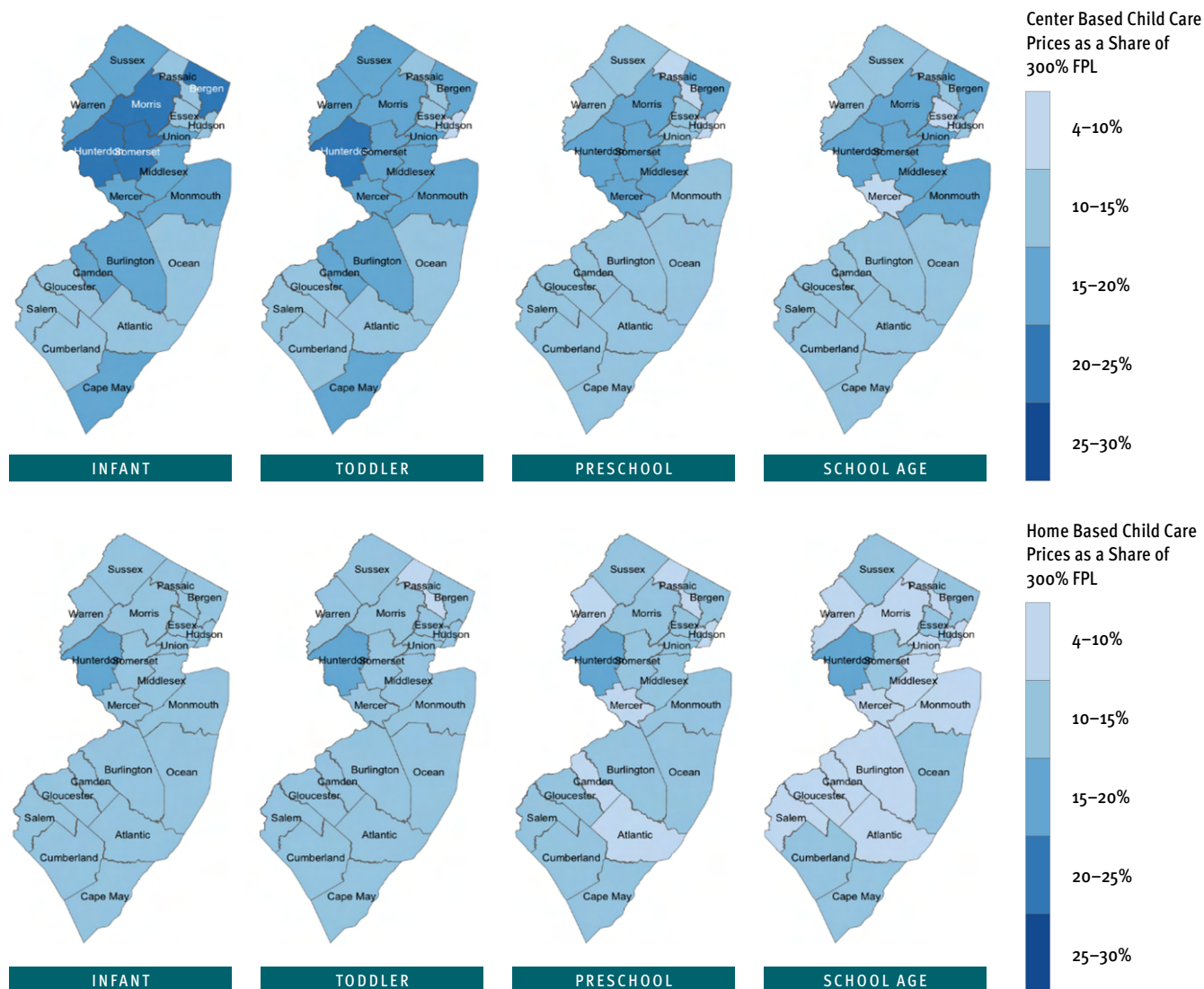
Source: National Database of Childcare Prices (NDCP) 2016–2018, Women’s Bureau, US Department of Labor and American Community Survey 2022, 5-year estimates, Table S1903. *Note: Prices are based on the NDCP 2016-2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average). The full list of prices is available in Appendix Table A3 and A4.*

FIGURE 5: Child care prices in counties as a share of median family income of single female householders by the age of the children and care setting (2022, estimated)



Source: National Database of Childcare Prices (NDCP) 2016–2018, Women’s Bureau, US Department of Labor and American Community Survey 2022, 5-year estimates, Table S1903. *Note: Prices are based on the NDCP 2016-2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average). The full list of prices is available in Appendix Table A3 and A4.*

FIGURE 6: Child care prices in counties as a share of 300 percent of the federal poverty level for a family of four by the age of the children and care setting (2022, estimated)



Source: National Database of Childcare Prices (NDCP) 2016–2018, Women’s Bureau, US Department of Department of Health and Human Services (HHS) poverty guidelines 2022 for family of four. *Note: Prices are based on the NDCP 2016-2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average).*

2. Does child care reflect differences in regional overall price levels?

This section presents the extent to which regional child care prices deviate from statewide median prices, with the variations expressed as each county's percentage differences from the median yearly child care price for one child, similar to Ruetschlin and Genç (2021).¹² In this analysis, the median child care price in the counties is compared to the statewide median price, and we report how much the county price differs from the statewide price. So, for example, if the statewide median price is \$1000 and the median price in a particular county is \$800, the county price is 20 percent lower than the statewide median, or deviates -20%. Figure 7 presents these price divergences and highlights the resulting disparities in child care affordability across the state for each care setting and age group.

As shown in Figure 7, only a few counties have consistently lower center-based child care prices, while the majority show higher prices compared to the state for infants. Passaic, Essex, Salem, and Cumberland counties have considerably lower child care costs, whereas Hunterdon, Morris, and Somerset counties have substantially higher prices. Notably, the cost of center-based care in Hunterdon is 41 percent above the state median for infants. These counties experience similar deviations from the state-level prices for toddlers as well. Exceptionally, deviations for toddlers in Bergen and Mercer counties show higher deviations from the state compared to deviations for infants.

Counties with higher center-based prices for infants and toddlers also tend to have higher prices for preschool and school-aged children, with a few exceptions. Burlington and Cape May counties show lower prices than the state for preschool and school-aged children. Similarly, Sussex, Warren, and Camden counties have lower prices for school-aged children. Figure 7 also shows that Bergen County stands out for its extraordinarily high prices for school-aged children, with 40 percent higher prices than the state's median yearly price.

Price disparities between home-based and center-based care are notably distinct. The lower panel in Figure 7 reveals that, in general, the deviations from state-level prices are lower for infants and toddlers in home-based care. However, certain counties stand out with higher home-based prices for infants and toddlers, including Hunterdon, Sussex, Passaic, Bergen, Somerset, Ocean, and Salem counties. The price deviations in Hunterdon, reaching 43 percent for infants and 47 percent for toddlers, are extraordinary. Bergen County follows with deviations of 22 percent and 25 percent higher than the state-level median yearly prices for infants and toddlers, respectively.

Additionally, regions experiencing higher child care prices in home-based care do not consistently reflect the trends seen in center-based care for preschool children. Specifically, counties in the southern part of the state (Burlington, Ocean, Gloucester, Salem, Cumberland, Cape May) stand out for their lower prices in center-based care, and they stand out for their higher prices than the state average for home-based care of preschool children. In other words, families in these counties experience more expensive home-based child care than center-based care when compared to state-level prices.

¹² Ruetschlin C., Genç Y. (2021). Utah 2021 Child Care Market Rate Study, prepared for the Utah Department of Workforce Services Office of Child Care.

Likewise, in home-based care, families face high costs in Cape May, Cumberland, Ocean, Sussex, and Essex counties for school-aged children, whereas families encounter comparatively lower prices for center-based care in these counties. In terms of school-age pricing, Hunterdon County stands apart with notably higher rates: home-based prices here are 76 percent higher than in the state.

To summarize, Figure 7 reveals considerable regional disparities in child care prices across all age groups and care settings. Although certain counties consistently exhibit higher prices (such as Hunterdon), others consistently show lower prices (like Passaic) across all age groups and care settings. There is a considerable regional variation in child care pricing compared to the state average, spanning counties, age groups, and care settings.

FIGURE 7: Regional price differences from the state-level median prices by the age of the children and the care setting

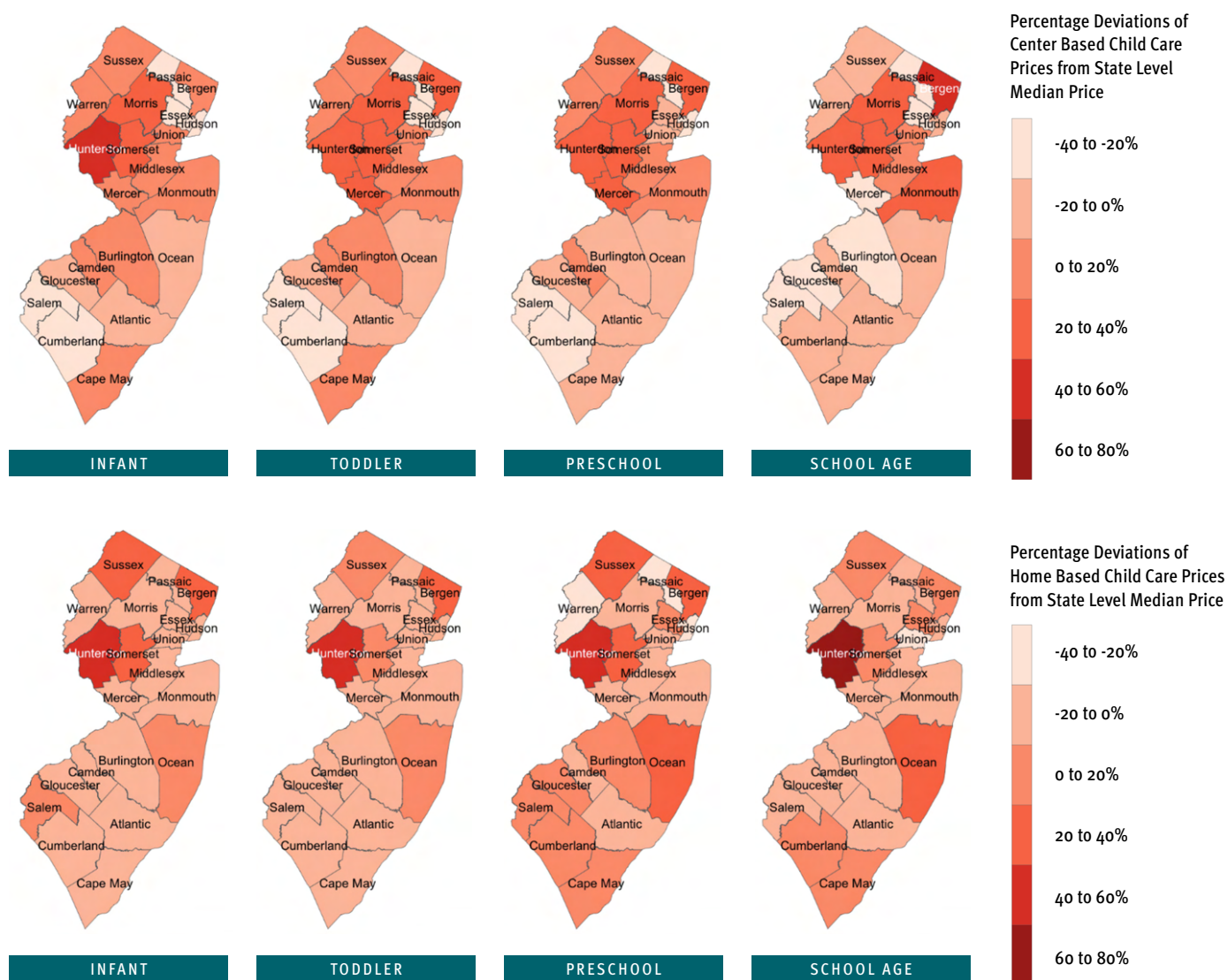
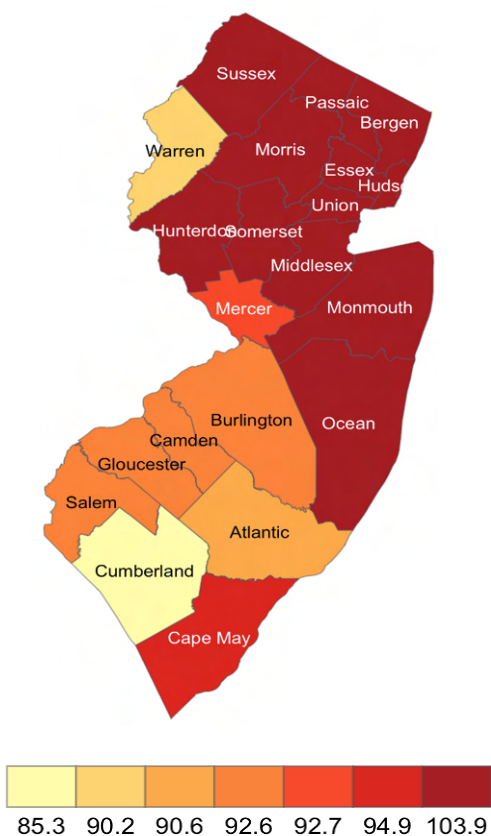


FIGURE 8: Regional Price Parities for MSA in NJ as a Percentage of Average Prices in NJ



Source: BEA Regional Price Parities by State and Metro Regions, 2022

Figure 8 allows us to compare these variations in child care prices with general regional price differences. It shows regional average price differences for goods and services, as measured by the Bureau of Economic Analysis (BEA)’s Regional Price Parity (RPP) index.¹³ Ideally, we would compare RPP and price deviations for each county; however, the BEA publishes RPPs as a percentage of the national price level for states and metropolitan statistical areas (MSAs). Table 1 shows the MSAs in New Jersey. Note that there are no nonmetropolitan portions of New Jersey because of the state’s population density. This comparison of child care prices and regional price differences shows whether child care prices are unusually high or low in an area compared to prices in general.

TABLE 1: List of Metropolitan Statistical Areas in New Jersey

MSA Name	Counties Included
Allentown-Bethlehem-Easton	Warren
Atlantic City-Hammonton	Atlantic County
New York-Newark-Jersey City	Bergen, Essex, Hudson, Hunterdon, Middlesex, Monmouth, Morris, Ocean, Passaic, Somerset, Sussex, Union
Ocean City	Cape May
Philadelphia-Comden-Wilmington	Burlington, Camden, Gloucester, Salem
Trenton-Princeton	Mercer
Vineland-Bridgeton	Cumberland

¹³ Regional Price Parities (RPPs) measure the differences in price levels across states and metro areas and are expressed as a percentage of the overall national price level. In other words, the national price level is set at 100, and other regions are compared to this baseline. For example, RPP in New Jersey is 108.7, it means that prices in New Jersey are 8.7 percentage points higher than the average national price level.

RPPs in Figure 8 are adjusted to represent differences in MSAs as a percentage of the average prices in the state of New Jersey. For instance, the average price deviates across the state, ranging from 14.7 percentage points below the state average in Vineland-Bridgeton MSA and 3.9 percentage points above the state average in New York-Newark-Jersey City MSA. This variation in overall price levels is less pronounced than the variation in child care prices shown in Figure 7.

When comparing Regional Price Parities (RPPs) with child care price differences across different areas of the state, several notable patterns emerge. Cumberland County, within the Vineland-Bridgeton Metropolitan Statistical Area (MSA), has the lowest RPP for all goods and services statewide. However, its child care market exhibits higher prices for home-based care of preschool and school-aged children compared to the state. Similarly, Allentown-Bethlehem-Easton MSA (Warren County), ranks second lowest in RPP, yet families there encounter prices for infant, toddler, and preschool care up to 9 percentage points higher than the state average. The Trenton-Princeton MSA (Mercer County) demonstrates prices that are 7.3 percentage points lower than the state average across all items. Nonetheless, families in this area contend with higher child care prices for center-based care of infants, toddlers, and preschoolers, reaching up to 21 percentage points above the state. Moreover, Ocean City (Cape May County) is the least expensive MSA in the state overall, yet child care prices surpass state averages for both center-based care of infants and toddlers and home-based care of preschool and school-aged children. In contrast, child care prices in the Atlantic City-Hammonton MSA (Atlantic County) align with its RPP. Here, prices for all items, including child care, are lower compared to state averages, presenting a more consistent picture across the board.

The New York-Newark-Jersey City Metropolitan Statistical Area (MSA) stands out for having the highest average price level. However, within this MSA, there are varying prices across its counties. Some counties, such as Hunterdon, Morris, and Somerset, exhibit the highest child care prices for all age groups in center-based care. In these regions, families face a dual strain of high average prices for goods and services generally and even higher child care prices compared to the state average, underscoring the critical importance of accessibility and affordability in this region. It is important to note that these three counties also have the highest median family incomes in the state, so the prices for goods and for child care may be reflective of that. Interestingly, despite the overall high average prices across all items, certain counties within this MSA, like Passaic, Essex, and Hudson, feature some of the lowest child care prices. This trend holds true for home-based care as well. These counties have among the lowest median family incomes, so families are paying high prices for goods, but comparatively lower prices for child care. Similarly, in the Philadelphia-Camden-Wilmington MSA (encompassing Burlington, Camden, Gloucester, and Salem counties), the region ranks as the fourth least expensive for all items compared to the state average. However, while some counties, like Burlington, experience higher child care prices, others, such as Salem County, report lower prices that align more with the general price levels of the area. Burlington is in the middle of counties when it comes to median family income while Salem has the third lowest median family income.

In summary, the disparities observed in child care prices compared to state prices and Regional Price Parities (RPPs), as depicted in Figure 7 and Figure 8, provide insight into regional price differences in child care and allow for comparisons with variations in the purchasing power of a dollar across different regions. These deviations and RPPs highlight that differences in child care prices from the median yearly state prices do not always mirror the broader distinctions in regional price levels.

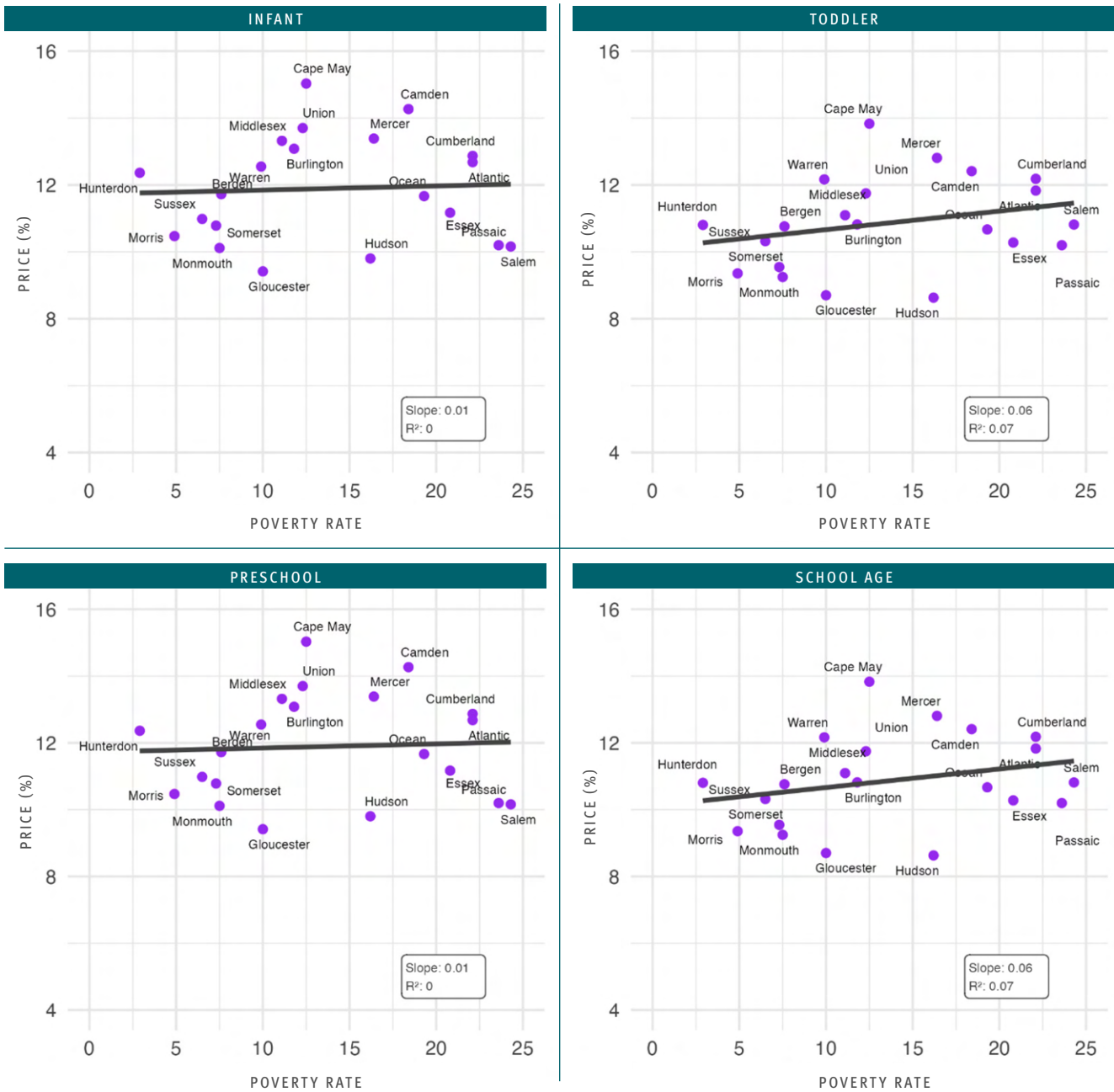
3. Regions' economic and demographic characteristics and child care prices

This section shows the relationship between counties' economic and demographic characteristics and child care prices as a percentage of median family income. Firstly, Figure 9 and Figure 10 show the child poverty rate and child care prices as a share of median income for center-based and home-based care, respectively. Child poverty rates vary significantly across the region, revealing considerable disparities compared to the state average. For children aged zero to five, poverty rates range from as low as 3 percent in Hunterdon to nearly 25 percent in Salem.

The relationship between child poverty rates and child care prices varies widely in center-based care for infants and toddlers (Figure 9). Counties like Cape May and Union show relatively high child care prices and moderate child poverty rates, while Passaic and Salem, with the highest poverty rates, have relatively lower child care prices. For preschool and school-aged center-based care, there are some counties, like Cumberland and Atlantic, that face both high child poverty rates and high child care prices. These two counties also have the lowest median family income.

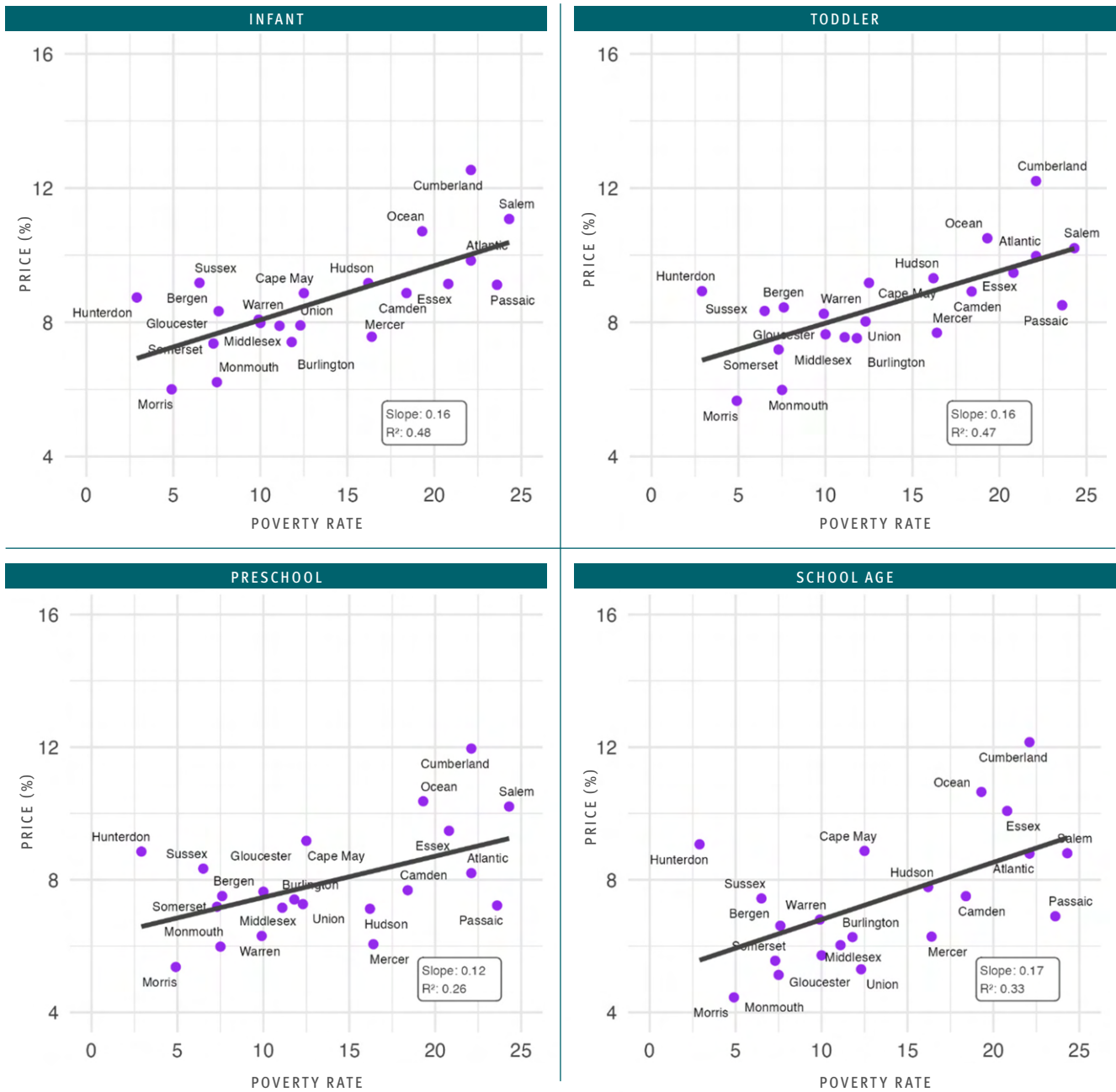
In contrast, we see a positive relationship between child poverty and child care prices for home-based care, especially for infants and toddlers. Counties with higher child poverty rates also experience relatively higher home-based care prices for all age groups. In Cumberland, Salem, Atlantic, and Ocean counties, families face the dual burden of high child poverty and elevated child care costs, which poses significant challenges for child care accessibility.

FIGURE 9: Center-based child care prices in counties as a share of median family income and poverty rate for the population under 5



Source: Source: National Database of Childcare Prices (NDCP) 2016-2018, Women’s Bureau, US Department of Labor and American Community Survey 2022, 5-year estimates, Table S1701. *Note 1: Prices are based on the NDCP 2016-2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average). The poverty rate is presented for the population aged 0–5.* *Note 2: The scatter plots include a line of best fit derived from a linear regression analysis where Price (%) regressed on Poverty Rate. The slope and R square is reported to underline the relationship and the goodness of fit.*

FIGURE 10: Home-based child care prices in counties as a share of median family income and poverty rate for the population under 5

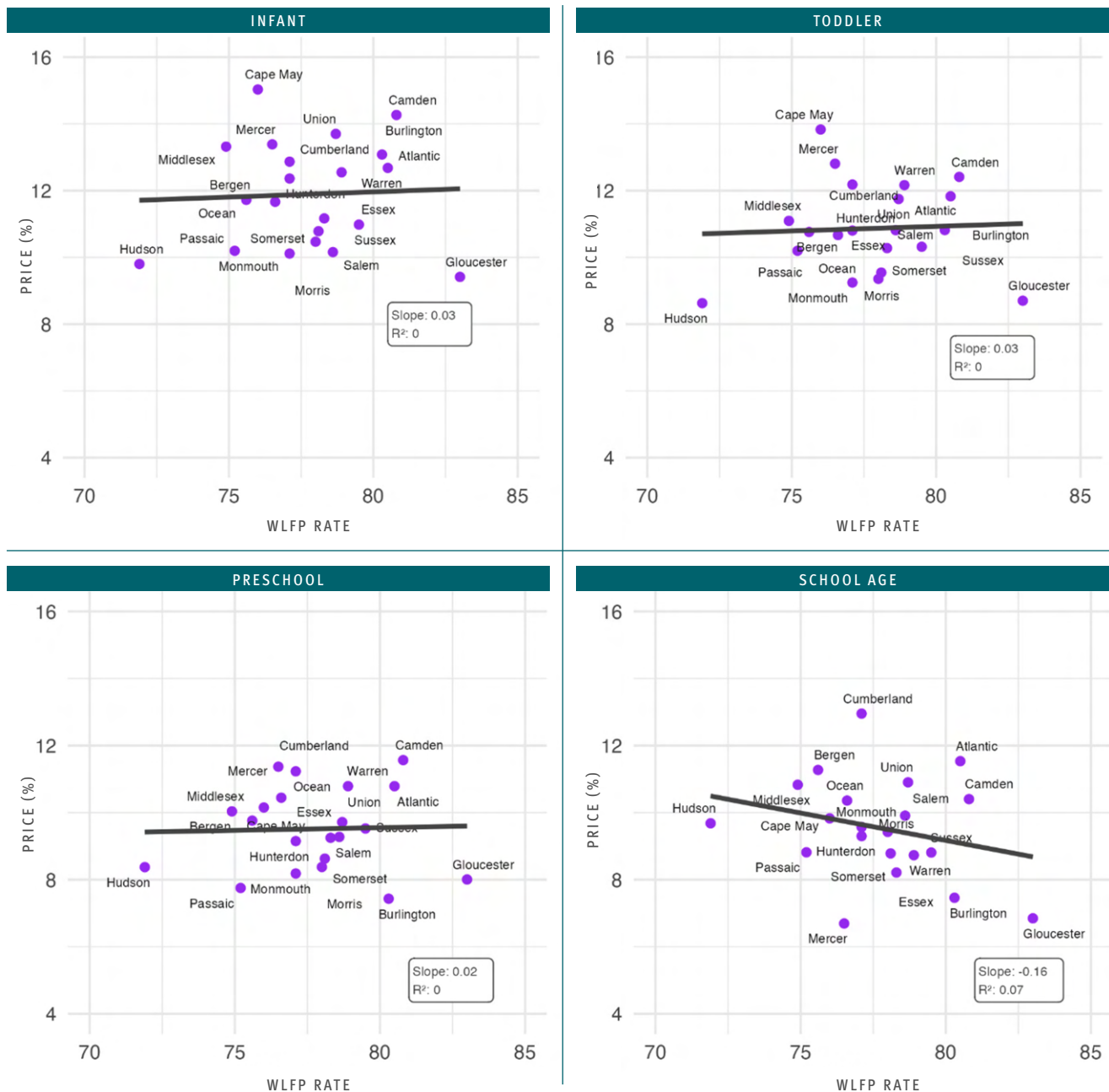


Source: Source: National Database of Childcare Prices (NDCP) 2016-2018, Women’s Bureau, US Department of Labor and American Community Survey 2022, 5-year estimates, Table S1701. *Note 1: Prices are based on the NDCP 2016-2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average). The poverty rate is presented for the population aged 0-5.* *Note 2: The scatter plots include a line of best fit derived from a linear regression analysis where Price (%) regressed on Poverty Rate. The slope and R square is reported to underline the relationship and the goodness of fit.*

Given that many families use child care to cover their hours at work, high child care prices might decrease the benefit of both parents working outside the home. This may contribute to lower labor force participation of women by forcing them into the home to provide care instead of bearing the costs of child care. Figure 11 and Figure 12 show the relationship between child care prices as a share of median family income and labor force participation of women aged 20 to 64 years with children under 18.

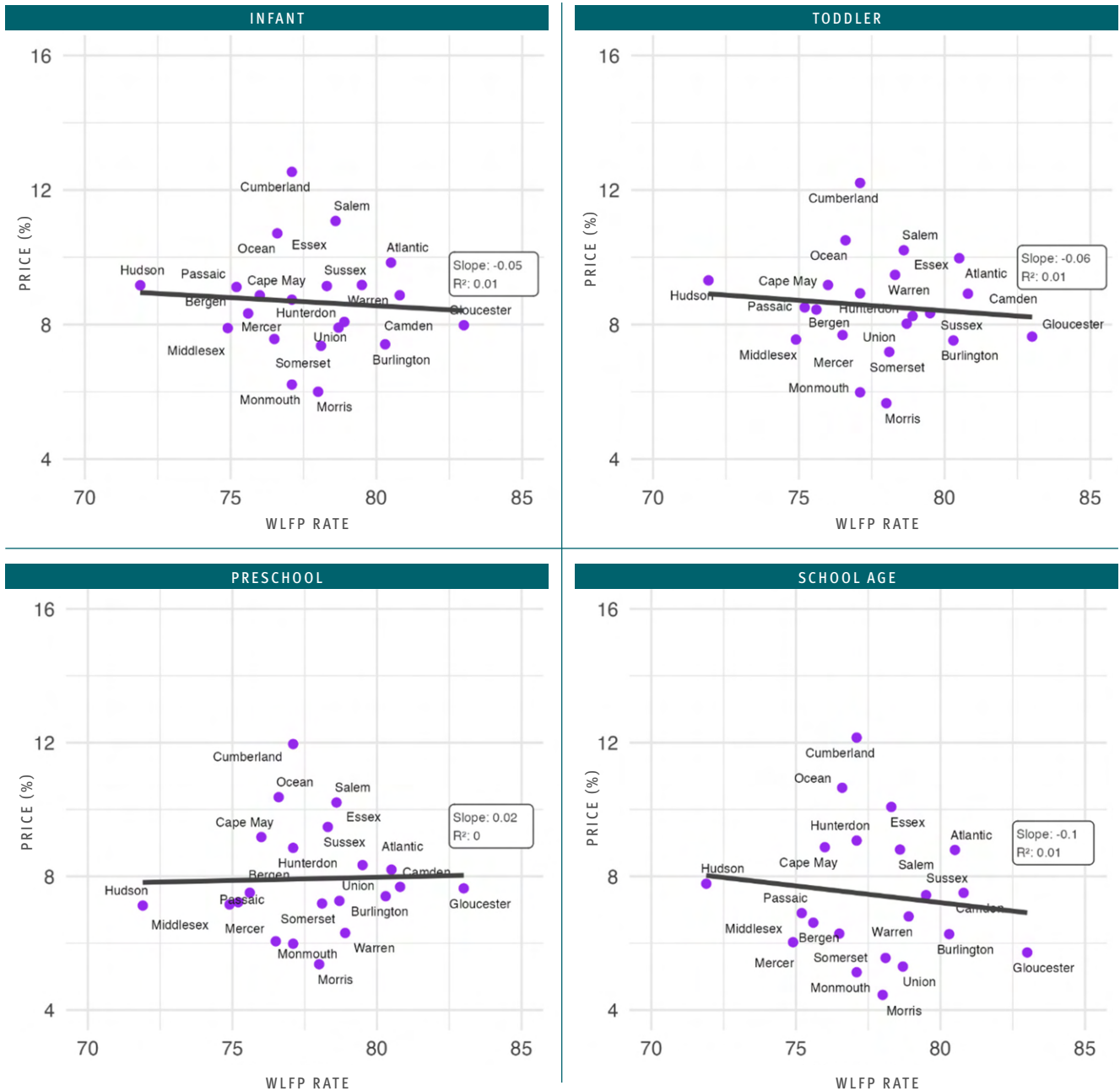
In New Jersey, the women's labor force participation rate varies from 72 percent in Hudson County to 82 percent in Gloucester County. Most counties fall within the range of 75 to 80 percent participation. There's no clear correlation between women's labor force participation rates and child care prices, as indicated by Figure 11 and Figure 12. However, certain counties like Cape May, Mercer, and Middlesex exhibit low participation rates alongside high child care costs, particularly for infants and toddlers in center-based facilities. Hudson County is notable for having the lowest participation rate and comparatively high home-based child care prices across all age groups compared to other counties. Conversely, families in Gloucester County benefit from some of the lowest center-based child care prices statewide across different age groups, and they also have the highest labor force participation rates for women.

FIGURE 11: *Center-based* child care prices in counties as a share of median family income and women’s labor force participation rate with children under 18



Source: Source: National Database of Childcare Prices (NDCP) 2016-2018, Women’s Bureau, US Department of Labor and American Community Survey 2022, 5-year estimates, Table S2301. *Note 1: Prices are based on the NDCP 2016-2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average). Women’s labor force participation rate is presented for women aged 20 to 64 years with children under 18. Note 2: The scatter plots include a line of best fit derived from a linear regression analysis where Price (%) regressed on WFLP Rate. The slope and R square is reported to underline the relationship and the goodness of fit.*

FIGURE 12: *Home-based* child care prices in counties as a share of median family income and women’s labor force participation rate with children under 18



Source: Source: National Database of Childcare Prices (NDCP) 2016-2018, Women’s Bureau, US Department of Labor and American Community Survey 2022, 5-year estimates, Table S2301. *Note 1: Prices are based on the NDCP 2016-2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average). Women’s labor force participation rate is presented for women aged 20 to 64 years with children under 18. Note 2: The scatter plots include a line of best fit derived from a linear regression analysis where Price (%) regressed on WLFP Rate. The slope and R square is reported to underline the relationship and the goodness of fit.*

>>> Summary

The goal of this research report was to provide an overview of child care affordability across New Jersey. We found that child care is indeed more than families can afford in much of New Jersey, with child care costs for all age groups representing a greater percentage of the median family income than HHS recommends (7%). Infant and toddler care in child care centers is the most expensive type of care. Child care is least affordable for families who make more than the income that qualifies them for subsidies (200% FPL), but are still low-income—we estimated effects for those up to 300% of the FPL. In addition, single female headed households carry the most child care burden, with their costs reaching up to 30 percent of income in some parts of the state.

In our section on regional price levels across MSAs, we find that differences in child care prices across counties are more striking than general price level differences. Several counties deviate from state averages in child care costs more than in general price levels for goods. Additionally, some counties experience both higher general prices and higher child care costs, leading families to face a double burden of a generally high cost of living as well as high child care costs.

The final section explores the relationship between counties' poverty rates, women's labor force participation, and their child care prices. Our analysis reveals that counties with high home-based child care costs also have high child poverty rates across age groups, while there is no consistent relationship between women's labor force participation rates and child care prices.

Overall, this report provides a picture of child care affordability in New Jersey. With its focus on the lowest income families, it gives a sense of how families across counties are dealing with both their general cost of living as well as the cost of child care. It also gives a sense of how the income level that qualifies a family for subsidies does not protect those families who are asset-limited, income-constrained employed (ALICE). These families make too much to qualify for subsidies, but continue to pay a high percentage of their incomes for child care. This analysis can help to understand the child care affordability landscape in New Jersey and inform the possible policy solutions that may help to lower costs for the most vulnerable families.

Appendix

A1. Center based child care prices by age groups and states, 2022 (estimated)

State	Infant	Toddler	Preschool	School Age	State	Infant	Toddler	Preschool	School Age
Alabama	7,486	7,486	6,789	6,188	Montana	9,860	8,627	8,627	8,627
Alaska	15,716	14,252	11,788	10,508	Nebraska	11,259	10,355	9,821	9,509
Arizona	12,174	10,860	9,377	8,177	Nevada	13,941	13,886	11,821	9,907
Arkansas	7,058	6,770	6,121	5,399	New Hampshire	13,499	12,478	11,146	10,777
California	18,943	13,446	13,446	11,303	New Jersey	14,144	12,699	11,243	11,616
Colorado					New Mexico				
Connecticut	18,127	18,127	14,622	6,080	New York	19,340	16,519	15,252	13,618
Delaware	12,864	11,736	10,214	5,283	North Carolina	11,415	9,834	7,844	6,052
District of Columbia					North Dakota	10,492	10,025	8,961	3,725
Florida	10,254	8,682	7,532	6,445	Ohio	12,744	11,277	9,995	6,302
Georgia	8,747	8,195	7,894	6,793	Oklahoma	9,860	8,288	8,288	5,582
Hawaii	20,028	20,028	13,085	2,003	Oregon	13,418	13,047	13,047	8,652
Idaho	8,216	7,653	6,973	6,227	Pennsylvania	12,461	11,310	10,484	9,791
Illinois	14,777	12,440	11,015	6,880	Rhode Island	14,084	13,452	12,072	7,761
Indiana					South Carolina	8,628	8,628	7,771	4,576
Iowa	10,380	10,380	8,858	7,109	South Dakota	7,133	7,133	6,532	6,105
Kansas	8,208	8,025	6,606	4,594	Tennessee	9,737	7,914	7,914	3,264
Kentucky	7,880	7,145	7,146	5,863	Texas	9,527	8,678	8,073	7,602
Louisiana	7,447	7,298	6,892	6,629	Utah	10,505	8,990	8,199	7,674
Maine	12,040	10,876	10,048	6,242	Vermont	13,474	12,934	12,604	10,256
Maryland	15,815	11,077	11,077	10,040	Virginia	14,377	11,540	11,540	10,181
Massachusetts	21,922	19,969	15,665	11,941	Washington	16,607	14,371	12,791	7,960
Michigan	11,289	11,289	9,878	8,937	West Virginia	8,470	7,906	7,341	7,058
Minnesota	16,787	14,562	13,268	9,962	Wisconsin	13,963	12,467	12,467	10,219
Mississippi	4,596	4,351	4,351	4,229	Wyoming	8,664	7,834	7,150	7,348
Missouri	12,955	10,036	10,036	8,456					

Source: National Database of Childcare Prices (NDCP) 2016–2018. *Note: Prices are based on the NDCP 2016-2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average.)*

A2. Home based child care prices by age groups and states, 2022 (estimated)

State	Infant	Toddler	Preschool	School Age	State	Infant	Toddler	Preschool	School Age
Alabama	7,486	7,486	6,789	6,188	Montana	7,553	7,050	7,050	7,050
Alaska	15,716	14,252	11,788	10,508	Nebraska	7,921	7,469	7,463	7,357
Arizona	12,174	10,860	9,377	8,177	Nevada	10,717	10,696	11,560	10,515
Arkansas	7,058	6,770	6,121	5,399	New Hampshire	9,926	9,926	9,926	9,926
California	18,943	13,446	13,446	11,303	New Jersey	9,876	9,776	9,027	8,303
Colorado					New Mexico				
Connecticut	18,127	18,127	14,622	6,080	New York	12,072	11,738	11,275	10,756
Delaware	12,864	11,736	10,214	5,283	North Carolina	8,998	8,284	8,017	7,133
District of Columbia					North Dakota	7,531	7,531	7,272	4,105
Florida	10,254	8,682	7,532	6,445	Ohio	9,126	8,748	8,268	7,031
Georgia	8,747	8,195	7,894	6,793	Oklahoma	7,424	7,209	7,209	5,545
Hawaii	20,028	20,028	13,085	2,003	Oregon	7,896	7,634	7,634	7,052
Idaho	8,216	7,653	6,973	6,227	Pennsylvania	9,539	8,923	8,627	8,165
Illinois	14,777	12,440	11,015	6,880	Rhode Island	10,347	10,060	9,275	6,898
Indiana					South Carolina	6,721	6,721	5,664	4,712
Iowa	10,380	10,380	8,858	7,109	South Dakota	5,378	5,378	5,215	5,286
Kansas	8,208	8,025	6,606	4,594	Tennessee	7,186	6,681	6,681	3,844
Kentucky	7,880	7,145	7,146	5,863	Texas	8,304	7,895	7,460	6,662
Louisiana	7,447	7,298	6,892	6,629	Utah	8,496	7,676	7,588	7,083
Maine	12,040	10,876	10,048	6,242	Vermont	10,348	9,860	9,786	9,288
Maryland	15,815	11,077	11,077	10,040	Virginia	10,059	8,812	8,812	7,932
Massachusetts	21,922	19,969	15,665	11,941	Washington	12,851	11,636	10,837	8,817
Michigan	11,289	11,289	9,878	8,937	West Virginia	7,058	6,211	6,211	5,647
Minnesota	16,787	14,562	13,268	9,962	Wisconsin	10,665	9,779	9,828	8,931
Mississippi	4,596	4,351	4,351	4,229	Wyoming	8,361	7,680	7,437	6,726
Missouri	12,955	10,036	10,036	8,456					

Source: National Database of Childcare Prices (NDCP) 2016–2018. Note: Prices are based on the NDCP 2016–2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average.)

A3. Center based child care prices by age groups and county, 2022 (estimated)

County	Infant	Toddler	Preschool	School Age
Atlantic	11,651	10,870	9,913	10,599
Bergen	16,921	15,532	14,090	16,271
Burlington	16,051	13,274	9,120	9,154
Camden	14,679	12,770	11,900	10,704
Cape May	15,224	14,009	10,283	9,955
Cumberland	9,766	9,245	8,524	9,830
Essex	10,876	10,008	9,006	7,998
Gloucester	11,455	10,587	9,741	8,331
Hudson	9,431	8,303	8,057	9,316
Hunterdon	19,958	17,441	14,773	15,012
Mercer	16,075	15,381	13,653	8,038
Middlesex	16,627	13,850	12,531	13,521
Monmouth	15,174	13,873	12,279	14,356
Morris	17,127	15,304	13,705	15,419
Ocean	12,187	11,146	10,913	10,823
Passaic	9,919	9,919	7,540	8,575
Salem	9,400	10,008	8,583	9,170
Somerset	17,385	15,388	13,910	14,160
Sussex	14,359	13,491	12,456	11,519
Union	15,838	13,582	11,233	12,606
Warren	14,190	13,756	12,200	9,872

Source: National Database of Childcare Prices (NDCP) 2016–2018
 Note: Prices are based on the NDCP 2016–2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average.)

A4. Home based child care prices by age groups and county, 2022 (estimated)

County	Infant	Toddler	Preschool	School Age
Atlantic	9,043	9,163	7,535	8,384
Bergen	12,024	12,187	10,840	12,061
Burlington	9,095	9,236	9,086	10,110
Camden	9,127	9,175	7,907	8,798
Cape May	8,982	9,293	9,293	10,340
Cumberland	9,516	9,267	9,075	10,097
Essex	8,905	9,229	9,229	10,269
Gloucester	9,709	9,297	9,297	10,344
Hudson	8,820	8,960	6,856	7,628
Hunterdon	14,109	14,412	14,289	15,899
Mercer	9,091	9,232	7,274	8,093
Middlesex	9,854	9,429	8,935	9,942
Monmouth	9,327	8,977	8,977	9,988
Morris	9,819	9,261	8,785	9,775
Ocean	11,191	10,975	10,833	12,053
Passaic	8,867	8,275	7,027	7,819
Salem	10,251	9,447	9,447	10,511
Somerset	11,878	11,586	11,586	12,891
Sussex	11,997	10,902	10,902	12,130
Union	9,140	9,279	8,400	9,346
Warren	9,136	9,332	7,131	7,934

Source: National Database of Childcare Prices (NDCP) 2016–2018
 Note: Prices are based on the NDCP 2016–2018 data collection cycle and presented in 2022 real dollars using the CPI-U for child care (daycare and preschool in the US city average.)