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Investing In Families And Our Future:

A policy roadmap to address NYC
child care needs now



The 5BORO Institute is an innovative, action-oriented think tank advancing creative solutions to strengthen NYC. We exist to help solve NYC's most challenging problems.

We partner with policymakers, the private sector, academia, and community leaders to bring best practices to government and tackle complex issues with innovative thinking and actionable plans.

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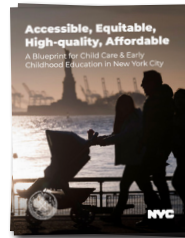
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We are also grateful to the many elected officials, government leaders, and civil servants who are working tirelessly to deliver child care to New York City's families. Thank you to State Senator Jessica Ramos, Council Member Jennifer Gutierrez and Council Member Julie Menin, and to staff at the Mayor's Office of Child Care, the Department of City Planning, and the New York City Economic Development Corporation for meeting with us during the development of this paper. Thank you to the 5BORO Advisory Board Child Care Working Group, Ella Bullock-Papa, and Stephanie Bazell for their contributions to this report.

Many policymakers, advocates, and other thought leaders have produced clear and detailed reports about the current state of child care in New York City and have put forward recommendations for how to improve the system. We have amplified many of their ideas in this report and credited them where we borrowed from their expertise. We also leveraged the work of national thought leaders in child care and the journalists and researchers who have already documented well the challenges and opportunities. These resources are referenced throughout the paper and included in the report bibliography.



Mayor Adams' 2022 child care plan – “[Accessible, Equitable, High-quality, Affordable: A Blueprint for Child Care & Early Childhood Education in New York City](#)” – and the child care section of the “Plan for a New New York’s 2022 report, “[Making New York Work for Everyone](#)” provide critical detail on the goals that the city and state have set to strengthen child care.

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EXECUTIVE SUMMARY

Child care in NYC is a broken market in need of intervention. Families cannot get the care they need, child care providers are struggling to generate enough revenue to sustain their businesses, and our workforce and economy are suffering.

In 2022 alone, the city is estimated to have lost

\$23 billion dollars

in economic activity as a result of parents leaving the workforce or downshifting careers to meet child care needs.

This is hardly a New York City specific problem, but **the high cost of living and expensive real estate** make the challenges especially acute here.

Why is child care so troubled as a sector? There are many factors, but the primary collision is between two forces:



Families are spending an **unmanageable portion of their income on child care**, while child care providers are running businesses with razor-thin margins that are primarily dependent upon parent fees as revenue.



There is **insufficient care to meet the needs of New York City's families**, but the economics and regulatory realities prevent new businesses from opening and make it challenging for providers to stay afloat.

At their best, high-quality child care settings are a place for young children to learn, thrive, and engage with their peers. **Child care is also an essential service** for families in an economy that often demands all adults in a household pursue outside employment.

The gaping holes in our child care market hurt our city's economy and our future. Without access to affordable, reliable child care, young families are leaving New York City.

This is leading in particular to an exodus of Black families who can no longer afford to raise their children here.

Losing families hurts our city's future – there are economic impacts, like a decline in public school funding and a decreased tax base – but also more fundamental challenges, as New York becomes a city for the wealthy and no longer one for the middle and working class.

The economics and operational realities of child care are fundamentally broken; supply and demand just don't match up. Correcting the child care market therefore requires intervention by government and private forces.

The best policy answer is a system that guarantees free or low-cost high-quality child care for all families.

This would be transformational for families – affordable, accessible child care would enable them to continue raising their children in New York City – and would in turn have meaningful returns for the city’s continued economic recovery and growth.



Moving toward a future with universal child care will require us to think boldly about creating child care capacity, expanding and supporting the workforce, and helping families find care that meets their needs. Our city leaders and private sector partners need to dream big and innovate.

There is real opportunity to streamline access for families through simplified enrollment processes and increased outreach; to simplify the regulations that child care providers operate under and provide more help to these small businesses as they navigate the complexities; to invest in child care workers; to create more physical space for child care businesses through repurposing existing real estate, including underutilized public schools, and incentivizing new building and development; and to enlist employers as more proactive partners.

Investments in early childhood educators and child care facilities are especially critical if our policy goal is to grow the city's child care supply.



While we plan for a better future, we also need to address the real challenges facing us right now. The number of child care providers closing their doors has increased since the pandemic. Some of this is due to major operational challenges within the city's bureaucracy, exacerbated by the city's staffing challenges. Even in the midst of a budget crisis, the city is leaving hundreds of millions of dollars of state funding for child care on the table; the city is not maximizing the revenue it could draw down from the state to provide child care to eligible families because the dollars are not being maximized.

This also means that families who could access free or subsidized care are not getting it. The city needs to take immediate action to shore up its own operations and stabilize the child care sector so that we do not compromise the limited safety net we have in place.

In this paper, we present a set of ideas to save our child care system from collapse while fundamentally redesigning what it looks like for the future.

This report includes an overview of the challenges facing our city today, followed by a menu of policy ideas, organized thematically and with examples of promising practices from other cities around the country and world. In the first policy ideas chapter, we will detail the issues that the city must address to more immediately shore up its existing early care and education services. In sections two through seven, we will explore ideas that could make care more accessible for families and strengthen our city's child care infrastructure as we shift toward a universal care model.

By amplifying the ideas put forward by child care advocates and policy experts and lifting up examples that have worked elsewhere, we aim to provide New York City's policymakers with a menu of options that will lead to action and a greater focus on solutions.

Summary of Policy Ideas

See appendix for an estimation of the cost, feasibility, and potential near-term impact of policy ideas in this paper.



Shore up the city's existing child care infrastructure

- Streamline governance ✓
- Prioritize staffing vacancies in the critical functions that support child care
- Implement process improvements and automation for provider payments
- Expand the bridge loan program as an emergency stop-gap
- Create meaningful opportunities for child care providers to engage in policy-making discussions and decisions ✓
- Increase transparency into public spending and operations



Connect more families to care

- Reinvigorate the city's outreach campaign for early care and education services ✓✓
- Create a text list to allow the city to communicate with parents and guardians of young children
- Publish and maintain a user-friendly directory of all child care programs in the city ✓
- Create a true 'one-stop' portal for families to access care
- Make it easier for families to enroll in care ✓
- Leverage existing partners, like the city's Child Care Resource and Referral Networks and the Department of Education's Family Welcome Centers, to do more

✓ Aligns to recommendation in the Plan for a New New York's 2022 report

✓ Aligns to recommendations in the Mayor's 2022 blueprint for child care



Expand and simplify access to free and low-cost care

Expand who is eligible and provide more care to those who need it

- Eliminate the wage floor for subsidized care ✓
- Create allowances for gig workers and others with nontraditional income
- Increase access for children regardless of immigration status ✓
- Further raise the income ceiling and minimize the risk that families lose access to care
- Decouple authorized hours of care from work hours ✓
- Extend a longer timeline for eligibility ✓

Make it easier and faster for eligible families to get care

- Simplify the application for child care
- Integrate data systems to allow families to more easily qualify for child care
- Create automatic eligibility for certain vulnerable families ✓
- Enroll families in care faster with presumptive eligibility
- Provide the infrastructure to help families access the care they are entitled to
- Further reduce the burden of child care fees



Make it easier for child care providers to do business

Make it easier for providers to obtain and maintain the necessary permits to operate

- Streamline the process to apply for and receive a child care license
- Tailor ongoing monitoring and license renewal based on past performance
- Create a new office of licensure specifically focused on home-based providers
- Leverage community partners to support providers to meet licensing requirements

✓ Aligns to recommendation in the Plan for a New New York's 2022 report

✓ Aligns to recommendations in the Mayor's 2022 blueprint for child care



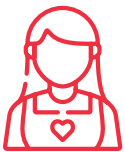
Make it easier for child care providers to do business (continued)

Ease regulatory burden

- Allow for background check verification to follow child care workers.
- Make it easier for providers to operate during nontraditional hours ✓
- Streamline the process for providers to claim higher rates ✓
- Change outdated provisions to funding rules, like the allowable number of absences ✓

Provide more direct operational and business support

- Create bridge grants to allow providers to better weather emergencies
- Create shared services hubs for child care providers ✓
- Ensure all resources for child care providers are made available in a multitude of languages



Bolster the child care workforce

- Invest in higher wages for child care workers in all roles in all settings
- Provide additional benefits to providers beyond compensation: health care, child care, pension plans, housing stipends, loan forgiveness
- Expand career advancement opportunities for child care professionals ✓
- Expand partnerships with higher education partners to grow the staff pipeline
- Extend flexibility in certification requirements to support the incumbent workforce
- Create training programs and apprenticeships specifically for immigrant communities

✓ Aligns to recommendation in the Plan for a New New York's 2022 report

✓ Aligns to recommendations in the Mayor's 2022 blueprint for child care



Create more physical space for child care

- Make it easier for child care centers to occupy second-floor and basement spaces ✓
- Expand flexibility within city zoning to encourage child care center development
- Maximize use of the property tax abatement to incentivize conversion opportunities ✓✓
- Create other incentives for developers to allocate space for child care
- Create a matchmaking program to connect would-be child care operators with physical spaces appropriate for child care that are otherwise going unused ✓
- Use modular construction to reduce the costs of building new child care programs ✓
- Earmark climate resilience funds for child care program construction and renovation
- Repurpose vacant public school space for child care at low or no cost to providers
- Encourage the construction of housing stock specifically designed for home-based child care providers to live and work



Bring employers into the conversation

Steps that government can take

- Incentivize cost sharing by employers ✓
- Partner with labor
- Set an example by providing child care benefits for city employees

Steps that employers can take

- Help employees who may be eligible for child care benefits navigate the system to access care
- Offer flexible benefits to meet the diverse child care needs of employees ✓
- Expand child care supply for employees ✓
- Take an active role to ensure child care availability matches employees' needs based on their schedule
- Create scheduling consistency for employees

✓ Aligns to recommendation in the Plan for a New New York's 2022 report

✓ Aligns to recommendations in the Mayor's 2022 blueprint for child care



What do we mean when we say “child care”?

For the purposes of this paper, we use “child care” to refer to all care arrangements for children under five, or until they are eligible to begin kindergarten. There are many different terms used for care during this period of a child’s life, including day care, nursery school, preschool, pre-K, and others.

We use “child care” to be fully inclusive of the full spectrum of options, including care provided in formal and informal settings. The different child care options that families in New York City utilize are further defined in the chapter that follows; most of our policy recommendations focus on strengthening and expanding the formal care options in the city.

That said, not all parents want or need child care outside of the home. This paper focuses on the need for affordable and accessible child care to be available to all families and examines what it will take to expand available care options. In no way does 5BORO mean to suggest that a certain type of child care is best for all families. In a thriving city that must do more to support families with young children, parents should have access to an array of services that fit within their budget as well as the support and information to make choices best for themselves.

On the other hand, the need for child care does not magically vanish when a child turns five. While elementary school is a free and universally available service, children still need supervision before and after school, during the many school holidays and days off, and over the summer. In this policy paper, we focus primarily on children from birth to five because gaps in current child care infrastructure are so acute. It is worth acknowledging though that care for school-aged children is also a critical policy issue that [deserves its own attention](#).

Child care in NYC: a broken market in need of intervention

There are 500,000 children under five living in New York City. Ensuring they have safe, nurturing environments to grow and learn is critical to the livelihood of our city.

At their best, high-quality child care settings² stimulate the development of young children during the period of their lives when they are learning and developing most.

Child care is also an economic necessity; [two-thirds of children under five](#) in the city have all parents in the workforce.

In 2022, [there was capacity](#) in the licensed child care sector to serve just 46 percent of children under five in the city (see sidebar, “Where do children in New York City go for care”). Many advocates and researchers have well-documented the challenges that families in New York have finding accessible and affordable child care, and yet it remains both jarring and vexing how significant the issues are.

Where do children in New York City go for care?

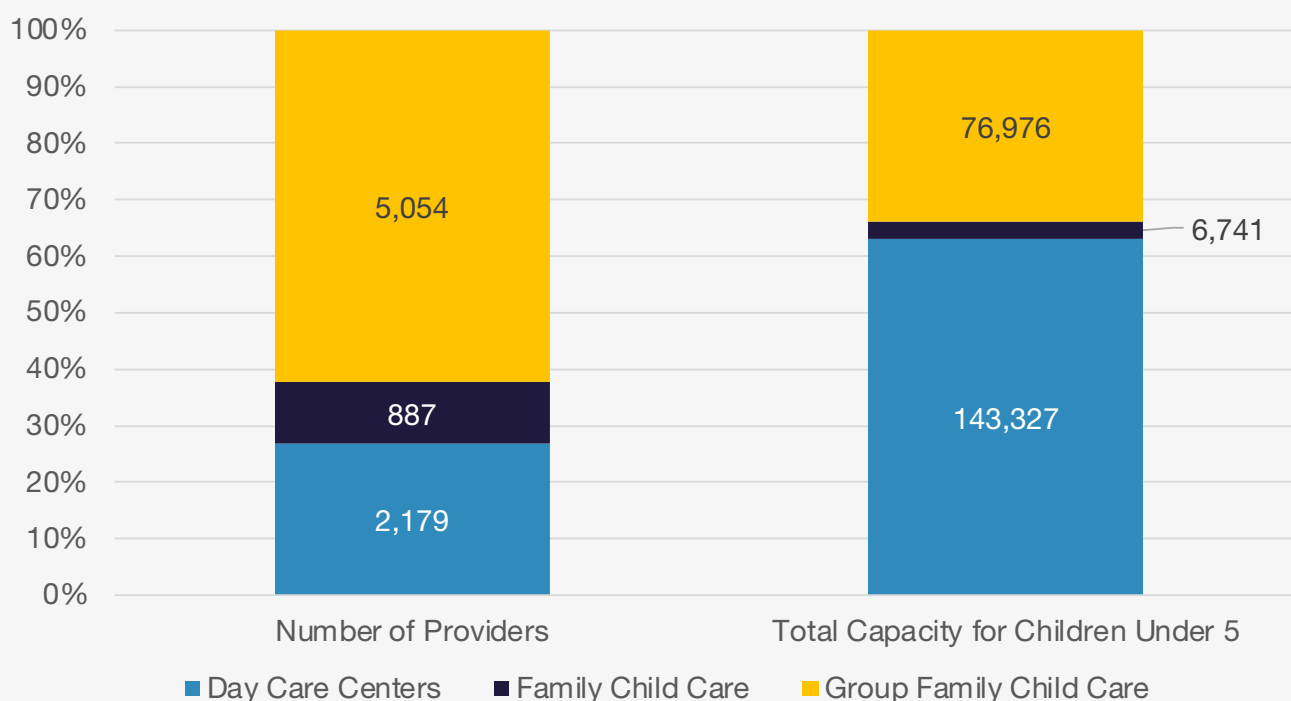
Formal, regulated care in New York City for children under five is provided [in a mix of settings](#):

- **Family child care:** child care provided in the caregiver’s home for up to eight children (six, if all children are under five, with no more than two children under two)
- **Group family child care:** child care provided in the caregiver’s home with at least one assistant teacher in addition to the primary caregiver for up to 16 children (12, if all children are under five)
- **Center-based child care:** child care provided in a program or facility to children from six weeks through five years old
- **School-based programs:** preschool services primarily for children from age three to five, including the city’s 3-K and Pre-K programs

[According to the state](#), in 2022 there were 887 family child care providers, 5,054 group family providers, and 2,179 center-based providers with capacity to serve children under five operating in New York City. Home-based care makes up the majority of providers in New York City; there are nearly three times as many family and group family child care providers as centers. A disproportionate share of infants and toddlers are cared for in home-based settings. Child care centers account for a majority of the total capacity for children under five though since each home-based site enrolls a relatively small number of children.

² Throughout this report, we define “high-quality child care” using the definition articulated by Robin Hood in their recent report, [“From Crisis to Opportunity.”](#) Under this definition, high quality child care settings are those that: “create a language-rich learning environment that optimizes children’s cognitive, social, and emotional development; engage in developmentally appropriate, culturally responsive, and linguistically sustaining practices; use curricula, learning materials, and resources that encourage respect for diversity as well as respect for children’s racial identities and cultural heritages; foster consistent relationships with caring, responsible educators and child care staff who are attuned and appropriately responsive to children’s social-emotional needs; and recognize that families are essential to children’s well-being and engages them in an inclusive, supportive way.”

Child care providers and capacity in New York City by type



Note: The state also reports on provider numbers and capacity for school-aged child care. This data is excluded from the chart
Source: [Office of Children and Family Services, Child care facts and Figures 2022](#)

Research shows that high-quality care can be and is offered in all different settings. Families may prefer different setting types for a variety of reasons, including cultural and linguistic preference. Location, cost, and schedule are also large motivating factors in choosing a provider. Home-based providers are often more likely to offer long hours of coverage, including for [nontraditional hours like overnight coverage](#). Within the city, [availability of different program types varies widely](#); while less than 5 percent of child care capacity in many parts of Manhattan is located in home-based settings, more

than two-thirds of capacity in some parts of the Bronx is in home-based settings. New York's home-based providers speak dozens of different languages and home-based care is especially popular in Spanish-speaking communities. Families may also prefer different settings as their children age, often seeking home-based care or smaller centers for their infants and toddlers and potentially exploring other options for older children.

Child care businesses come in many different shapes and sizes. There are some large-scale for-profit child care businesses in the city, including franchises of national child care chains. Some child care programs operate as part of larger multi-service nonprofit organizations, including the city's robust community of [neighborhood settlement houses](#). The majority of child care homes and centers though are small, independent businesses, a mix of for-profit and nonprofit organizations. Most are owned by minorities and women. Family child care homes and centers are licensed and regulated by a mix of different city and state agencies, which primarily monitor basic health and safety of the homes and centers.

The health department [formally designates an additional set of child care settings as "legally exempt" family providers](#). Legally exempt providers can care for up to eight children in a home-based setting and are largely exempt from regulation because most children in their care are related to the provider; a maximum of two children can be non-relatives. Legally exempt providers must register with the state and follow certain health and safety guidelines. In 2022, these providers had [an estimated capacity](#) to serve 2,526 non-relative children.

There are many informal care arrangements that families utilize as well, including paid and unpaid care provided by family, friends, or neighbors, and paid non-familial caretakers, like nannies, au pairs, and babysitters. At all ends of the income spectrum, there are reasons why parents may prefer these options.

There is limited to no oversight or regulation of these care arrangements and limited data available about the scale. Census data indicates there are [over 14,000 nannies](#) working in New York City, though [reports suggest](#) this is likely an undercount given a large portion of nannies are paid off the books.

Lastly, there are unregulated child care businesses operating outside the legal and regulatory frameworks set by the city [without the appropriate licenses as required by state law](#). There is limited data available about how many businesses operate like this; while some may be providing a high-quality experience, information about unlicensed providers often comes to light only in the wake of [tragic circumstances](#).

Many families utilize many of these options, creating patchwork arrangements to ensure they have enough care. That's not to mention the contingency options that families are forced to employ when a child care program is closed or a child is ill. While there are some formal "back-up care" options, like child care programs that permit children to drop in on a one-off basis, for many families, "back-up care" means that an adult in the household has to miss work.

New York City's child care crisis

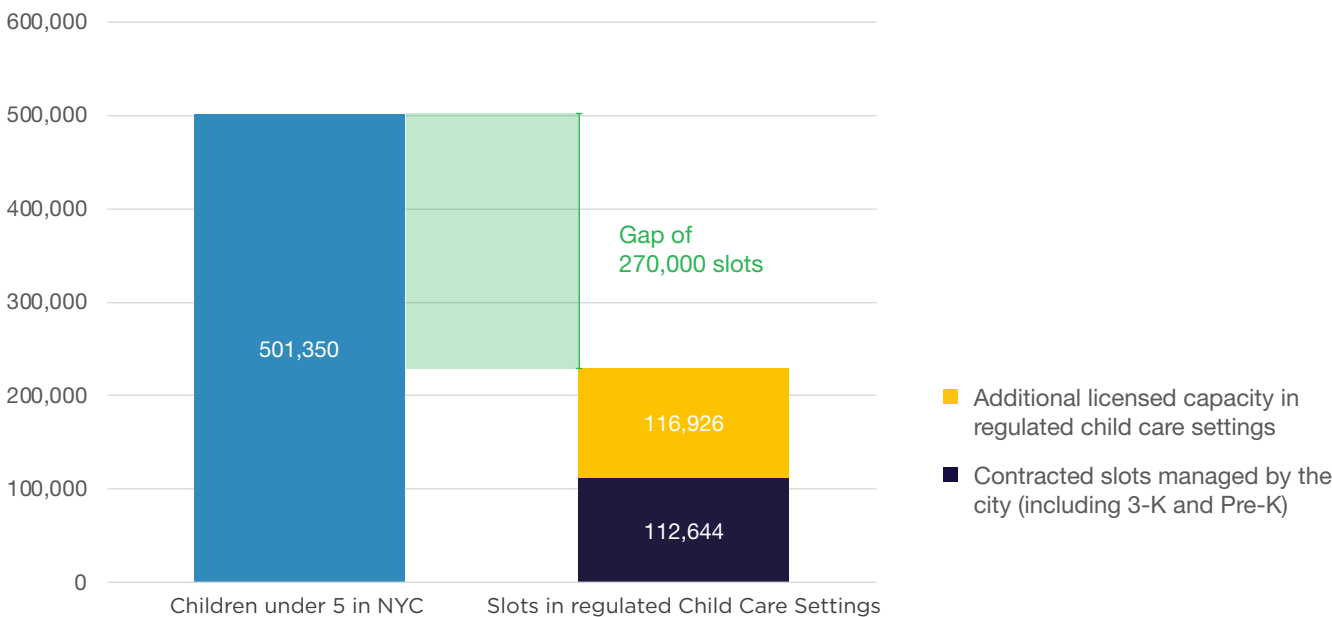
There is woefully insufficient child care capacity to meet the needs of New York families today. [Seven out of 10](#) children aged zero to five live in neighborhoods with insufficient child care options. Care options are especially limited for children under three; in almost half of New York City neighborhoods, the number of licensed child care seats for infants and toddlers covers [just over 20 percent](#) of the population of children under three. Over the last decade, middle-income communities in the city [have actually lost child care capacity](#) for infants and toddlers. Among the few places where infant capacity has grown in the city are [higher-income zip-codes](#), largely the result of high-price private centers that charge as much as \$40,000 per year.

Families require care options that the city's current child care infrastructure does not provide. Only [five percent](#) of licensed daycare providers operate between 6 p.m. and 8 a.m., despite 780,000 NYC parents — 320,000

with kids aged five or younger — working those hours. [Forty percent](#) of parents who are employed regularly need care during evenings, overnight, or on weekends. Other specific needs that families may have — including need for care at or near their job site, transportation constraints getting to and from child care, children with specific developmental or medical needs, and specific linguistic requirements — all further complicate this puzzle.

Only 5% of licensed daycare providers operate between 6 p.m. and 8 a.m., despite 780,000 NYC parents—320,000 with kids aged five or younger—working those hours.

New York City has more than double the number of children under five as licensed child care slots



Source: [Center for New York City Affairs](#) (total capacity in regulated settings, 2022 data); [Citizen's Committee for Children](#) (children under 5, 2021 data; contracted slots, 2020 data)

Working, middle class, and even more affluent families struggle to pay for child care. Even if families are able to find a provider in their neighborhood with availability, the cost of care has become astronomical. Child care is the [largest monthly bill](#) for many New York families, and these costs can even exceed rent or mortgage costs. A [2022 state survey](#) of providers in the city found that the typical rate for a year of center-based care was \$20,800 for an infant and \$19,240 for a toddler. Home-based care rates were marginally lower, at \$16,900 and \$15,600, respectively. However, the same survey estimated the true cost of high-quality care to be much higher, topping out at north of \$28,000 per year for infants in center-based care. [Other data and reporting](#) suggests New York City families often pay much more, with rates upwards of \$4,000 a month for care in some neighborhoods.

Regardless of how it is calculated, the cost of care is slipping beyond most New Yorkers' grasp. According to a [New York Times analysis](#), a New York City family would have to make

more than \$300,000 a year to meet the federal standard for affordability — which recommends that child care take up no more than 7 percent of total household income — to pay for just one young child's care. Put another way, 80 percent of families in the city cannot afford care for even a single child based on this standard. An [analysis by the Citizens' Committee for Children](#) found that a family with an infant and a toddler making the median income for a young family would have to spend 43 percent of their income on center-based child care (or 36 percent of their income on home-based care).

80% of families in the city cannot afford care for even a single child.

Average annual cost by age and setting type



Source: [Citizens' Committee for Children of New York](#), based on data collected in the state's market rate survey; these figures represent the 80th percentile of child care costs in New York City in 2022

The impacts of our city's child care crisis are felt disproportionately. [Nearly half of Black and Latinx residents](#) indicate that finding child care is a burden, compared to 38 percent of White residents. The median cost of infant center-based child care in Queens makes up nearly 30 percent of a family's total income, [while in the Bronx, it is nearly 50 percent of the median family's total income.](#)

The lack of affordable care in the city especially impacts mothers. Parents, [often women](#), may quit their jobs instead of paying for child care. Women make up [82 percent of parents who miss work for child care related reasons](#). The [city estimates](#) that about 375,000 parents (two-thirds of them women) have chosen or may soon choose to leave their jobs or downshift their careers because of the combined impact of COVID-19 and a lack of affordable child care. This has a long-term impact on a family's financial stability; a New York City parent making the median income who leaves the workforce to care for their child from age birth to three [will give up \\$480,000 in lifetime earning potential](#).

The city estimates that about 375,000 parents (two-thirds of them women) have chosen or may soon choose to leave their job or downshift their career because of the combined impact of COVID-19 and a lack of affordable child care.

Nearly half of Black and Latinx residents indicate that finding child care is a burden, compared to 38% of White residents.

Children suffer, too, without quality early care experiences. There is overwhelming evidence that the prenatal-to-three period is critical for a child's future development and affects their physical, mental, emotional and social outcomes over a lifetime. Studies have shown that the benefits of high-quality care in the earliest years can have [a lasting benefit](#) on academic outcomes. Many young children spend the majority of their waking hours with a caregiver outside of their family. These hours hold so much potential. And yet, many parents place their children in care arrangements that are lower quality than they would like because it is the only option that meets their needs and their budget. Even families with the resources to make choices have limited insight into program quality across providers. Bouncing between child care arrangements – as many children do because of the logistical gymnastics their parents must engage in – is correlated with [negative ramifications on their behavior](#).

Child care gaps impact everyone, not just parents of young children. Nearly [90 percent of parents](#) say that child care problems impact their time commitment or efforts at work. Even before the pandemic, [employers nationwide lost \\$13 billion](#) annually in lost productivity because of child care gaps. Stories [from around the country](#) show the reverberating effects when child care capacity is lost. As one example the [closure of a day care center](#) in a Wisconsin town meant a dental hygienist had no choice but to quit her job, leaving the dentist's office understaffed and community members facing longer waits for necessary dental care.

Without access to desirable, affordable child care, families are leaving New York City. From 2019 to 2022, Manhattan [lost 9.5 percent of its under-five population](#). There is a growing trend [particularly among young Black families](#) who are moving elsewhere because it is too expensive to raise a family here; many families cite child care costs as a major factor. The exodus of families will have a domino effect: as families leave, public school enrollment will drop; funding for schools, which is directly linked to enrollment, will decrease; concerns about school quality in the wake of declining resources will drive more families out of the system. The [share of New York City's population over 65 is growing](#), while the population under 18 is declining, a trend with much larger economic and systemic implications.

Accessible, affordable childhood education is one potential strategy to reverse these population trends. Over the past decade, the city has dramatically expanded the services it provides to children under five, [at least in part](#) as a strategy to keep middle class families in the city. This is largely the result of the introduction of Pre-K for All, and later, 3-K. From 2013 to 2015, the number of children enrolled in free pre-K in New York City [grew from about 19,000 to nearly 70,000](#) – adding more students than the entire public school population of Boston. When Eric Adams ran for mayor, he spoke about the need to extend the city's care infrastructure to better support the city's youngest children.

However, the city's existing child care system is insufficient to meet the need. The city's [3-K program is not currently available to all families](#), and City Hall [has rolled back](#) plans to expand it. Pre-K for All [has never fully met](#) the needs of preschoolers with disabilities, and there are still [over 1,000 3- and 4-year-olds](#) who do not have a spot in a program that can meet their needs. Many more students enrolled in 3-K and Pre-K programs do not receive the mandated special education services they are

entitled to. And while there is no question that families in 3-K and Pre-K receive a tremendous benefit, most programs only run the length of the school day, leaving a gap for working parents and potentially sending parents scrambling to find care after 3PM, during school holidays, and over the summer. Operational challenges in the city's bureaucracy have made it challenging for providers operating the city's 3-K and Pre-K programs.

Pre-K for All has never fully met the needs of preschoolers with disabilities and there are still over 1,000 3- and 4-year-olds who do not have a spot in a program that can meet their needs.

The city provides some free and subsidized child care options for infants and toddlers, as well as some full-day, year-round services for three- and four-year-olds (known as 'extended-day' programs), but the eligibility criteria are strict and the process to enroll can be burdensome. Estimates vary, though some figures suggest only [about one in four eligible families](#) receive the benefits they are entitled to, likely due to a mix of insufficient capacity, administrative burden, and lack of awareness. Many existing slots are empty, despite the number of families who say they need care, likely because of the challenges that families face to enroll. (We explore this issue in more detail in sections 3 and 4, which focuses on "Connecting more families to care" and "Expanding and simplifying eligibility for families to access free and low-cost care.")

How does publicly-funded child care operate in New York City today?

Publicly-funded child care in New York reaches over 100,000 children under five. Publicly-funded care is made up of a complicated web of services, managed by multiple governmental entities and drawing upon many different city, state, and federal funding sources.

The majority of publicly-funded care is provided through the city's preschool program, known as 3-K and Pre-K.

Publicly-funded care includes:

- **Child care vouchers:** Families receiving cash assistance benefits and low-income families that meet certain income and work requirements may be eligible for child care vouchers, which can be used to cover the cost of care at the setting of the family's choosing for children up to age 13. Families may prefer vouchers over other options because of the flexibility they offer; vouchers can be used with formal providers, including center- and home-based care, and informal providers, like family members who provide child care services. [The share of families using vouchers in formal settings](#) has increased over the past decade.³ Child care vouchers are primarily funded by the Child Care and Development Block Grant (CCDBG), which is federal funding distributed by the state to the city. The city and state have invested some additional funds to broaden the number of eligible families. Families may be required to contribute a minimal sliding scale fee toward covering the cost of care. Vouchers are distributed by the NYC Human Resources Administration (HRA) and the NYC Administration for Children's Services (ACS). [In 2022](#), vouchers supported care for 23,313 children under five. The Adams Administration has taken steps to clear what has historically been a waitlist for voucher care and uptake among eligible families is rising.

³ In regulatory parlance, informal child care providers who receive vouchers are known as "legally exempt" child care providers. They must submit basic information to the state to receive these funds.

- **Contracted care:** The city also uses CCDBG money to directly fund several thousand child care slots for some infants and toddlers at specific child care centers and home-based settings. Eligible families [can access these slots through the Department of Education](#), which contracts directly with providers to offer these services. Families may be required to contribute a minimal sliding scale fee toward covering the cost of care. [In 2022](#), 3,565 infants and toddlers enrolled in contracted care with the vast majority in home-based settings.
- **3-K and Pre-K:** Since 2014, the city has offered free pre-K to every four-year-old in the city that wants to participate; in 2017, the city expanded to begin serving some three-year-olds as well. Pre-K programs are offered in private child care centers that contract with the city, in elementary schools, and other facilities run by the Department of Education known as Pre-K Centers. The 3-K program is offered in all of these settings, as well as family child care homes. (State pre-K regulations inhibit family child care providers from providing pre-K services). The majority of 3-K and Pre-K slots run the length of the school day and year; working parents must then seek out another form of child

care to cover the afternoon hours and days off from school, if it is available. A subset of 3-K and Pre-K slots, known as [“extended day” slots](#), include coverage for the full working day and through the summer for income-eligible families using CCDBG funds. In the 2021-22 school year, 56,045 children attended Pre-K and 34,743 children attended 3-K.

- **Head Start:** Since 1965, the federal government has distributed Head Start funds directly to child care programs to serve 3- and 4-year-olds and their families. The program model focuses on promoting school readiness among low-income children and supporting two generations. Early Head Start funds services for children from birth to three and some prenatal services. The program is fully free for income-eligible families. There are dozens of privately-operated Head Start programs throughout the city. The city’s Department of Education [also receives Head Start funding](#), which goes to a subset of 3-K and Pre-K providers.

Though most public policy discourse focuses on the programs above, a majority of families in New York City pay out of pocket for at least some of their child care needs.

Publicly funded care in New York City, before and since the onset of the pandemic

School Year	Contracted Centers, Family Child Care & Schools	Vouchers	Total Enrollment
2019-2020	91,430	35,897	127,327
2021-2022	94,444	23,313	117,757

Source: [Citizens’ Committee for Children, “The Youngest New Yorkers”](#)

Not only families are struggling; child care providers are being squeezed, too. Even with rising costs for families, [margins in child care are razor-thin](#), creating an untenable equation for both providers and recipients of care. Providing care has gotten more expensive over the past several years as providers seek to keep pace with rising rents, [inflation](#), regulatory requirements, and cost of living for their employees.

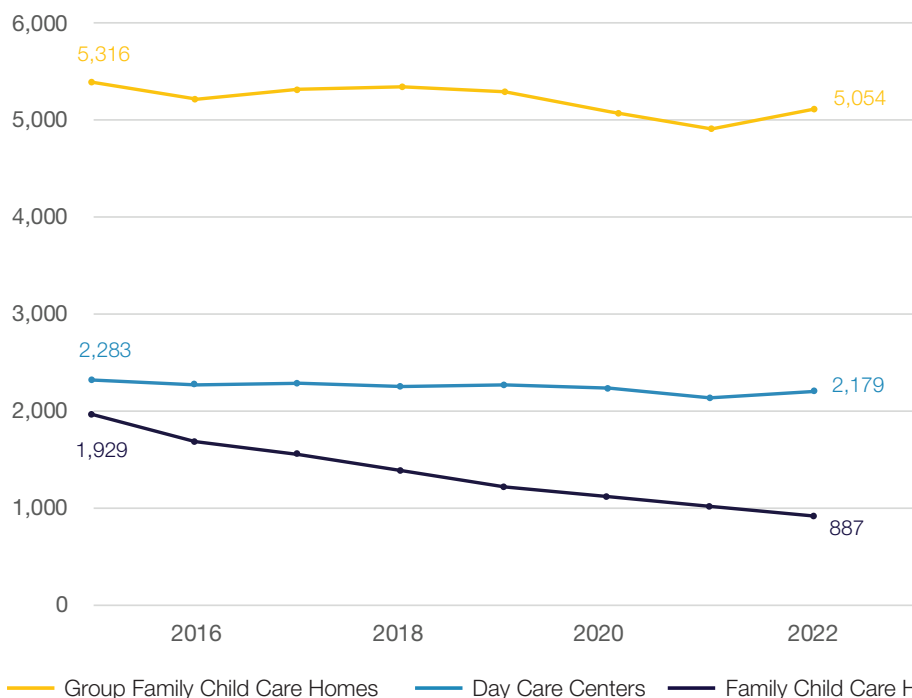
The vast majority of expenses in a child care program – nearly [70 percent](#) – are related to personnel. The staffing requirements to safely operate child care programs leave very little wiggle room: a preschool classroom typically includes up to 20 children and two adults, whereas [an infant classroom may only have six or eight children to cover this same cost](#), driving up the per-child cost of care.

The business model most child care providers have in place only really works if they are fully enrolled at all times, because their economic margins are so tight. Even for popular programs, this is rarely the case, with families moving in and out of slots at different intervals throughout the year. Programs that serve a mix

of children attending part- and full-time need to fit together a complicated jigsaw puzzle to maximize capacity. For many private providers in the city, it became even harder to maximize enrollment after the city introduced 3-K and Pre-K and gave families more options for where to enroll their preschool-aged children in care. As providers lost many of their 3- and 4-year-olds who had been paying out of pocket for care, it negatively impacted their business model; infants and toddlers are far more expensive to serve on a per-child basis because of staffing and facilities requirements. This was especially detrimental to home-based providers who by design offered a mixed-age model.

The operational challenges inherent to the child care sector have led many providers to close their doors; in the first year of the pandemic alone, [nearly 400 child care businesses](#) in the city closed permanently. From 2020 to 2022, over 3,500 child care programs statewide closed; [nearly 80 percent of them](#) were home-based settings, representing a tremendous loss to communities. This trend predates the pandemic, though it has since accelerated.

Number of licensed child care providers in NYC over time



262

Fewer Group Family Child Care Homes

104

Fewer Day Care Centers

1,042

Fewer Family Child Care Homes

Note: The state also reports on provider numbers and capacity for school-aged child care. This data is excluded from the chart.

Source: [Office of Children and Family Services, Child Care Facts and Figures 2015-2022](#)

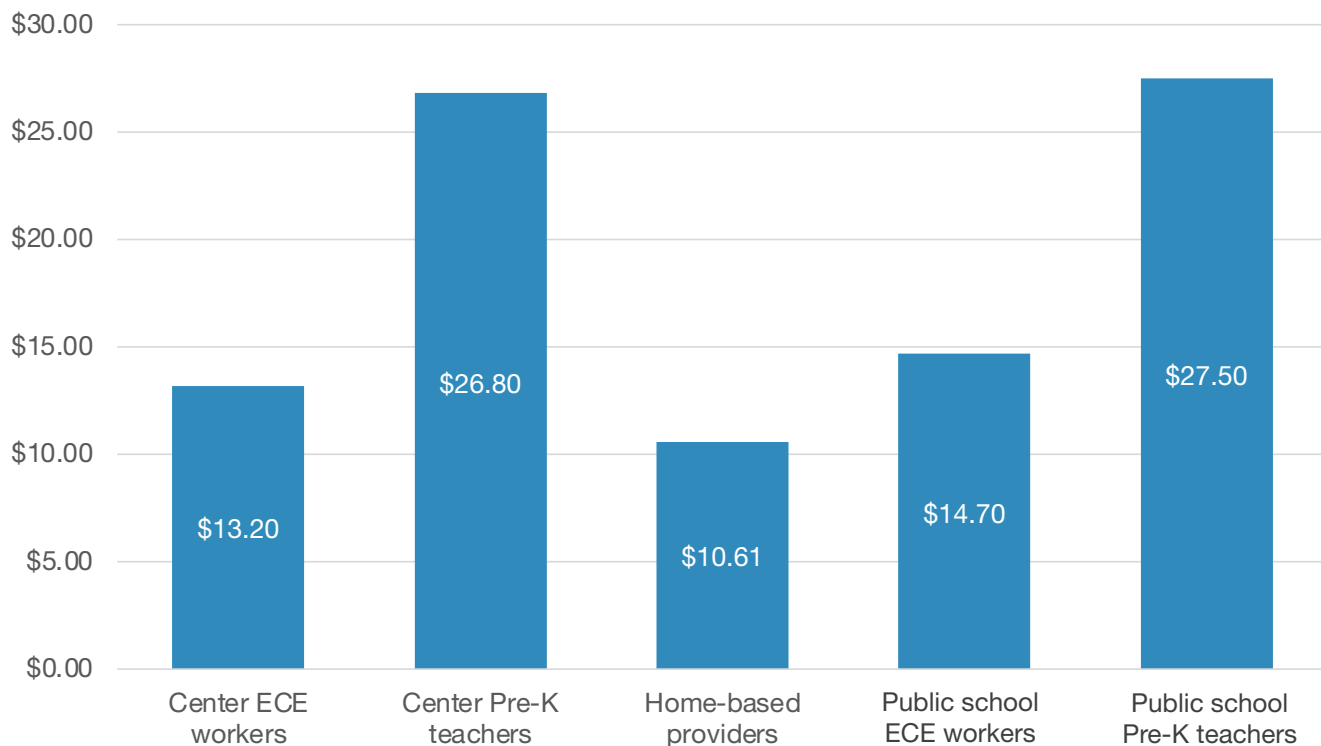
Child care workers are in an especially precarious position. Despite the share of child care budgets going to staff, [25 percent](#) of child care workers live in poverty, perpetuating systemic inequities and fueling high turnover in the field. Child care workers are disproportionately women and women of color: [96 percent](#) of the New York State child care workforce is female, and 56 percent identify as people of color. The median full-time child care worker in New York City earns only [\\$25,700](#), a wage that ranks 289th out of 294th among occupations, above only cashiers, dishwashers, and tour and travel guides. More than half of child care workers have household incomes low enough that they themselves qualify for a child care subsidy and other public benefits. Child care workers make far below [what experts consider](#) a liveable wage for New York City, particularly if they have families of their own to support.

Depressed wages are driving workers out of the sector. The city saw a [20 percent](#) loss of child care workers during the pandemic,

concentrated in the family child care sector, which reflects national-level trends. Employment in child care nationally is [below pre-pandemic levels](#), with 40,000 fewer people in the workforce now than in 2019.

Within the early childhood sector, there are significant wage disparities. On average, Pre-K teachers in public schools earned the equivalent of \$27.50 per hour in 2021 with health and retirement benefits, while teachers in infant and toddler classrooms earned nearly half that amount. At the lowest end of the pay scale, home-based providers earned the equivalent of less than minimum wage - \$10.61 per hour - with no benefits. Home-based providers are small business owners whose take home pay is determined by the profits their day care earns; most have limited ability to raise fees any further and so their own income suffers. Nearly half of home-based providers rely on Medicaid for health insurance. Home-based providers are much more likely to be immigrant women and women of color than other workers in the sector.

Average hourly earnings for ECE workers by type of employer



Source: [Center for New York City Affairs, "High calling, Low Wages: Home-based Early Care and Education Providers in New York City"](#)

Home-based providers in small family child care homes face a unique set of challenges, typically working as the business operator and sole educator. There is no option to take breaks during the day or to take time off, and the full day with children plus the administrative load means providers work extremely long hours.

[“High Calling, Low Wages: Home-Based Early Care and Education Providers in New York City.”](#) a report from the Center for New York City Affairs, delves much more deeply into the specific challenges facing providers.

Providers need new revenue sources to survive. The COVID-19 pandemic brought new federal funding that child care providers could use to weather tuition losses, bolster staff pay, address issues with their facilities, and invest in building the quality of their programs. However, [those benefits have come to an end](#). Experts predict we will see a continued loss of child care capacity following the September 2023 expiration of \$24 billion in federal funding – or what many termed the “child care cliff.” [The Century Foundation estimates](#) the end of this funding could mean nearly 6,000 child care providers across New York State will close their doors permanently, leading to a loss of care for over 250,000 children statewide.

The true cost of licensed child care for an infant is 43% more than what providers can be reimbursed through the child care subsidy program.

It will take time before we see the full impacts from the end of this funding. However, there is early evidence that the ramifications could be significant. In the two months following the expiration of federal funding, 29 percent of families who responded to [a national survey](#) indicated that their child care tuition had increased, and 28 percent of child care providers reported they had already cut staff wages

or had run out of funding to sustain previously implemented wage increases. The [number of Americans nationwide](#) who missed part of a week of work because of child care issues nearly doubled between September and October 2023.

Even for providers who receive government funding and should therefore have more predictable revenue, current subsidy amounts are not enough to cover their operating costs. Nationally, on average, [the true cost of licensed child care](#) for an infant is 43 percent more than what providers can be reimbursed through the child care subsidy program. Providers in New York State are reimbursed at a lower rate [than federal authorities recommend](#). This means that providers are relying upon other income streams to cross-subsidize these programs (like philanthropy dollars), operating at a deficit, or forgoing certain expenses that would otherwise enhance quality (like greater staff compensation and training). They might also be forced to push more costs onto parents who are paying fees. For home-based providers, who are self-employed, low reimbursement rates eat away at their net income.

If families cannot pay any more in child care fees, but child care providers cannot sustain a business on their current revenue, where will that leave us?

Correcting the child care market [requires intervention by the government](#). Thankfully, our city and state leaders recognize this need. The Adams Administration [released its blueprint for child care and early childhood education in 2022](#), which included new investments and commitments and led to the [creation of a new Office of Child Care](#) to lead strategy and coordinate planning across city agencies. Governor Hochul has [identified child care as a priority](#) and made new investments, including expanding the number of families in the state eligible for subsidized care. The [Plan for a New New York](#), which was jointly released by Mayor Adams and Governor Hochul, emphasized the importance of child care access, quality, and affordability and identified several strategies to reach that goal. These are all important steps forward. But we need to do more now.

The case for universal child care

New York should strive for a system that guarantees free or low cost child care for all families.

There is a strong moral and economic case that child care should be a guaranteed right, just like public education. The impact on children, their parents, child care providers, and our economy would be profound.

The potential benefits of universal child care

On children: [The degree of responsive caregiving](#) that children receive as infants and toddlers positively affects the connections between neurons in the brain. There is [evidence](#) that universal programs are more likely to reach their high-need participants than targeted programs, meaning that children are potentially more likely to enroll and therefore stand to benefit. Indeed, [research specifically on prekindergarten programs has shown](#) that universal programs benefit low-income children's learning and development more than targeted pre-K programs. [There is evidence that diverse early childhood programs](#) are good for everyone.

On parents: There is an immediate impact on parent employment when child care is available. A study of NYC's 3-K program found that [mothers in districts with greater 3-K availability were more likely to be fully employed](#). Washington, D.C.'s universal preschool program for three- and four-year olds [has driven a 10 percentage point increase](#) in maternal employment. And research from Europe has shown child care is even more powerful than policy levers like paid parental leave at increasing women's labor force participation. This has tremendous long-term benefits for families' economic survival and mobility.

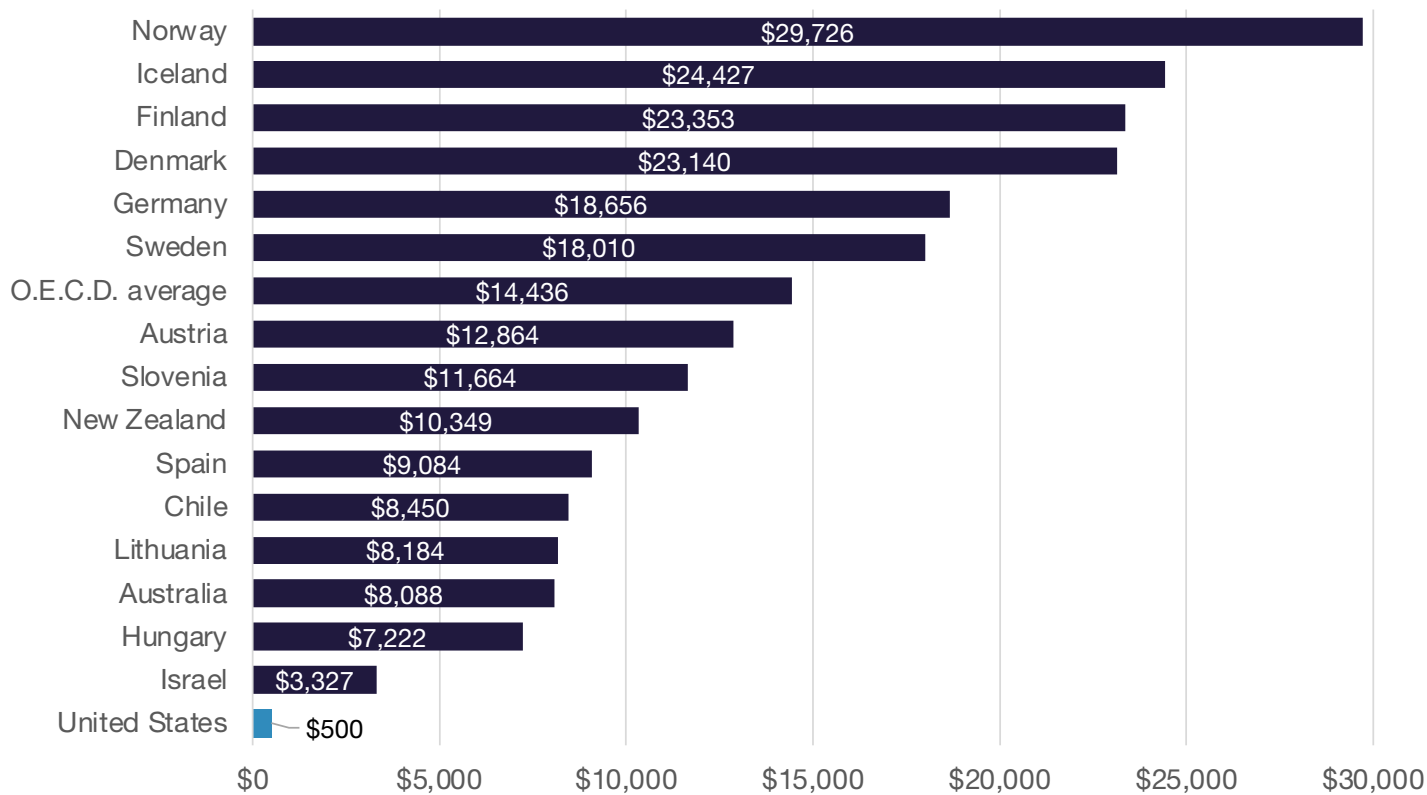
On providers: New York City's rich fabric of community-based child care providers [has been buoyed before](#) by government intervention. Many of the providers fighting for survival now got their start under a federal World War II program to support mothers who had to enter the workforce, which later became a city-funded system of child care under Mayor Lindsay in the 1970s. Legacy aside, child care providers – and especially home-based providers – are signs of a vibrant community economy. Most are small businesses owned and operated by women and people of color. Supporting them, and doing so in a meaningful way, benefits the very fabric of our city. With the guaranteed revenue and [a more sustainable operating model](#) that a well-funded universal child care system would bring, providers could afford to pay workers a living wage and make tangible investments in program quality.

On our economy: The [NYC Economic Development Corporation](#) estimates the 2022 economic impact of parents leaving the workforce or downshifting careers because of caregiving to be a \$23 billion decrease in economic impact, a \$5.9 billion decline in disposable income (and therefore, spending) and a \$2.2 billion reduction in tax revenues. In a moment when the city and state are focused on economic recovery, flipping that equation could be transformative. The long-term gains are impressive, too, with [studies that project](#) at least an \$8 return for every dollar spent on early care and education.

Other places show us that a better system is possible. While no U.S. state or municipality has a fully universal child care program, a growing number have [universal preschool programs](#) for 3- and 4-year-olds and there is increasing attention to infant and toddler care. [New Mexico](#) passed a constitutional amendment guaranteeing families the right to early care and education and dedicating revenue permanently for it. Multnomah County, Oregon (home to Portland) [recently passed new taxes](#) to fund universal preschool which included care for infants and toddlers and increased wages for child care workers.

[Several countries in Western Europe](#) have heavily subsidized or free child care. In Denmark, parents are guaranteed a child care spot and pay a maximum of 25 percent of their income (which is still much higher than most would recommend, but lower than the current reality for many New Yorkers). In Germany, parents pay tuition based on their income in some municipalities and receive free care in others, including in big cities like Berlin and Hamburg. In France, parents receive a tax credit of up to 85 percent of the cost of attending care before beginning free public preschool at age 2 or 3. Nordic states offer comprehensive public child care options and boast labor force participation rates for women that are 10-plus percentage points ahead of the U.S. [Japan recently announced](#) an expansion to its publicly-funded child care options as part of a broader strategy to make it easier for families to raise children given the country's declining birth rate.

Annual public spending per child on early childhood care



Source: [The New York Times, "How Other Nations Pay for Child Care. The U.S. Is an Outlier."](#)

In France, parents receive a tax credit of up to 85% of the cost of attending care before beginning free public preschool at age 2 or 3.

While there is a lot for the U.S. to learn from child care policy in other countries, it is worth noting that many of these countries with publicly funded child care also have more expansive paid-family leave frameworks. Paid-family leave is one very effective strategy to dramatically lower the demand for formal infant child care. [In Sweden](#), for example, few children enter formal child care prior to 18 months because of the generous parental leave policies in place nationwide.

Closer to home, [Canada is moving toward a \\$10 daily cap](#) in family fees for child care programs. The government will heavily subsidize the cost of care for families nationwide and is [spurring the development of 250,000 additional child care slots](#) by 2026 to ensure there is sufficient supply to meet growing demand. In the first year of implementation, child care fees [have already been cut in half on average](#).

Canada's plan is modeled on a program previously in place in Quebec, which has capped the cost of child care for over 20 years (see sidebar, "Universal child care in Quebec"). While the program is not perfect, Quebec has the highest maternal workforce participation of any Canadian province. British Columbia rolled out a similar program in 2018.



Universal child care in Quebec

Quebec first introduced low-fee, universal child care in 1996 – making it an outlier at the time that has since inspired other public programs around the world. The program’s intent was to cap child care fees for all children in the province at C\$5 per day, which have since increased to a maximum of C\$10. All children were immediately eligible, regardless of their family’s income or their parents’ work status. Following the introduction of the program, the use of regulated child care increased among families of all income levels.

The program operates with a mix of publicly-funded centers and private programs in centers and home-based settings. As of 2018, about a third of participating children were in one of the publicly-funded programs. These sites are subject to much more oversight from the provincial government. Part of the reason for the hybrid approach is that there are not enough slots in publicly-funded centers to fully cover needs. Since the launch of Quebec’s child care program, the number of private child care slots has grown by 3,000 percent, whereas the number of public slots has increased at a much slower rate.

The program was designed to help parents remain in the workforce, and it has had its intended effect: **Quebec has the highest rate of women aged 26 to 44 in the workforce in the world**. The incremental income taxes generated by the larger number of working parents in the province more than covers the full government cost of the program.

Quebec’s child care policy exists as part of a broader set of policies that support families with young children; parents are entitled to 55 weeks of paid leave, which also has the benefit of decreasing child care needs among residents.

However, there have been some concerns about program quality, with disparate outcomes between the higher-quality publicly-funded centers and some private programs. This has led some researchers to conclude that the program actually makes kids worse off. Another way to interpret this data is not that the program does not work, but that it underscores the need to invest in staff wages and support for educators to boost quality and to support families in choosing high-quality options. We believe this is the lesson that New York and others could take – that it is important to invest in access to early care and education for all, and also necessary to put supports and guardrails in place to ensure it is implemented well. In more recent years, Quebec has invested heavily in recruitment, retention, and training for staff, with a C\$295 million investment in a new program launched in 2021 called “Operation Workforce.”

As Canada rolls out its nationwide \$10-a-day child care program, the plan is largely modeled on the Quebec approach, but with a dual focus on growing child care capacity and quality in a multi-year expansion to reach universal scale.

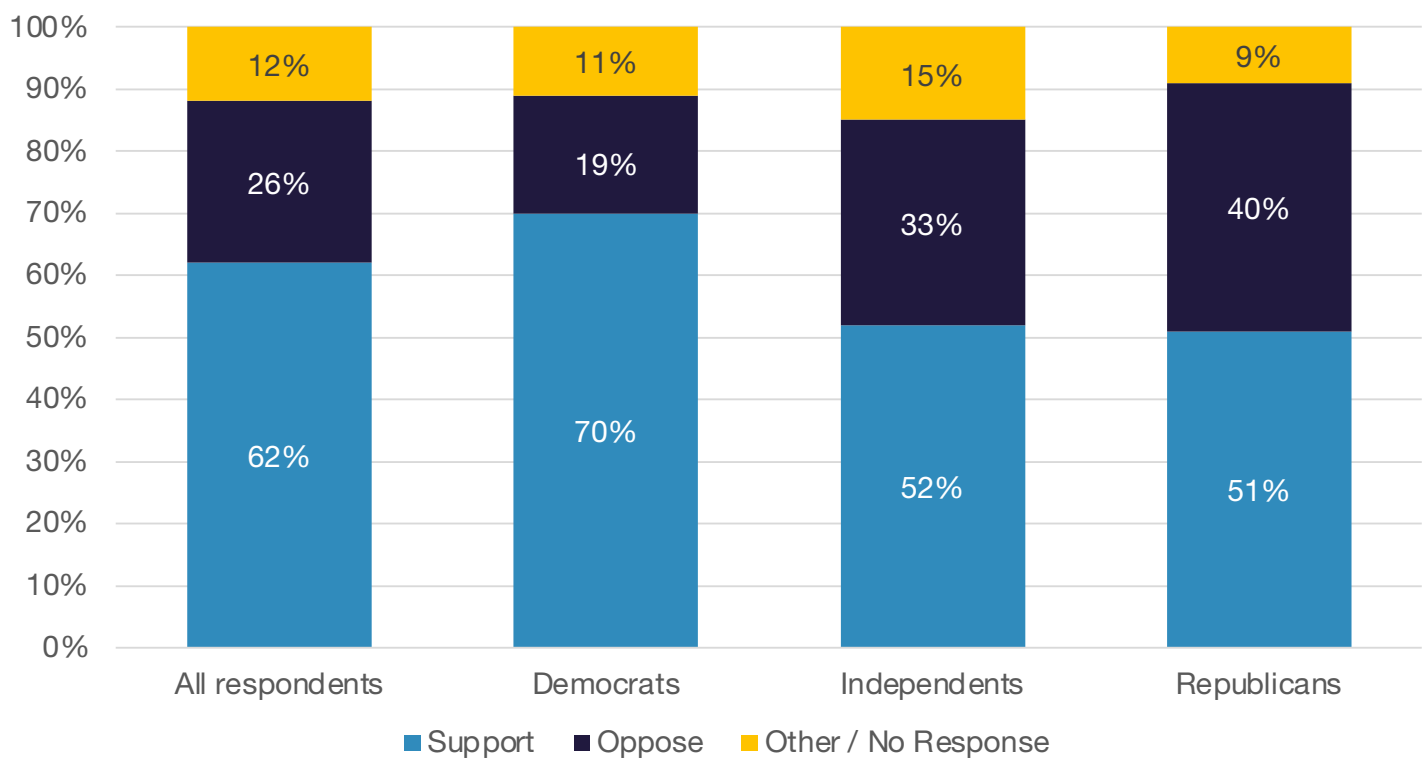
New York City conducted a brief, if unintentional, experiment into what a universal child care model could look like. During the early days of the COVID-19 pandemic, essential workers could access free child care with no income restrictions and minimal barriers to entry. This included [free care for children under five](#), primarily provided by family child care homes and community-based centers. Through [federal pandemic relief funds distributed as grants by the state](#), child care programs in the city were given extra funding to meet health and safety requirements, cash infusions for staff salaries and one-time bonuses, and more flexibility with otherwise stringent regulations. Families were able to more seamlessly access care, allowing parents to continue their work on the frontlines of the pandemic. Providers who received grant funding had more breathing

room, financially, and were able to better manage through uncertainty. The COVID-19 pandemic laid bare how critical child care is to families' survival and parents' ability to work and revealed tremendous inequities facing child care workers. At the same time, the pandemic also showed us what is possible when the government drives more money into the child care system.

Universal child care has growing political support. [A majority of New Yorkers](#) across political parties support expanding government-funded child care, with support for subsidizing care for a greater share of families, capping the portion of income that New Yorkers spend on child care, and increasing wages for child care workers.

NY voters favor an expansion in state investments in child care

Share of voters statewide by affiliation based on responses to a 2022 poll



Source: [Robin Hood, Child Care Now 2022 Voter Poll](#)

Grassroots advocates have helped to drive attention to the issue, with coalitions like the [Campaign for Children](#), a local coalition that has helped drive investments and systems change since 2011, and the [Empire State Campaign for Child Care](#), which is bringing together stakeholders from across the state around a cohesive policy agenda to expand child care access and support providers. Providers have organized with groups like [ECE on the Move](#), which has brought over 600 home-based providers together to advocate for policy change. The newly-formed campaign [New Yorkers United for Child Care](#) aims specifically to organize parents and would-be parents to fight for universal child care.

Legislators at both the city and state level⁴ have been pushing for a more universal system of care, though the introduced bills have yet to pass:

- State Senator Jabari Brisport and Assembly Member Andrew Hevesi [conducted a statewide listening tour](#) in 2021 with families and child care providers to hear more about the challenges in the child care system. Based on what they heard, they introduced [S7595, the Universal Childcare Act](#), which would remove means-testing from publicly-provided care and shift to new compensation structures for child care providers.
- Also in 2021, State Senator Jessica Ramos and Assembly Member Sarah Clark introduced the [Early Learning Child Care Act](#), which proposed a payroll tax for the largest businesses in New York to expand free child care to families earning \$106,000 and provide a subsidy to cap child care expenses at seven percent of a family's income for those earning up to \$250,000. While this would not create a fully universal child care program, this bill would reach the vast majority – 93 percent – of New Yorkers.

- More recently, City Councilmember Jennifer Gutierrez introduced [a proposed bill](#) in 2023 that would require the city to improve and expand child care access in the city, establishing free child care for all New York City residents within four years of the bill passing. The bill is expected to be reintroduced in the 2024 session.

The state's [Child Care Availability Task Force](#) was convened in 2018 to examine child care access, affordability, and quality in the state with then-Lieutenant Governor Kathy Hochul serving as one of its co-chairs. The group [published a report in 2021](#) with its final recommendations. The governor signed legislation in 2022 to reconvene the task force with a mandate to “advise the state in developing a framework leading to a phased-in rollout of universal child care.”

Universal child care will require significant investments, but the cost to our city if we do nothing is much (much) higher. A study commissioned by the coalition Raising New York estimated a total cost of up to [\\$20 billion](#) to provide care for every child under five in New York State and to pay all child care workers a living wage. (About 40 percent of children under five in the state live in New York City, which would put the cost of universal care for just children in the city at nearly half that total figure.) The number is high, but comes with some caveats: It does not represent a fully new investment; currently, [the state spends about \\$3.4 billion](#) in state and federal resources on care for children under five, excluding COVID-era relief funding and local investments. The \$20 billion cost estimate assumes 80 percent of all families would take advantage of publicly-funded care, a fairly high figure; for reference, just under 80 percent of children in grades K-12 attend public school in New York State.

⁴ See appendix for a comprehensive list of bills related to child care introduced and passed at the city and state level over the past two years

Still, investing as much as another \$17 billion represents a massive figure, but it is a cost the city is already bearing – recall the [NYC Economic Development Corporation](#)'s estimate of a \$23 billion annual decrease in economic impact to the city because families cannot access affordable child care, suggesting that universal child care could essentially pay for itself with the increase in economic activity. Failing to invest in child care will stifle the city's economic recovery and our future development.

A study commissioned by the coalition Raising New York estimated a total cost of \$20 billion to provide care for every child under five in New York State and to compensate child care workers fairly.

There are many strategies the city and state could consider to fund a more expansive child care program. To raise funds for children's initiatives, other places in the country have introduced new taxes on products like [cannabis](#), [liquid nicotine](#), and [sugary beverages](#). Many states have long used [tobacco and lottery sales](#) to fund early childhood education. Some have implemented new, targeted business, [property](#) or [income taxes](#), or dedicated portions of state or local [sales tax](#) to early care and education.

New York's scale would likely require a multi-pronged approach to raising sufficient revenue for an expanded child care program. For example, the New York City Independent Budget Office [estimated in 2018](#) that a tax on sugar-sweetened beverages could raise \$288

million for the city annually. While this could make a dent in child care funding, it would need to be implemented in conjunction with broader revenue-raising measures.

New York City leaders should not shy away from the cost estimates for universal child care. The potential return on investment to the city and its business community – not to mention to its families, both those here now and those who may more proactively choose to raise their children here with the added support – is worth the upfront expense. We need to be bold — anything short of universal care is likely still a band-aid, because it will not take aim at the structural flaws of the child care market.

A policy roadmap to build a stronger child care system for our city

While we build toward a better future, we need to address critical challenges in the infrastructure we have today. At the start of Mayor Adams' term, there was real momentum around child care innovation with the publication of the child care blueprint, the subsequent establishment of the Office of Child Care, the prominent mentions of child care in the Plan for a New New York, and a significant investment from the Robin Hood Foundation. The city and state have made new investments over the past two years to expand eligibility to publicly-funded child care and make it easier to access and to incentivize new child care supply creation. However, these investments have been overshadowed by reports of city-contracted providers going unpaid and closing their doors, families being unable to find care that meets their needs, and cuts in funding for the city's popular preschool program.

Families, child care providers, and advocates are raising alarms that our current child care system is on the brink of collapse. While the city can – and should – aim for big and bold policies, the city also needs to take critical action to shore up its existing early care and education services. Bureaucratic complexity and operational challenges are hurting providers and families, and public funds are going unspent. The safety net we have in place is already limited. Our leaders must do everything they can to strengthen it. If we neglect the child care infrastructure we have now, it will drive more providers to closure and push more child care workers out of the industry, making it even harder to ultimately expand capacity to meet the full need that our city has.

Moving toward a future with universal child care will require us to think boldly about creating child care capacity, expanding and supporting the workforce, and helping families find care that meets their needs.

Our city leaders and private sector partners need to dream big and innovate. There is real opportunity to streamline access for families through simplified enrollment processes and increased outreach; to simplify the regulations that child care providers operate under and provide more help to these small businesses as they navigate the complexities; to invest in child care workers; to create more physical space for child care businesses through repurposing existing real estate, including underutilized public schools, and incentivizing new building and development; and to enlist employers as more proactive partners. Investments in early childhood educators and child care facilities are especially critical if our policy goal is to grow the city's child care supply.

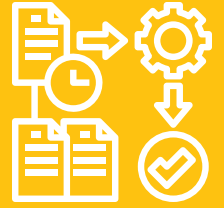
In this paper, we present a set of ideas to save our child care system from collapse while fundamentally redesigning what it looks like for the future. This report includes a menu of policy ideas, organized thematically and with examples of promising practices from other cities around the country and world. In the first policy ideas chapter, we will detail the issues that the city must address to more immediately shore up its existing early care and education services. In sections two through seven, we will explore ideas that could make care more accessible for families and strengthen our city's child care infrastructure as we shift toward a universal care model.

Our ideas build on those previously put forward by elected officials; advocates like the Citizens' Committee for Children, EdTrust-New York, the Raising New York coalition, and All Our Kin; child care providers and the groups that represent them, like the Day Care Council of New York, United Neighborhood Houses, and ECE on the Move; the labor community representing child care workers; community organizers; and critical partners in the sector like the Robin Hood Foundation. Child care providers and advocates have been fighting for a better system for decades. And Mayor Adam's blueprint and the Plan for a New New York put forward many concrete ideas about how to support the sector. In identifying potential policies for the city to consider, we looked at all the ideas proposed by these groups, as well as emerging ideas and evidence from other cities, counties, and states. This paper provides a menu of options for policy leaders that we hope will lead to action and greater focus on solutions.

Child Care

Policy Ideas

-  **Shore up the city's existing child care infrastructure**
-  **Connect more families to care**
-  **Expand and simplify access to free and low-cost care**
-  **Make it easier for child care providers to do business**
-  **Bolster the child care workforce**
-  **Create more physical space for child care**
-  **Bring employers into the conversation**



1

Shore up the city's existing child care infrastructure

New York City has a rich history of community-based child care providers, with some that count their roots in the settlement house movement of the late 19th century and are still operational today. At different moments in socio-political history, public funds have spurred growth in the sector. World War II brought new funding for “day nurseries” so women could join the workforce and the Head Start Act of 1965 sent federal funds directly into community centers.

Welfare reform in the 1990s greatly shaped how child care funds would be deployed to support low-income families engaged in the workforce. The city has tinkered over time with its own approach to managing and supplementing all these funds. In 2012, the Bloomberg Administration created EarlyLearn, a program managed by the Administration for Children's Services (ACS) to bring together child care and Head Start-funded services for low-income children from birth to five into one set of contracts with child care providers. The city has also bolstered the supply of federally-funded child care vouchers to make additional families eligible.

Over the past decade, the city has invested significantly in building out care options for families under 5. Since Pre-K for All launched in 2014, hundreds of thousands of families have benefited. In addition to launching new services like 3-K and Pre-K, the city also took steps to streamline management of the vast array of early childhood education programs. In 2019, the city [shifted management of EarlyLearn](#) from ACS to the Department of Education (DOE).

This was intended to create a clearer continuum of care from children from birth through five and beyond.

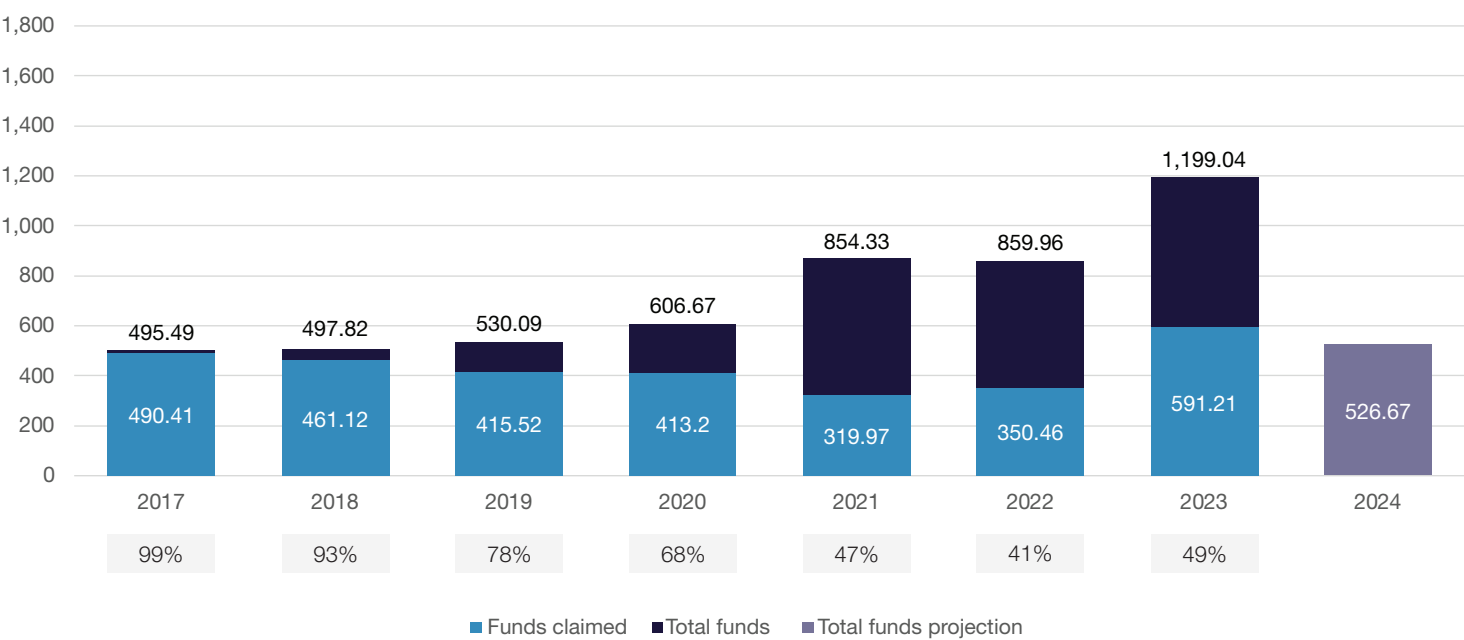
The de Blasio administration committed to expanding 3-K to serve all three-year-olds who wanted a seat, modeled on the Pre-K expansion for four-year-olds. However, one big difference is that pre-K is primarily funded by state revenue streams dedicated to preschool. From its launch, the majority of 3-K funding came from the city. The de Blasio administration had acknowledged that state and federal investment would be necessary to scale and sustain the program while continuing to grow the city's investment. When pandemic-era federal relief dollars started flowing to the city in 2021, de Blasio hardened his commitment to universal 3-K and started to speed up the expansion. Particularly on the heels of COVID-19 school and child care closures, the response from families was widely positive. But the funding [came with an expiration date](#) and it put the incoming Adams Administration in a precarious position. The program expansion [has since been halted](#), leaving many [families who expected services](#) unsure of what to anticipate.

In considering the future of the city's 3-K program, there remains a challenging set of logic problems to square. The city [says that more 3-K services are not necessarily needed](#) because there are so many vacancies in existing programs, the result of poor planning in prior years. At the same time, many families that want services [say they cannot access them](#) near their home or workplace. Children with disabilities are still underserved. The slots with extended hours, which advocates say are the most needed for working families, have the [highest vacancy rates](#). Evidence suggests this is because eligible families may be less likely to know about these options (see chapter 2) and may struggle to navigate the complex processes to qualify (see chapter 3).

The city is concerned, rightfully, about public spending at the moment with many fiscal pressures; the mayor is projecting painful budget cuts to come, on top of budget reductions that city agencies have already taken in the past two years. In the budget reductions he presented in November 2023, Mayor Adams eliminated another \$120 million in funding for 3-K and Pre-K. These cuts could further reduce the services available to families. At the same time, [the city spent less than half](#) of its child care allocation from the state in 2021 and 2022, leaving hundreds of millions of dollars on the table because subsidized slots funded with child care dollars were empty. While the total funding available in recent years was temporarily elevated because of pandemic relief funding, possibly making it harder for the city to spend down all available resources, the trend in underspending predates the pandemic.

In the budget reductions he presented in November 2023, Mayor Adams eliminated another \$120 million in funding for 3-K and Pre-K. The mayor announced in January 2024 that an additional \$50 million would be cut.

New York City's claims versus allocation of state child care funding
Child Care Assistance Block Grant, \$ million



Source: [NYS Office of Children and Family Services, Child Care Assistance Block Grant Spending By Federal Fiscal Year \(FFY\)](#)

The city's early care and education system is rife with bureaucratic complexity. Some of that is the result of state and federal policy and funding requirements, which grant roles to specific agencies and require specific programs to be managed separately. Some of it is an inevitability given New York City's scale. Some of it is the result of the city's own management choices. Bureaucracy in and of itself is not the problem. The problem is when bureaucratic challenges lead to negative effects on families and providers.

One painful example that has played out over the past two years are the payment delays that early childhood education providers who contract with the city have faced. At one point, the city owed providers collectively [more than \\$400M](#). Some providers are owed large-enough sums of money that they have been forced to take out personal lines of credit. Others have sent direct appeals to families or been forced to close their doors. The Adams Administration has pointed to [problematic policies and weak infrastructure](#) they inherited from the prior administration. Others, including 5BORO, have pointed to [management issues](#) and [staff vacancies at DOE as the cause](#). The city must address the payment delays and as proposed below, develop processes that allow for more expeditious payment moving forward.

The city took some steps in late 2022, [deploying "rapid response teams"](#) on a short-term basis to help providers submit approval-ready invoices. The DOE [changed policies](#) to allow providers to submit multiple invoices for approval at once, whereas they previously had to wait to submit them sequentially. The administration has released limited data about the current state of affairs. [Anecdotal information from providers](#) suggests that payments continue to lag well beyond the 30-day turnaround time that the administration committed to. Some say they are still owed payments from fiscal year 2022 more than halfway through fiscal year 2024.

Another example, albeit one starting to show some signs of improvement, is the process for child care staff to receive background checks from the Department of Health and Mental Hygiene (DOHMH). Under federal law, any staff member who works in a licensed child care center or home must complete a Comprehensive Background Check every five years. If staff members change employers, they must complete the process again. The [city's health department manages this process](#) for providers whether or not they do business with the city. Because of backlogs resulting largely from regulatory changes, staff were waiting months – some outliers even reported years – to get the necessary appointment to be approved. Employees [cannot begin working](#) while background checks are being processed, leaving them potentially without income. Some workers find other jobs [before their federal background check clears](#) because they cannot continue to wait, depleting an already decimated workforce. This in turn directly impacts families: staffing shortages can lead to [facilities operating at less than full capacity](#).

DOHMH committed to reducing the time providers spend dealing with red tape by [automating the processing system](#) and hiring staff to deliver results sooner. Providers can now upload paperwork [directly to an online portal](#), rather than submitting it to DOHMH via email; this should theoretically increase processing times and is also a safer way to transmit sensitive personal data. DOHMH has made [emergency hires and pulled in help](#) from other parts of the agency to help clear the clearance backlog. At a City Council hearing in October, [DOHMH staff reported](#) the wait time was an average of 36 days – a significant decrease from what it had been, but still longer than the 14 days that City Council members proposed should be standard. City Council members [introduced several bills in 2023](#) to reform and potentially simplify the background check process, though none have yet advanced.

Dept. of Health and Mental Hygiene staff reported that the wait time for child care worker background checks was now an average of 36 days.

The city has vast unmet child care demand and leaders who want to dream big. We applaud this; we believe child care would benefit tremendously from innovation and new ideas. But we also believe the city has important work to do to stabilize its foundation before building something shiny and new. Otherwise, to extend the metaphor, the whole infrastructure risks collapsing.

Potential solutions

Many of the policy ideas we explore throughout this paper would benefit the existing child care system; we dedicate a full chapter to proposed solutions to make it easier for families to access care. There are, however, a few specific proposals that are necessary purely to stabilize the sector.

Streamline governance. Today, there are a long list of city agencies that touch child care; the four with the most significant roles are ACS, DOE, DOHMH, and the Human Resources Administration (HRA). Mayor Adams [established the Office of Child Care in 2022](#) to lead strategy and coordination within the city, foster innovation and partnerships, and communicate with the public. He brought in a veteran from the child care sector to lead the work, though she departed after less than a year in the role and no replacement appointment has been announced. The office has been thinly staffed since its inception and the specifics of its mandate are not clear. Each of the agencies

involved in the provision of early care and education has different priorities and often operate without clear evidence of coordination. There is limited accountability for the city to be responsive to families and providers.

To address these challenges, there are multiple ways the city could approach governance for child care. The Office of Child Care could be more fully empowered, given clearer authority over agency activities and more direct operational oversight. Services could be further consolidated under one of the city agencies with an existing role in the space. The city could create a wholly new agency focused on all issues related to children from birth to five, including child care, and shift the relevant programs there.

There are examples of each approach from across the country. [San Francisco's Department of Early Learning](#), a relatively new city agency, resulted from the merger of two departments that each managed portions of the city's early care and education program; leaders believe the new agency will have increased capacity and funding and a more holistic perspective. [Seattle's Department of Education and Early Learning](#) oversees all early care and education services, services for children in Seattle's public schools, and postsecondary programming. [Boston recently established an Office of Child Care](#) reporting to its mayor with the explicit goal of streamlining access for families.

Of course, models at work in other cities may not apply perfectly to New York's circumstances. The scale and management structure of New York's K-12 education system is unique. The way that certain funds flow from the state to the city prescribes specific roles for each agency, at least under current legislation. In the long term, particularly if the city takes a more ambitious approach to early care and education, the city could benefit from a dedicated department focused on managing and providing these services to families. Putting

all of the relevant functions into one agency would create a more unified policy approach, create clearer accountability for implementation and management, and simplify access for families and providers. In the meantime, the city needs to commit to a comprehensive vision for a system of care for children and empower its Office of Child Care to lead the charge toward a better and more well-organized future.

Prioritize staffing vacancies in the critical functions that support child care. We already know that the [city's staffing crisis has had ramifications for its most vulnerable residents](#). There are multiple staff functions supporting child care that deserve attention, including personnel at the DOE who oversee payments and child care eligibility processing, at DOHMH who oversee background checks and permitting/licensing, at HRA who process child care benefits to families who receive cash assistance, and at ACS who process child care vouchers and support families in protective and preventive care. Many of these teams are among the most understaffed functions in the city currently; 2022 [data](#) from the state comptroller shows a 35 percent vacancy rate in positions on the early childhood programs budget line at the DOE.

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[Our staffing report issued in 2023](#) includes detailed recommendations for how the city and specific agencies can more expeditiously fill these roles.

Implement process improvements and automation for provider payments. The city's current payment process for providers that contract with the DOE requires providers to submit monthly invoices that the DOE reconciles based on actual expenses. This can be a tedious process with multiple rounds of back-and-forth between providers and agency staff. Providers' payments are further complicated by the fact that a portion of the provider contract is guaranteed and a portion is contingent upon enrollment. This is meant to minimize waste and to incentivize enrollment, but it has unintended consequences; the complexity increases the friction in the process and makes the process much more labor intensive. These process challenges are compounded by staff vacancies; providers anecdotally report long waits to have their documents approved by DOE staff.

Consistent with [the broader commitment that the city has made](#) to make it easier for nonprofits working with the city to get paid on-time, the DOE should take steps to automate the process for provider payments. More automated approvals could be possible particularly because the vast majority of providers' expenditures go toward personnel and rent, fixed costs that require frequent cash outlays. The process to reconcile enrollments and therefore determine payments is part of what administration officials have said cause delays. This is a technical problem that the city should bring in outside experts to help solve if needed.

Expand the bridge loan program as an emergency stop-gap. The city has historically maintained an emergency interest-free loan fund for nonprofits that contract with the city to ensure that in the event of payment delays, organizations can still meet payroll, rent, and other cash-flow obligations. The Fund for the City of New York has served as the administrator of this loan program. The city could consider steps to ensure a healthy balance for the loan program. While not a long-term fix, a robust loan program can help providers avoid taking on personal debt with high interest rates while waiting for city payments. Faster contract registration, which the Mayor's Office and Comptroller's Office have named [as a shared priority](#), could also mitigate some of the need for bridge loans.

Create meaningful opportunities for child care providers to engage in policy-making discussions and decisions. There need to be ongoing, robust, two-way communications channels between policymakers and child care providers to ensure that the decisions made at City Hall and in city agencies reflect the operational realities for those providing care in our city. To avoid major challenges like what the city has experienced with payments, city leaders need formal structures to hear from providers about the issues they are facing. Formalized advisory groups, listening sessions, and other feedback mechanisms can forge stronger ties between the sector and policymakers and alleviate some of the city's current challenges.

Increase transparency into public spending and operations. When Mayor Adams launched his child care blueprint, his administration created new metrics within the Mayor's Management Report to track progress against the newly-announced initiatives. This kind of transparency creates buy-in with the public and a sense of accountability for the city government to deliver. However, much of the city's data on early childhood programs remains opaque. There is no information in the city's open data portal on the early childhood workforce, the capacity of city-contracted child care sites, or the funding going to these programs. The city should take steps to add early childhood data into the city's open data portal, including data from the DOE, to create more transparency with the public. This kind of visibility can help build public confidence in and support for the work that the administration is doing.



2

Connect more families to care

Despite high need, utilization of care options funded by the city are down. In 2022, 3-K and pre-K enrollment relative to capacity stood at 78 percent and 77 percent, respectively, a drop from pre-pandemic levels. Extended-day 3-K slots in particular are not filling, despite the need for care beyond the school day; just 52 percent were filled as of May 2023.

Perhaps most puzzling, the city's contracted slots for infants and toddlers were only 36 percent enrolled in 2022 – a major drop from 61 percent just a few years prior. New York City's subsidy system, including vouchers and contracted care, reached 22,750 infants and toddlers in 2019 – just eight percent of all likely-eligible infants and 29 percent of all likely-eligible toddlers. Since 2019, the number has declined to less than 14,000.

Research and policy experts suggest a few different reasons why publicly-funded programs go unfilled and families go without care, even when there should be a match.

First, low-income families who may be eligible for free or subsidized child care are often unaware that this option exists or how to access it. In a survey of New York City families, 25 percent of parents receiving other income-based benefits (SNAP, WIC, etc.) did not know about subsidized child care. By contrast to the child care numbers, SNAP enrolls 89 percent of eligible New York families.

In a survey of New York City families, 25% of parents receiving other income-based benefits (SNAP, WIC, etc.) did not know about subsidized child care.

The process to enroll in subsidized care can be confusing. There are multiple city agencies involved: vouchers are administered by ACS and HRA, with different families directed to each agency depending on circumstances, and contracted care is administered by DOE. Families must provide detailed personal and financial information to qualify. (We will explore this issue in more detail in a later chapter.)

Even for families who are aware they are eligible and who know how to apply, they may be nervous to enroll their children in available care options. In their listening tour with families, the Citizens' Committee for Children observed a few notable trends. Parents reported feeling more comfortable enrolling their child in care when the referral for a program comes from someone in their network and community. Families may be wary of engagement from the government, particularly if they have a negative history with public services or have concerns about their immigration status. Parents also reported feeling concerned about health and safety in child care programs, especially in the wake of COVID-19; more information about protocols to keep children safe might help them feel more comfortable.

Lastly, there is no single place where families can obtain real-time information about all their child care options, including licensed programs that are not affiliated with the city. There is also no single place where an individual (or even a researcher!) can compare prices on child care. The lack of a centralized infrastructure puts increased pressure on child care providers to market their services, which requires a skillset that many small businesses may not have in-house and which takes away from critical time spent with children.

When the city launched Pre-K for All, there was a massive investment made in family outreach. This included widespread marketing, direct engagement with families, and focused efforts to reach the city's most vulnerable families. The impact from these efforts was clear in the enrollment numbers. However, that investment

[has been reduced](#) over time. The city has never done the same kind of outreach for its contracted infant and toddler care options. Council members and child care providers [have called](#) on the City to expand its outreach efforts across all early child care initiatives.

The city has taken other more recent steps though, with focused outreach to families in targeted communities to distribute child care vouchers. The number of children receiving a voucher [grew by 230 percent](#) from June 2022 to September 2023. Moving forward, the city has committed to do more outreach in homeless shelters, specifically.

The number of children receiving a voucher grew by 230% from June 2022 to September 2023.

In 2022, the Mayor fulfilled a major policy promise and launched the [MyCity portal](#), which allows an individual to see if they are eligible for child care assistance and apply for it in a centralized place. This effort is designed to streamline the complex bureaucratic process of applying for child care subsidies. MyCity allows people to answer a series of [screening](#) questions to determine whether they are eligible for child care assistance. The screening process also helps determine if MyCity is the appropriate place to apply for child care assistance and the type of assistance that may best meet the family's needs. Eligible [New Yorkers](#) can then apply directly for child care vouchers and contracted care and track the progress of their application. MyCity is a good first step, but there are some challenges: it is only effective if New Yorkers know it is available, the focus on a digital platform may leave some families behind, there have been some technical glitches and it does not include all program options available

to families. MyCity is completely separate from the city's 3-K and Pre-K application; families that attempt to complete a MyCity application and are deemed ineligible are not redirected to other services that might be a fit for their needs. While MyCity is intended to streamline access for families, it may be inadvertently making it more complicated.

For the city to make the case that we need to invest more in child care services, we need to first fill the capacity we already have available and make sure it reaches the New Yorkers who need it most.



Potential solutions

Reinvigorate the city's outreach campaign for early care and education services. The city's previous 3-K and Pre-K campaigns and the more recent push to increase voucher uptake have all shown results. The city should continue to make targeted investments to drive up participation in its early care and education programs, focusing on the neighborhoods where data suggests families are not enrolling and providing families with information about all their options for care. This could include mass and targeted marketing, a media campaign, community partnerships, and direct on-the-ground outreach.

The most effective way to do dedicated outreach is with a dedicated team. But, bolstering the city's outreach efforts doesn't necessarily have to mean expanding the number of city employees. There are existing teams and functions within the city government that could be better utilized to promote child care opportunities and help with application processes, like the Mayor's Public Engagement Unit. There are [models from other cities](#) that could also be relevant either at scale or to target specific NYC neighborhoods. The city could give grants to community-based nonprofit organizations to run focused, time-bound outreach campaigns, as Chicago does. In Atlanta, the school district and a nonprofit work

together to recruit community members who can serve as trusted voices to their neighbors. These early childhood ambassadors, as they are known, are trained and paid a stipend to promote pre-K in their communities.

However the city chooses to approach outreach, it should specifically focus on the most vulnerable and hard-to-reach populations and invest in targeted supports to help them access services. Families who are living in shelter, who speak a language other than English, and whose children have disabilities or other complex needs are just some of those who may need more help navigating the city's application processes. Simply putting up more advertisements will not reach the families who need individualized attention and assistance.

Create a text list to allow the city to communicate with parents and guardians of young children. The city could sign every parent up at birth for ongoing text-based communications about available services. The texts would be automated to encourage signup for child care assistance through the new online MyCity portal after the birth of a baby – with a concise overview of the benefits available and a link to the MyCity child care page. This would initially increase awareness about the availability of child care vouchers and subsidies and allow the City to continue to share information with families related to child care, infant and toddler health, and later, pre-kindergarten programs, through ongoing text messages.

The vast majority of NYC babies are born in a hospital, making it an ideal setting to register families and guardians for a City-run text message platform. Ideally, information regarding the text message platform would be introduced after the birth of a child, when a family is preparing to leave the hospital. The [required](#) postpartum discharge could be expanded so that it includes an opportunity for families to sign-up for the City's text message platform. It could then be reiterated at the [6-week postpartum check-up](#).

Text messages are a non-invasive, highly accessible, cost-effective form of outreach. Research has [shown](#) that, while there is a persistent digital divide, smartphones [continue](#) to be highly prevalent among people with a range of incomes and are heavily relied upon by those with lower incomes. According to a 2015 survey of NYC, [almost 100 percent](#) of respondents reported having a cell phone. Unlike apps or other forms of communication, text messages [require the least](#) of the recipient. They can also concisely convey information and have been shown across studies to influence behavior. They have open rates as high as [98 percent](#) and can be delivered quickly and immediately on a pre-scheduled timeframe.

In New Orleans, a study showed that applicants for benefits eligibility were often [derailed](#) at the point of providing documentation. Text messages encouraging benefits application completion produced [statistically significant](#) results. [State pilots](#) have also had success targeting populations to sign up for government assistance. In years past, information about prenatal health was disseminated to mothers and caregivers via text based-services run by [New York State](#) and [New York City](#) and improved a sense of confidence and competence in child care amongst those surveyed.

Publish and maintain a user-friendly directory of all child care programs in the city. The City Council [passed a bill](#) in 2022 that would require the city to create a directory of child care programs in the city – Introduction 485-A, sponsored by Council Member Julie Menin. The city should move forward in implementing this proposal and should take care to ensure that any directory includes all types of child care offerings in the city and is accessible on mobile devices and in multiple languages. To be truly useful to families, this directory should include more than just the basic health department information about a child care program; it would ideally include information on hours of service, cost, and how to get information about potential availability.

Create a true ‘one-stop’ portal for families to access care. Beyond simply publishing a directory, the best next step would be a single portal that allows families to apply for care. Though MyCity represents a good step in this direction, it only includes some programs and is primarily useful to families that qualify for subsidized care. The City should take steps to better integrate MyCity with the DOE’s application for 3-K and pre-K. The portal should also include information about how to enroll with private child care providers, particularly for families that might not qualify for publicly-funded care.

Make it easier for families to enroll in care. For programs that contract with the DOE to provide 3-K and Pre-K services, families must complete a centralized application to receive placement at a school, child care center, or family child care home. This has several potential benefits. Families can rank multiple programs on a single application, rather than completing applications for multiple different programs. Families can complete the application in whatever manner best meets their needs – online, in person, or by phone – and with the help of translation services. The centralized system allows families to learn about many different programs in their area in one place, cutting down on the research they might otherwise need to do. This can also be a benefit to providers as information about their services is more widely shared.

Families and providers have also experienced real drawbacks of the centralized approach. Families may try to enroll directly with their neighborhood provider and be deterred by the seemingly more involved process. Providers experience a loss of control; they must maintain full enrollment at their site – their pay depends upon it – but the process sits in the hands of the bureaucracy.

Many advocates [have called for changes to this process](#). The city should explore how it could implement a hybrid approach that maintains a centralized application, while opening up the ability for providers to do direct enrollment on site.

Leverage existing partners, like the city’s Child Care Resource and Referral Networks and the DOE’s Family Welcome Centers, to do more. As part of federal child care law, New York State contracts with several organizations in each region to serve as what are known as Child Care Resource and Referral Networks (CCR&Rs). These organizations hold a contractual responsibility to support families in finding child care options in the city, in addition to other responsibilities they hold to support child care providers. The four contracted organizations in New York City – the Day Care Council of New York, the Child Development Support Corporation, the Chinese American Planning Council, and the Committee on Hispanic Children and Families – act as a consortium. Collectively their referral services helped [over 5,000 families find child care in 2021-22](#).

The CCR&Rs have access to vast information about child care providers in New York City; they maintain a database of publicly-funded and private programs and they have experience counseling families. Government leaders should better leverage the CCR&Rs as partners in engaging families about their options and helping them to enroll in care.

The DOE maintains 14 physical centers around the city – [Family Welcome Centers and Family Resource Centers](#) – to support families with enrollment and admissions for grades 3-K through 12. The DOE should ensure that every center has some personnel on-site who understand the child care subsidy application and can help families navigate its requirements. This could particularly benefit families who come in to enroll older children in public school and can simultaneously receive support to access care for their younger children.



3

Expand and simplify access to free and low-cost care

We know there is a critical child care need in the city, and yet, we have vacancies in our publicly funded system. As the Citizens' Committee for Children [noted](#) based on analysis of enrollment data and family surveys, "open seats suggest families face barriers accessing programs, not low demand."

Many of the barriers that families face accessing subsidized care are challenges inherent to a means-tested system, rooted in long-standing policy, much of it federal, that limits care.

Most public funding for child care comes with [very limiting eligibility criteria](#). Particularly since welfare reform in the 1990s, child care has been primarily viewed as [a work support for parents](#) – not a critical early learning opportunity for children. This means funding for care is doled out in hourly increments, meant to match only the exact time frames when parents are working. Parents who apply for child care subsidies must demonstrate they have an appropriate "reason for care" and that their income falls within specific thresholds. Democrats in the federal government have criticized Republicans for seeking to add work requirements to other benefit programs, like food assistance, but [have maintained them](#) even in more recent child care proposals.

As is the case with any means-tested program, once the lines are drawn for who is eligible, there are families just on the other side of that line who desperately need care but just miss the cut-off. Their income may be too high – or through a strange quirk of New York's eligibility criteria, their income may be just too low. Their work may not be documented to the state's standards or may be too irregular in hours. Small changes in income may impact their status. [In a statewide listening tour](#) conducted

by State Senator Jabari Brisport, families shared stories about turning down promotions or overtime opportunities at work because the extra income would have eliminated their access to affordable child care.

Families may also face real or perceived barriers beyond their income when it comes to accessing care. Their immigration status may make them ineligible for programs funded by the Child Care and Development Block Grant, or they may fear approaching the government out of concern for their status. The city's growing population of migrants [are struggling to find child care](#).

New York has taken meaningful steps to expand who is eligible for subsidized care. Governor Hochul has invested [\\$7.6 billion](#) over four years to increase eligibility for free and subsidized child care, expanding access to families who earn less than 85 percent of the state median income, or \$99,000 for a family of four. This is a significant step forward and will allow thousands of additional families to qualify. The state also extended the allowable time period a family can be determined eligible for care from 12 months to 24 months, meaning parents do not need to be recertified as frequently.

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But even for those who are eligible, the process to qualify poses barriers. Parents must provide detailed financial information, which [can be onerous and feel invasive](#). It often takes many parents more than one attempt to get it right given the complexities. Families who have a negative history with the government because of involvement with the child welfare or criminal justice system may also feel uncomfortable handing over so much personal information to a city agency.

Parents need to demonstrate employment to receive care and go through the determination process, but paradoxically, they cannot report to those very jobs if they do not have care. Under state regulation, the city has 30 days to process and review a family's paperwork before issuing an eligibility determination. Some parents [have reported](#) turning down job offers because they couldn't secure care in time. Others are forced to take on expenses they cannot afford, knit together a patchwork of support from family and friends, or seek out lower-quality options for care while they wait. Some may give up on the subsidy system altogether. The city has driven more families to apply for care through the launch of MyCity – a positive metric – but the surge in interest [has increased the wait time](#) for care, up to 34-35 days in September 2023.

On the city's end, [workers are wading through literal piles](#) of paper forms – a challenge in any environment, and especially one in which the city's social service agencies [are understaffed](#). Child care providers are also burdened by this process, often serving as the frontline support to families as they navigate the paperwork requirements.

The city has driven more families to apply for care through the launch of MyCity – a positive metric – but the surge in interest has increased the wait time for care, up to 34-35 days in September 2023.

Means-testing for child care creates barriers to entry, particularly for the most vulnerable families, and forces the government to invest resources in bureaucratic processes that could otherwise go toward care. This is why we must move toward a system with universal care. However, for as long as this is the system we have, we should work to make it as expansive as possible.

Potential solutions

Expand who is eligible and provide more care to those who need it.

Eliminate the wage floor for subsidized care. As the mayor committed in the child care blueprint, the city should continue to call on New York State to end the provision in its child care subsidy that makes families ineligible if their wages are too low. [The city estimates](#) up to 10,000 families could be impacted if this rule were changed.

Create allowances for gig workers and other New Yorkers with nontraditional income. As the prominence of “gig” work has increased, [most public benefits systems have](#)

[not kept up](#); across the country, and [at home here in New York State](#), gig workers who should qualify for food assistance, Medicaid, and other benefits struggle to meet the paperwork requirements. Qualifying for child care subsidies poses a similar issue. There have been [private sector technology innovations](#) to try and correct this issue, but limited action at scale. The city and state could take steps within the child care subsidy application process to make clear how gig workers can demonstrate their eligibility. The city could also consider running a targeted pilot with its own child care funding to expand access to workers in these categories.

Increase access for children regardless of immigration status. Because child care programs have historically had restrictions based on immigration status, the city launched its own voucher program last year for migrant families, called [Promise NYC](#), with a \$10 million commitment in year one and a \$16 million commitment in year two. [Advocates have called for more](#), though, as families [are on waiting lists](#) and the program does not have a guaranteed future.

While expanding available child care options adds to the cost New York City is bearing to support migrant families, Promise NYC creates critical support to allow parents to seek gainful employment. [Helping migrants get to work](#) is an important goal for many policy reasons and will ultimately reduce the need for the city to provide shelter and other basic necessities for migrant families. The city should consider making Promise NYC a permanent program until the federal and state governments take steps to reduce citizenship requirements within subsidy programs. Building Promise NYC into the baseline budget would ensure its sustainability and create greater predictability for families, advocates, and providers. It is not enough for the city to simply invest in more child care options for migrants, though; any expansion of the program should be coupled with efforts to ensure that families are aware of their options and how to enroll in them.

Further raise the income ceiling with protections to minimize the risk that families lose access to care. Governor Hochul's recent expansion to child care eligibility will open the program to [over 100,000 additional families](#) across the state. Given the high cost of living in New York City, others have proposed an even higher ceiling. The proposed Early Learning Child Care Act, introduced in 2021 by State Senator Ramos and Assembly Member Clark, would expand access up to 400 percent of the federal poverty line, or approximately \$106,000 for a family of four. Families above that threshold could see their child care payments capped at seven percent of their income. It is estimated that this proposed legislation [would pull 84,000 families](#) in New York State out of poverty by reducing child care costs and making it feasible for parents to enter the workforce. Former New York City Comptroller Scott Stringer put forward a similar proposal in his 2019 plan, "[NYC Under Three](#)."

The proposed Early Learning Child Care Act, introduced in 2021 by State Senator Ramos and Assembly Member Clark, would expand access up to 400% of the federal poverty line, or approximately \$106,000 for a family of four.

New York is already more generous than many other states in the nation; federal child care funding regulations [only require states](#) to serve those at or below the federal poverty level. But, there are others pushing the envelope further: Legislators in Vermont [recently passed a law](#)

that will expand eligibility for partial child care subsidies up to 575 percent of the federal poverty line, meaning a family of four making \$172,500 or less will be eligible for some benefits.

[Some states](#), including New Jersey and New Hampshire, have made it so that small increases in income do not force a family to lose their child care benefit. Essentially, the income ceiling to qualify for child care is lower than the income ceiling that forces families out of the program. The city could advocate for the state to enact policies like this, and could also consider piloting this with city resources.

Decouple authorized hours of care from work hours. Under current child care regulation, families that receive subsidies can only access care during the precise hours they are working. A parent could not even stop at the grocery store on their way from work to day care pick-up without being in violation of this rule. These regulations are especially punishing for parents with shifting work schedules who may struggle to find suitable care as a result.

In 2022, the state passed a law that would allow parents to access child care beyond strictly the hours they are working. However, an error in the final bill language [rendered it virtually useless](#). The governor had an opportunity to sign a new bill that the legislature passed in 2023, but the legislation did not move beyond her desk, despite pushes from advocates and [city leaders](#). The governor's office [pointed to a cost estimate of \\$141 million as the reason](#) for her veto, though advocates believe the actual cost of the bill would be less than a third of that figure. Changing this policy in a meaningful way, as the city proposed in the Mayor's blueprint, will require the city to continue its state policy advocacy in the 2024 legislative session.

[Other states](#) have made moves in this direction; for example, Indiana provides parents with access to full-time care if they work at least 25 hours per week. Oregon [recently passed legislation](#) that more fully decouples subsidy eligibility from parents' working hours.

Indiana provides parents with access to full-time care if they work at least 25 hours per week.

Extend a longer timeline for eligibility. New laws passed by the state last year will allow the city to grant eligibility for some families for up to 24 months. The city should continue to push for this to be as expansive as possible and to make sure the city's policies extend this eligibility extension to all families. Longer eligibility windows mean greater continuity of care for children, which [can be critical](#) to their development.

Make it easier and faster for eligible families to get care

Simplify the application for child care. The state's child care application – which the city is required to use – requires time-burdened families to work through a lengthy and at times, confusing, process. Families must complete this application to receive any care funded by child care dollars, including vouchers provided by ACS and infant, toddler, and extended-day 3-K and Pre-K services provided by DOE. While the city has taken important steps to make the application accessible online in addition to the current paper versions, the digital conversion does not simplify or streamline the questions being asked.

The Center for Law and Social Policy [has outlined recommendations](#) for states to simplify their applications, including broadening the list of documents parents can provide and requiring fewer pieces of personal information. The city should advocate for the state to make the application easier for families to use.

Integrate data systems to allow families to more easily qualify for child care. Families who are eligible for child care often already interface with other government programs, like WIC, SNAP, and Medicaid. Based on the information that the city and state already have in hand, families in certain categories could be granted access to care without providing any further documentation.

[Connecticut](#) allows information for families seeking child care to be verified through SNAP, TANF, and medical programs. If a child's information is unavailable through one of those systems, parents are then asked to provide other information, like a birth certificate.

Create automatic eligibility for certain vulnerable families. There are some categories of families that are granted child care as a right, including those receiving protective and preventive services and most families in homeless shelters. New York City could consider other groups that might benefit from automatic and immediate access to care. The Plan for a New New York specifically identified SNAP recipients, Medicaid recipients, and child care workers as good candidates for categorical eligibility.

Making changes to the child care application to make it easier to complete and funding application assistance for families could increase the likelihood that families qualify for care – a good policy goal unto itself.

Enroll families in care faster with presumptive eligibility. Presumptive eligibility is the idea of granting families access to care immediately upon receipt of their subsidy application and processing their application afterward. This eliminates the waiting period for families and allows them to put their child into care right away, helping them maintain the employment or education activity that entitles them to receive care. This also takes pressure off the eligibility determination process, easing stress on the city's overtaxed workforce. This model requires the city to take on some risk – families could ultimately be deemed ineligible and the city would theoretically be on the hook to pay for care received during that time period – but examples from elsewhere suggest the costs would be manageable so long as the city also addresses underlying challenges that families have with the eligibility determination process.

There are robust and successful presumptive eligibility programs in place in other jurisdictions already, including in Delaware, Montana, Wyoming, and most recently, Maryland (see sidebar, “Planning for presumptive eligibility in Maryland”). Closer to home, families in Monroe County, NY – who are subject to the same child care regulations as New York City – can begin care within 24-48 hours of submitting their application. If families do not complete the eligibility process within 30 days, or if the final determination is that they are ineligible, their case will close.

Planning for presumptive eligibility in Maryland

In 2022, Maryland passed the Early Childhood Development – Child Care Scholarship Program – Alterations and Study bill (Ch. 525 HB995/SB920). The legislation made several changes to the state's child care program, including (effective July 2023) a presumptive eligibility phase for families. The Center for Law and Social Policy (CLASP) [completed a study](#) ahead of the implementation to consider different policy models and consider the implications of a presumptive eligibility policy.

Based on a review of Maryland's context and existing programs in other states, CLASP recommended that Maryland award families presumptive eligibility for child care based on an attestation of their income and employment or other eligible activity and give families up to 60 days to be determined eligible for care after beginning the process.

Many in Maryland and elsewhere worry that a presumptive eligibility policy would create new fiscal liabilities given the number of families who would likely be ultimately determined ineligible for care. CLASP estimated the number of families in Maryland who would ultimately be determined ineligible would be fewer than 1,000 per year and that each would cost the state approximately \$3,100 for the time they were in care. In Maryland – as in New York – many families are determined ineligible for care not because they are actually ineligible, but because they are unable to successfully and properly complete the child care application. Making changes to the child care application to make it easier to complete and funding application assistance for families could increase the likelihood that families qualify for care – a good policy goal unto itself. Helping more families be determined eligible the first time they apply could also reduce the total cost of a presumptive eligibility program.

As of summer 2023, Maryland now grants families access to a voucher for child care expenses within three days of submitting an application [through the state's centralized process](#) and assistance for up to 60 days while their application is processed.

Provide the infrastructure to help families access the care they are entitled to.

Families cite transportation access and cost as a barrier to reaching child care, even when they have been determined eligible. As recommended by [CCC](#), the city could proactively work to connect more families receiving child care to Fair Fares and other transportation subsidies. The city could also consider providing free MetroCards to the most vulnerable families to provide transit to and from their child care location, just as the city provides transit to school-aged students who are commuting by bus and train.

Further reduce the burden of child care fees by removing co-pays for certain categories of families.

Federal child care policies dictate that most families must pay a sliding scale fee for care. New York State capped all co-payments for subsidized slots at [one percent](#) of family income for families above the poverty level. The city has also made investments to reduce copayments for the lowest income families; over the past year, a family of four earning \$55,512 annually saw fees reduced from [\\$55](#) per week to less than \$5 per week.

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Among states [that charge co-pays to families](#), New York already has one of the lowest rates for fees, but the city and state could consider going even further; New Mexico and New Jersey have waived parent co-pays for all subsidy-eligible families entirely. New York could also consider a more targeted approach. For example, [Maryland removed child care fees](#) for all families who receive certain publicly-funded services, including families who use WIC, SNAP, SSI, and Section 8 housing vouchers. Eliminating parent fees (and backfilling them with public funds) also has the positive benefit of removing an administrative task for providers.



4

**Make it easier
for child care
providers to
do business**

The city has made a commitment to support its small businesses, and particularly those operated by minorities and women. Helping child care businesses thrive is critical to the city's broader economic goals.

Child care is one of the most heavily regulated sectors. This is for good reason – states with more effective regulatory structures have a greater supply of higher quality programs. The downside risks are far too high when considering children's health and safety. Safeguards and quality standards are needed to protect children in licensed care. However, the complex web of regulations and requirements creates many challenges for providers and keeps some out of the sector entirely.

There are nearly a dozen different city and state agencies involved in the process to obtain or renew a building permit for a child care program. Providers are at the whim of the bureaucracy to move through these processes. This is even more true for providers in publicly-owned or managed spaces like NYCHA facilities, and is especially problematic in the context of widespread city workforce vacancies. Providers may face a loss of revenue while waiting for approval. A lack of coordination between city agencies may send providers down conflicting paths, making it even more expensive and time-consuming for them to initiate operations.

At the same time that providers are working to jump through the required hoops, regulators are not actually equipped to enforce all the rules in place; there have been reports that the state is failing to conduct monitoring visits. Some providers simply choose not to comply with the requirements, which can jeopardize children's health and safety.

For providers who accept child care subsidies, the funding levels are insufficient to run a quality program. Raising New York and the Center for American Progress worked together in 2019 to estimate the true cost of providing quality child care from birth to five in New York State, with calculations done specifically for New York City. The gaps they found were staggering – the gap between 2019 subsidy levels and the true cost of quality care for toddlers per child was \$18,889 in family child care homes and \$14,120 in centers.

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The challenges of operating a small business and meeting all the necessary requirements are felt especially by home-based providers, where a single person is often responsible for every aspect of running the operation and

caring for children. In addition to low pay and rising operating costs, researchers found that family child care providers identify negative interactions with public agencies as a primary reason they leave the sector entirely.⁵

If our city leaders want to see an expansion of child care capacity, we need to make New York City a more supportive place for child care operators by making it easier for them to open and maintain their businesses, streamlining the regulations they must comply with, and supporting them as small business owners.

Potential solutions

Make it easier for providers to obtain and maintain the necessary permits to operate.

Streamline the process to apply for and receive a child care license. The city could take steps to better coordinate rules between the licensing agency (the city's health department and the state's Office of Children and Family Services, depending on the provider type) and those agencies responsible for building and fire safety and health and sanitation codes to reduce overlap and contradictions. During [the initial roll-out of Pre-K for All](#), the city created a dedicated committee to expedite permitting for child care providers. This committee brought together point people from all the relevant city agencies, including the Fire Department, Department of Buildings, the Department of Health and Mental Hygiene, and others. The group met at least weekly and worked in tandem to rapidly address issues at child care sites and to speak in one voice about what was needed to ensure sites were fit to operate. This structure could exist on a more permanent basis to support all child care providers, not just those who directly contract with the city.

Tailor ongoing monitoring protocols and license renewal based on provider past performance. [Differential monitoring strategies](#), whereby programs maintaining strong track records and experiencing low turnover in personnel receive shortened inspections or are eligible for longer-term licenses, can streamline government processes – and may also serve as incentives to programs for providing higher quality.

Child care programs must be relicensed on a periodic basis, which creates additional processes for government and burden for providers. While it is important for the city and state to have an opportunity to ensure providers are operating in compliance with critical health and safety regulations, regular monitoring visits from city and state health departments play this role. The city could consider shifting to a model with permanent licenses for providers with provisions that allow for the revocation of the license for cause at any time, with inspection visits at least annually to determine continued compliance. This would potentially require a shift in state policy, or at least an allowance from the state for the city to pilot this model.

Alberta, Canada [extended its initial child care licenses](#) to last for three years, an increase from the previous one. After a program renews its initial license, the new license will not carry any expiration date. Programs were previously required to go through a renewal process every three years. This change was enacted as part of a broader sweeping set of regulation changes in 2021, which were informed by input from child care providers. The province also shifted its inspection approach, in which consistently high-quality providers with a history of few infractions will have less frequent inspections based on a simplified protocol.

⁵ Bromer, J., Porter, T., Melvin, S., & Ragonese-Barnes, M. (2021). Family Child Care Educators' Perspectives on Leaving, Staying, and Entering the Field: Findings from the Multi-State Study of Family Child Care Decline and Supply. Herr Research Center, Erikson Institute.

Alberta, Canada extended its initial child care licenses to last for three years, an increase from the previous one. After a program renews its initial license, the new license will not carry any expiration date.

Create a new office of licensure specifically focused on home-based providers. Given the unique operating model for home-based care, a new and focused entity within the city's Department of Health and Mental Hygiene could answer licensing questions, help providers move through all the necessary process steps, and advocate with other city stakeholders on providers' behalf. This recommendation was made by All Our Kin, a national non-profit organization that offers direct support to home-based educators. [As they noted in their report](#), this office could be most effective if it were staffed to offer support in multiple languages, recognizing the [multilingual needs](#) of home-based providers.

Better leverage community partners who can support providers to meet licensing requirements. Intermediaries like the five Child Care Resource and Referral Networks and All Our Kin are trusted by child care providers and knowledgeable about the city's requirements and processes. The city could more proactively charge these organizations with helping providers and would-be providers to navigate the steps to obtain and maintain an operating license, train these organizations to ensure they have up-to-date information to provide relevant

technical assistance, and provide funding to ensure they have the capacity to do it well. Small grants to enable these organizations to support providers could go a long way toward decreasing the loss of time and money that providers face trying to navigate these processes on their own. These organizations could also potentially serve as intermediaries between providers and city agencies in especially challenging cases.

Ease regulatory burden.

Allow for background check verification to follow child care workers. Background checks for staff today are tied to specific providers. If a child care worker changes jobs, they need to begin the process all over again. This is true even if a child care worker moves to another program operated by their existing employer. These policies are written into state regulations; the state's Child Care Availability Task Force – which Governor Kathy Hochul co-chaired as lieutenant governor – [previously recommended](#) allowing for fingerprint portability. The city should work with the state to move in this direction and create greater flexibility for child care staff.

Other places, like [Virginia](#), have taken steps to allow background check portability. This is a common-sense measure that could reduce the volume of background checks being processed by DOHMH and minimize the delays that providers and workers face today. Greater background check portability would benefit child care workers by creating more career mobility. It could also benefit child care operators with multiple sites, who could more easily share substitute teachers across sites or move staff between programs as needed. For single-site operators, background check portability could create some economies of scale. For example, it could allow a membership organization like the Day Care Council to create a substitute teacher pool that its members could all access.

One primary reason cited for why background checks are site-specific is so that DOHMH has an employer on record who they can easily contact if an issue emerges with a staff member – for example, if a staff member is arrested. The city could introduce a simple self-service process for workers and providers to update a child care worker's employer information with DOHMH (such as through the new background check web portal) so their employee's file can be kept up to date even without going through the whole process anew. Some providers might still choose to run their own background checks as a personal preference; a more flexible policy framework should not prohibit that.

In 2023, the state approved the city's request to increase the rate that providers could receive for providing care during nontraditional hours, including overnight.

Make it easier for providers to operate during nontraditional hours. There is a dearth of child care available during evening, overnight, and weekend hours, creating challenges for parents who need care during those hours because of their work schedules. The city could create clear guidance for providers to help them understand the regulations specific to overnight care and take steps to make it easier for providers to meet those requirements.

In 2023, [the state approved](#) the city's request to increase the rate that providers could receive for providing care during nontraditional hours, including overnight. The city could do more to increase awareness among providers; it could benefit providers already working longer hours and entice others to extend their hours to meet a significant community need.

Streamline the process for providers to claim higher rates. Every two years, the state sets new per-child rates for providers who offer subsidized care. The rate is not automatically passed on to the provider; they must engage in a lengthy process to be determined eligible for the new rate. [In the mayor's blueprint](#), the city committed to streamlining the process to increase the number of providers receiving the highest-possible rate and to speed up the timeline. This is an important goal and one the city should work to meet. At the same time, the city should push for state legislation that could make these increases automatic.

Change outdated provisions to child care funding rules, like the allowable number of absences. Child care providers can claim subsidy dollars based on student attendance. Though providers are granted flexibility to claim for a specific number of absences, there are still gaps. Particularly in the wake of COVID-19 when families and providers are more wary of sending children into child care settings when they are sick, the payment model can create risk and uncertainty for providers. The state had waivers in place during the pandemic to ensure student absences did not jeopardize provider funding. However, the state's policies have since reverted back to their pre-pandemic state.

As laid out in the mayor's blueprint, the city has increased the number of allowable absences that it will pay providers for. This shift was primarily made to create more stability for the sector coming out of the pandemic. The number of allowable absences is now quite high – up to 80 days per child per year – which gives providers more breathing room.

Shifting ultimately to a model where providers are paid based on enrollment, rather than attendance, would allow providers greater room to plan and budget accordingly. It would also better reflect the market dynamics of private pay child care, which parents typically pay for on a monthly basis. New York essentially took this approach during COVID-19, by putting a waiver in place that

allowed providers to claim for an unlimited number of absences. Many other states also experimented with this during the pandemic. A [growing number of states](#) have shifted to a more permanent model to base payments on enrollment rather than attendance, including California, North Dakota, and New Jersey. New York's new ceiling of 80 allowable absences is high enough that few providers are likely to ever exceed it. Given it would drive limited additional cost, the state should consider reframing the policy away from attendance-based financing altogether to create greater simplicity and reduce stress on providers.

Provide more direct operational and business support.

Create bridge grants to allow providers to better weather emergencies. Child care providers have very limited available cash flow given their tight margins and an unexpected emergency, like a facilities challenge, can have lasting ramifications for their long-term viability. There are some loan programs available for providers that contract with the city, but their allowable use cases are limited and they are not available to privately-operating providers. The state's Child Care Availability Task Force [previously recommended](#) that the state create a pool of bridge operating funding grants to prevent unnecessary program closures. For the past two years, providers have been able to access federal COVID-19 relief dollars to fill these sorts of gaps. The state [distributed over a billion dollars](#) to providers in 2021 and 2022 through two rounds of Child Care Stabilization Grants. While this infusion of funding was somewhat unprecedented, and providers also faced unique operational challenges during the pandemic, the grants offer a model. With the expiration of the federal funds used for the Child Care Stabilization Grants, the city and state should consider other smaller pools of funding that can be used to provide stability to the sector.

The state distributed over a billion dollars to providers in 2021 and 2022 through two rounds of Child Care Stabilization Grants.

Create shared services hubs for child care providers. The Child Care Availability Task Force [also recommended](#) that the state create regional Early Learning Hubs to support child care providers with business operations, human resources, data analysis, curriculum, mental health, developmental screening, and other core tasks. These hubs could also create better economies of scale for staffing and purchasing. Structures like this do exist for home-based providers who work with the city, though they have some flaws in the current state; the DOE's Family Child Care Networks work directly with about 1,500 home-based providers and serve as an intermediary between the city and providers, offering coaching and administrative support and serving as a go-between for funding and enrollment. However, the Family Child Care Networks have some challenges, which the city could address with additional funding and a shift toward support and away from compliance. There are no parallel offerings for center-based or home-based providers who work outside of the city-funded system.

The hubs could potentially be funded, at least in part, but the city and state's surplus in child care funding. The city should work with the state and the city's CCR&Rs to further explore potential models and push this recommendation forward.

Ensure all resources for child care providers are made available in a multitude of languages.

Many child care providers primarily speak a language other than English; this is especially true for home-based providers who often reflect the communities they serve. The city takes some steps already to make resources available in a variety of languages; for example, some of the DOHMH licensing documents for child care providers [are available in 10 languages](#).

The city could follow the model of other places and make it easier for providers who speak a language other than English to contract with the city to provide publicly-funded services. For example, in Multnomah County, Oregon, child care providers [can apply to offer county-funded pre-K services](#) through an application offered in English, Spanish, Russian, Traditional Chinese, and Vietnamese. Providers contract with an intermediary to receive public funds; their contract with the intermediary can be written in a language other than English.





5

Bolster the child care workforce

Unless we meaningfully expand the workforce, there is no path toward growing the supply of early childhood education in the city. Even under the status quo scenario, the sector is reaching a breaking point. Child care workers are exiting the field because of poor pay and opportunities elsewhere; 98 percent of occupations in New York City pay more than child care.

Many child care programs have been buoyed by long-time employees; the [Day Care Council](#) of New York found that over 40 percent of child care sites have at least one worker who has been at their program for 20 or more years. But the system is facing an aging incumbent workforce and newer child care workers are exiting the field at much higher rates, with over half of programs reporting that newly-recruited teachers leave within five years. Home-based providers are closing their doors because they are unable to fully compensate themselves for the care they provide. Child care supply in the city is already being impacted by the staffing crisis and the effect will be felt even more deeply over time.

Across New York State, 90 percent of community-based child care providers reported being short-staffed in [a March 2023 survey](#) conducted by the Empire State Campaign for Child Care and Schuyler Center for Analysis and Advocacy. As a result, 776 classrooms in child care centers are closed because centers cannot find staff, equating to over 28,000 children across New York State who cannot access child care or afterschool services because of a lack of staff.

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Child care providers alone cannot solve this issue. In most cases, they do not have the margins to increase wages without pushing costs onto parents. Families can only bear so much more of an increase in the high fees they are already paying. Programs attached to larger nonprofit multi-service organizations often use outside funding, including philanthropic dollars, to increase staff compensation. That is not, however, a tenable solution for the whole sector. Home-based providers are in an especially precarious position — they are often running a one-person operation with extremely low wages, no benefits, no back-up help, and limited ability to take time off.

We should want child care workers to do more than just survive. These educators and professionals play a pivotal role in child development. Providing them with training and boosting their skills is a direct investment in the children they serve. Retaining high-quality staff is the single best lever to drive program quality. However, child care workers lack the time to participate in any kind of robust training. Even where additional training or certifications are linked to potentially greater pay and upward career mobility, it can be challenging for providers to find the time or pay the costs.

The city has historically had major gaps in compensation between early childhood teachers in public schools and their peers with comparable qualifications in center-based programs that contract with the city. As the city expanded its pre-K program, salary gaps between educators in community-based settings and public schools became a more pressing issue. The gap drove high rates of teacher turnover in community-based settings, threatening quality and overall program stability. In 2019, the city [arrived at a collective bargaining agreement](#) with DC 37 that set starting pay for credentialed teachers in community-based providers at the same level as starting pay for credentialed teachers in public schools working under the UFT contract. (DC 37 currently represents a subset of the workers in child care centers that receive public funds.)

This agreement was a tremendous step forward, both symbolically and substantively. However, there is still not full parity between credentialed teachers across settings and the agreement made only moderate adjustments to pay for non-certified teachers and other workers in child care centers. The agreement did not grant longevity bonuses to center-based teachers. This means that over a 25 year career, a child care teacher sacrifices \$700,000 in earning power by staying at a community-based provider rather than moving to a public school, where longevity bonuses make up a significant part of compensation. Teachers with advanced degrees stand to lose even more. Other important details remain unresolved, like additional compensation for teachers who work longer hours or over the summer, and parity in health insurance and other benefits. Lastly, child care professionals represented by other unions or bargaining units, like [center directors](#) and teachers in specialized programs for children with disabilities, did not see similar raises and still face major gaps in pay with their counterparts in public schools.

Over a 25 year career, a child care teacher sacrifices \$700,000 in earning power by staying at a community-based provider rather than moving to a public school.

The increases in compensation for center-based teachers only widened the pay gaps between early childhood educators in centers and in home-based settings. Within the last year, the state took some actions to address pay for family child care providers that accept subsidies by increasing what is known as the market rate. Subsidy reimbursement rates at the state level are set based on data collected in a survey of all providers state-wide on the cost to provide care. The market rate is somewhat of a flawed measure in and of itself because it reflects what families can pay, not the true cost to provide care. Historically, New York State calculated the reimbursement for providers based on the 69th percentile of the market rate for providers in New York City. In 2022, [the state increased the rate](#) to be based on the 80th percentile. This was an important recognition that the rate was too low to sustain high-quality operations, though [many advocates pushed](#) for an increase to the 90th percentile. Particularly for home-based providers, an increase in the market rate directly translates to an increase in wages.

The government has fewer direct levers to impact pay for teachers in private settings. However, the infusion of federal pandemic-era relief dollars for child care that came to New York State provided some welcome relief for many providers. Many providers reported that Child Care Stabilization Grant funds went directly into staff wages and bonuses. While

the Biden Administration [has signaled a desire](#) to continue providing these funds, it is unclear if there will be traction. Some states have put forward new funding measures to make the stabilization funds permanent using state dollars. New York has not yet announced anything of this nature. The [Raising New York study](#) that determined the cost of universal care in New York to be \$20 billion used a living wage standard; with current wages, universal care would cost closer to \$15 billion. However, the current state of the child care sector suggests that without meaningful shifts in compensation, the workforce cannot grow any further. A robust child care sector for the future is dependent on our ability as a city to support the current child care workforce and build a stronger pipeline for new professionals to enter the field. Without early childhood educators, we will ultimately be limited in our ability to expand care options for families and we risk a nearer-term contraction of currently available capacity.

Potential solutions

Invest in higher wages for child care workers in all roles in all settings. The city has an active opportunity to address inequities in pay for providers who work in publicly-funded child care programs. Despite major improvements made in 2019, there are still disparities in compensation between teachers who lead 3-K and pre-K classrooms in contracted centers versus public schools. The city could address this in upcoming labor negotiations with relevant unions.

Increasing wages will require public investments, however, without a sufficient workforce, the city will continue to struggle to operate child care programs up to their full capacity. To make the case for increased investment, the city should look at how many publicly-funded classrooms are non-operational right now because of a lack of teaching capacity. The city should also consider the costs to recruit and retrain staff when existing staff leave.

[Evidence shows](#) that even moderate investments in worker compensation make a big difference. A randomized trial in Virginia found that providing child care workers with retention bonuses of \$1,500 halved turnover rates from 30 percent to just over 15 percent. Permanent wage increases are even more effective.

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The city only has direct control over wages in publicly-funded programs, and raising those wages could have unintended consequences for private providers, whose staff may leave to work in higher wage settings. However, the benefits of paying child care workers a living wage far outweigh any potential risks. Further, the additional competition could lead private providers to consider strategies to increase their own workers' compensation.

The city could also think more expansively and invest in child care workers even beyond those working in publicly-funded programs. [Washington, D.C.](#) recently passed a local tax on high-income earners to make a significant investment in early childhood educators' wages. In 2022 and 2023, the city made one-time payments between \$10,000 and \$14,000 to the city's over 3,000 child care workers working with infants and toddlers. In future years, child care programs that opt into a new salary scale defined by the city will receive funds from the DC's [Early Childhood Educator Pay Equity Fund](#) to cover a portion of staff wages.

Provide additional benefits to providers beyond compensation. The city can consider other steps to support improved benefits for the child care workforce, both in publicly-funded and private programs, including health care, child care, pension plans, housing stipends, and loan forgiveness.

Health care: Many child care workers do not have health insurance. While some may take advantage of Medicaid today, the wage increases that child care workers deserve could place them above Medicaid eligibility levels if enacted. The city could expand health care coverage for child care workers across all settings by providing access to free or very low-cost insurance plans for those who are not eligible for Medicaid or might prefer another option.

In [Washington, D.C.](#), employees of licensed child care facilities and home-based programs and their dependents can access premium-free health insurance if they live within the city. [Washington State](#) offers health insurance with no premium to employees at licensed child care facilities, whether or not they receive public funds, and has partnered with a nonprofit organization to facilitate enrollment for eligible workers.

Child care: The city could work with the state to expand categorical eligibility for child care benefits to workers in child care programs. This idea was included in the Plan for a New New York and is a benefit being tested in other states; child care workers in [Kentucky](#) were recently made automatically eligible for child care subsidies, regardless of their household income. Arizona, Maine, Oklahoma, Rhode Island, and Washington [have all done similarly](#).

Pension plans: The city could allow small independent private providers to opt into a city-managed pension plan. There is precedent for this; the city's [Cultural Institutions Retirement System \(CIRS\)](#) is a pension plan for employees of the city's private cultural institutions. Child care providers that contract with the city

are eligible to enroll their staff in CIRS. CIRS operates as a unique partnership between the city, private institutions, the Day Care Council of New York, and the unions that represent the participating workers. The city could consider extending this option to all child care providers, whether or not they do business with the city. This is also an area where the unions that represent child care providers could play a larger role, with many center-based employees represented by DC 37 and many home-based providers represented by the United Federation of Teachers (under a different contract than public school teachers).

In Nova Scotia, Canada, the provincial government [recently announced](#) a pension package for all early childhood educators working in licensed centers and family child care homes. As Canada scales up to universal child care, these benefits are seen as critical to ensuring a sufficient supply of educators to meet family demand.

Housing stipends: With the cost of housing continuing to rise, the city could consider dedicated housing supports for employees in the child care sector whose household income falls below a defined threshold. This could come in the form of earmarked rental vouchers or specific housing stock made available to those working in child care.

There are small-scale pilots in place elsewhere that New York could learn from and potentially enlist philanthropy to support here. In Milwaukee, a public-private partnership [launched a program](#) to build 50 affordable homes specifically for purchase by child care workers.

Loan forgiveness: Child care workers who earn degrees or certifications often then leave child care homes or centers to take jobs elsewhere where their degree will translate into higher pay, including in the public school system. The city could directly fund or work with the state to fund a debt forgiveness program for early childhood educators who

remain working in licensed child programs for a minimum period of time. In Vermont, the recently-created [Student Loan Repayment Assistance Program for Early Childhood Educators](#) provides up to \$4,000 annually to reduce debt for early childhood educators actively working in licensed programs in the state.

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Expand career advancement opportunities for child care professionals. In the child care blueprint, the city committed to a partnership with CUNY to recruit new talent and support professionals already in the field; this included expanded career advising and new opportunities for child care workers to gain relevant credentials. The city has not provided a public update on these new initiatives within its [overall reporting on the child care blueprint](#). The city should continue to push forward with these new programs and take further steps to make professional development opportunities accessible for child care workers by offering programs at times of day they can attend given their work schedules, including through virtual and asynchronous coursework, and by heavily subsidizing relevant degree or certification programs.

Expand partnerships with other higher education partners to grow the staff pipeline. The city should partner with all institutes of higher education in the city, including programs run by the State University of New York (SUNY) and private colleges and universities, to expand the number of certification programs for child care workers. This should include opportunities relevant to both the incumbent child care workforce to encourage career advancement and to recruit new child care professionals. The city and its partners should consider offering coursework in multiple languages.

The city could also consider expanding opportunities for high school students to gain child care credentials within broader career and technical education programs. Programs like this [exist elsewhere in the country](#) and can connect high school graduates with immediate job opportunities in child care programs. In many cases, this can provide high school graduates with a meaningful job and income while they are pursuing post-secondary education.

Extend flexibility in certification requirements to support the incumbent workforce. State law requires that pre-K teachers have their teaching certification, but allows uncertified lead teachers in community-based settings so long as they have a plan in place to complete their degree within three years, known officially as a “[study plan](#).” Despite its intent, the study plan provision has not necessarily led to an uptick in teachers pursuing their certification. State certification requires completing college-level coursework and passing multiple state exams. Higher education programs are not necessarily offered at times that are conducive to participation by full-time child care workers, and the costs are often prohibitive. In 2019, the [Day Care Council estimated](#) that 50 percent of teachers in community-based programs were on a study plan.

The three-year deadline has not been strictly imposed and the state has pushed back the deadline for enforcement incrementally over time to prevent the crisis that would result if half of the existing workforce were deemed ineligible to remain in their positions. The city has previously advocated for state legislation to grant flexibility to the incumbent workforce and could again approach this issue, for example by looking at ways that years of experience can count toward a teacher's qualifications. At the same time, the city should continue working on policies and programs to help more teachers become certified to bolster their skills, knowledge, and earning potential. The [Day Care Council outlined other policies](#) the city and state could consider to specifically help more "study plan" teachers become certified, including more expansive scholarship programs for child care workers, debt forgiveness for child care workers who are already carrying student loans and thus more reluctant to pursue further studies, and awarding college credits based on work experience. The City could encourage institutes of higher education to offer degree programs specifically for study plan teachers, [like the MEd program at Bank Street specifically for teachers in city-contracted early childhood programs](#). The cohort-based program honors the competencies that teachers already have; the class schedule and fee structure are designed around the needs of working early childhood teachers.

Create training programs and apprenticeships specifically for immigrant communities. Immigrants play a tremendous role in New York City's child care workforce, both in center-based programs and particularly in home-based care. This can allow child care programs to offer services in languages and with cultural customs that make families feel most comfortable and welcome. Child care work can also provide immigrant families with work opportunities in a field that is relatively easy to enter.

As the city continues to welcome large waves of migrant families, [5BORO believes we need to be bolder about work authorization](#) and finding strategies to bring migrants into the city's workforce. Creating training programs and apprenticeship opportunities in child care specifically for migrant workers could benefit these workers and their families, as well as the many programs that face staff vacancies and would welcome workers who bring diverse linguistic skills and potentially relevant work experience from their home countries.

5BORO believes we need to be bolder about work authorization and finding strategies to bring migrants into the city's workforce.

Spotlight: Supporting migrant families in Long Island City

[Early Starters International](#) (ESI), an international nonprofit, works in emergency situations and with vulnerable communities globally to provide care and support to young children. After war broke out in Ukraine, ESI established early childhood safe spaces in bordering countries to provide children from birth through age eight with a safe place to go during the day after their families had been displaced.

In July 2023, ESI opened its first site in the U.S. inside the former Mayflower Boutique Hotel in Queens that now houses migrant families. The site provides a safe space to more than two dozen children residing at the Mayflower, which is being used as a shelter managed by the nonprofit [Community Mediation Services](#). The emergency early childhood safe space at the Mayflower is the only one of its kind in the city's shelter system for migrant families. Daily, children aged 2-4 are engaged in a structured, supportive environment from 10AM-4PM. The program is staffed by mothers who are living at the hotel; they receive a job training incentive and ongoing training from ESI and its educational partners, like Sesame Workshop and Columbia University, on topics such as how to support children with the trauma they have faced in their home countries and on their journey to the United States. This practical training is supporting these women as they build the skills to gain full-time employment in the child care sector in the future.

Since its opening, more than 50 children have participated in the program, which allows their parents to seek work, participate in job training, or take other steps to help support their families. Shelter staff and participating families have observed the benefits of the program to the young children, many of whom arrived at the shelter in emotional distress and are now thriving in the safe space environment with supportive adults and their peers. Many children have been participating since they arrived at the Mayflower; others have been able to enroll in services outside of the Mayflower like the city's 3-K and pre-K program with help from city liaisons and shelter staff. The collaboration between ESI and Community Mediation Services is a big contributor to the program's success; Community Mediation Services is considering how to bring ESI into other spaces where it operates shelters in the city.

Though still a small pilot, ESI's work at the Mayflower could provide inspiration for broader policies and programming in a few ways: first, as a strategy to establish emergency care in situations where there is an influx of young children, such as in other emergency shelters for migrants or following natural disasters; second, as a model for training new arrivals to work in child care programs; and third, as an example of how private philanthropy can help fund demonstration projects in child care that can later be expanded upon with public investment.



6

Create more physical space for child care

High real estate costs impact every sector in New York City. The challenge is even more acute for child care providers because of the strict requirements they face related to facilities.

One of the most challenging – and expensive – regulations is the requirement around where within a building child care programs can operate. According to the city’s health code, child care programs can only inhabit certain parts of buildings; code requires child care sites serving children under 24 months to be located on the ground floor, which is often the most expensive part of a larger building.

Additionally, there are complicated space use requirements that providers must meet to be permitted to operate; for example, there are strict regulations about the number and size of bathrooms in child care centers and centers are required to allot at least 30 square feet of wall-to-wall classroom space per child.

Child care providers often lack the resources to retrofit existing spaces for their needs. They also rarely have the expertise in-house – few talented early childhood professionals are also zoning and construction experts. On the supply side, given the limited revenue potential for child care centers, developers have limited incentive to create new spaces specifically for this purpose.

Home-based providers face a unique set of facilities-related challenges; their home is both their residence and their place of business. Just 3 percent of New York City’s home-based child

care providers own their home outright; nearly 80 percent are renters and the remainder have a mortgage. With low income on average, a majority of home-based providers are severely rent-burdened.

The city and state have taken some, if limited, steps to open up physical space for child care. With pandemic-era funding, New York State solicited proposals from child care providers to open new programs in “child care deserts.” The [first round of funding](#) supported 170 providers in NYC to expand capacity. Though this will make an important dent in supply in some communities, the funding was limited and there was limited nuance in the state’s measurement of need. In 2022, the [city advocated for](#) and the state passed a tax abatement for residential and commercial property owners to convert properties into child care sites. If this abatement is maximized, it could lead to 11,000 new child care slots. At the end of 2023, Governor Hochul [announced \\$50M](#) in capital grants for construction of new child care capacity. These investments will all support providers and property owners, but represent a drop in the bucket relative to overall need and do not necessarily take aim at the core facilities challenges.

At the end of 2023, Governor Hochul announced \$50M in capital grants for construction of new child care capacity.

For the city to move toward a more universal system of child care, we need to think creatively about how to create more physical space for care.



Potential solutions

Make it easier for child care programs to occupy second-floor and basement spaces.

Child care regulations restrict providers to the ground floor for children under 24 months and to the first three floors of a building for older children. There are safety measures that providers can take that allow them more flexibility, but these are not well publicized or understood. These untapped spaces are likely more affordable and less competitive, with second floor commercial spaces in the city commanding rents 27 percent lower than ground floor spaces on average.

The [Plan for a New New York](#)'s 2022 report included a strategy to address this, noting that “The Departments of Fire, Buildings, and Health and Mental Hygiene will develop additional guidance on siting child care, including on higher floors and basements, to help property owners market their space and child care providers open new programs.” The city should move to expeditiously release this guidance to unlock new spaces for child care.

Expand flexibility within city zoning to encourage child care site development.

New York City already has flexible zoning that permits child care centers to be built as-of right in most parts of the city, including residential zones and most commercial zones. As community facilities, child care centers are permitted in parts of the city where other businesses are not. This already puts New York on the forefront; other cities, like Austin and [Seattle](#), are currently pushing forward zoning changes to allow this kind of as-of-right development.

There are just a few smaller quirks to zoning law that could be amended to better support child care development. For example, zoning rules in some parts of the city restrict ground floor

spaces to a particular set of use cases, which do not include child care. Given that child care centers primarily operate in ground floor spaces, this essentially prevents child care centers from being built in these corridors. This includes areas like Downtown Brooklyn that were once primarily business districts, but are increasingly more residential. The Department of City Planning is already pursuing zoning changes to make child care an allowable use for ground floor space in these neighborhoods. The city should work to push this change forward; once it is enacted, the city should consider proactive outreach to encourage the siting of child care centers in these spaces with a focus on centers that would accept subsidies and offer affordable care.

Maximize use of the property tax abatement to incentivize conversion opportunities.

Under the city's new tax program, property owners who create a new child care site or increase the number of seats at an existing site may be eligible for an abatement covering up to \$225,000 of construction costs. For the 2023 tax year, [the city approved 19 properties](#), which it estimates will generate 1,900 new child care slots – a small fraction of the 11,000 projected with the launch of this abatement.

For the 2023 tax year, the city approved 19 properties, which it estimates will generate 1,900 new child care slots – a small fraction of the 11,000 projected with the launch of this abatement.

Given that funds have already been allocated for this program, the city should take measures to maximize the use of this opportunity as quickly as possible. This could include partnering with real estate associations and trade groups to market the opportunity to property owners, setting up information sessions for property owners across the five boroughs, and doing direct outreach to property owners in neighborhoods with acute child care needs.

However, outreach alone is unlikely to solve the issue. The incentive, calculated on a price-per-square-foot, is too low to be meaningful for most property owners given the costs associated with a conversion. The city should consider increasing the per-square-foot funding to an amount more in-line with the true costs of conversion. The current offering includes a higher rate in child care deserts than other neighborhoods and any adjustments should maintain this structure. To maximize the impact of the investment, the city should consider strategies to require that the resulting seats are affordable to families.

Create other incentives for developers to allocate space for child care. Beyond the tax abatement available for property owners, the city could consider other carrots to encourage developers to build out new space for child care. For example, [in San Francisco](#), the city allows developers who include child care in new structures to build higher or denser than they might otherwise be permitted to do.

Create a matchmaking program to connect would-be child care operators with physical spaces appropriate for child care that are otherwise going unused. As the city grapples with commercial vacancies, some of these spaces might be a more natural fit for child care than others. Vacant high rises

are unlikely to be good candidates without expensive retrofits, and they are more likely to be concentrated in business areas with less demand for child care. However, there may be more niche types of facilities that would be a good fit for lower cost child care conversions.

For example, there are many [vacant therapists' offices](#) across Manhattan, most of which are on the ground floor and already have multiple rooms, which could be retrofitted into classrooms. As recommended in the Plan for a New New York, the city could create a platform or clearinghouse for property owners to share information on spaces that could be easily repurposed as child care to allow providers to easily assess nontraditional options that could be a good fit.

Use modular construction to reduce the costs of building new child care programs.

The city could encourage experimentation with new, less expensive forms of construction to expand child care capacity. The city could engage in this kind of construction work itself to redevelop underutilized public buildings or create incentives for private developers to test new models.

[Legislators in Vancouver have proposed](#) using modular construction to quickly build low-cost child care centers on public land. The centers would be part of a broader development, which would include affordable housing, some of which may be prioritized for child care workers.

Earmark climate resilience funds for child care program construction and renovation.

The city could dedicate government funding specifically to update child care facilities to be more resilient to climate change, potentially by leveraging state and/or federal funds dedicated to these purposes – a [strategy recommended by the U.S. Early Years Climate Action Task Force](#). This could be particularly relevant

for home-based providers and other small businesses operating in high-risk flood zones. As we continue to see more extreme weather, risk to child care systems grows without preventative measures; after the damages wrought by Hurricane Harvey, for example, [Houston lost 5,000 child care slots](#) because of damage to facilities.

Repurpose vacant public school space for child care at low or no cost to providers.

Much attention in the city is paid to overcrowded public school buildings, particularly as new mandates like the state's [class-size reduction law](#) come into play. However, there are school buildings across the five boroughs where declining enrollment and shifting population trends leave pockets of unused space⁶ that could potentially be repurposed for child care.

For example, P.S. 4 and Icahn Charter School 6 share a building at 1701 Fulton Avenue in the Crotona Park section of the Bronx. Based on the city's calculations, the building has capacity for 890 students; according to the city's most recent data, the two schools had a combined 386 students, or 43 percent utilization. Meanwhile, there are [over 2000 children under 2](#) in the school's zip code with unmet child care needs.

Over the past nearly decade, the city has carved out a tremendous amount of space within its public elementary schools to create capacity for 3-K and Pre-K. These classrooms are staffed and managed as part of the schools where they are located. To meet the city's broader need for child care, the city could consider leasing space inside public schools to private child care operators to focus on meeting the vast demand for infant and toddler care. These spaces could be leased at a very minimal cost to ensure the sites remain viable for providers and affordable for families.

The city could start by identifying a small number of school building sites with excess capacity in neighborhoods where there is child care need. There would be some need to retrofit the spaces to be permitted as child care sites; some sites will be better candidates than others based on specific building conditions. Schools and child care centers are governed by entirely separate portions of health code, so there would need to be a thoughtful reconciliation. The state Office of Children and Family Services and the city's Department of Health and Mental Hygiene would need to be brought in to support, and ideally to consider what flexibilities might be possible within current regulations to enable the pilot project to get off the ground. The city could make the spaces available through a competitive procurement and could make certain programmatic requirements of providers as a precondition for using the space. The city could consider whether to prioritize providers who receive public funds for the spaces, though there are trade-offs to this approach given the stringent eligibility requirements for those slots.

There is likely to be pushback from school staff and families at the prospect of losing real estate within their buildings. The city could consider ways to make the program a benefit to the school community, such as by requiring that providers prioritize slots at on-site child care programs for siblings of students at the school and children of school-based employees.

There is some precedent for the city to allocate space for child care in its public schools. [FirstStepNYC](#) is a child care program for children as young as six weeks, privately operated by SCO Family of Services and physically located inside a public school in Brownsville.

⁶ The city reports annually on [school building utilization](#) as calculated by enrollment and capacity data. Of the 1327 school buildings and annex sites with data from 2023 in the report, 124 had utilization rates under 50 percent, meaning less than half of the measured classroom space in the building is being used by current students. 384 buildings had at least 200 unfilled seats when comparing reported enrollment to total building capacity. Of course, the data is nuanced and every building has its own story; some may not be operable at full capacity for facilities reasons; others may have space repurposed or earmarked for other important city needs. Over 400 buildings are operating at over 100 percent of their capacity. Still, there is some untapped capacity among the city's vast building portfolio.

The program serves income-eligible children at reduced or no cost because it receives public child care dollars. The city also directly operates child care sites inside over 30 high schools to serve high school students who are parents through [the LYFE program](#).

Using excess public school capacity for child care could be a win-win-win solution: make use of underutilized public buildings, create more affordable child care options, and keep young families in the city who will likely go on to use the public school system.

Using excess public school capacity for child care could be a win-win-win solution.

Encourage the construction of housing stock specifically designed for home-based child care providers to live and work. Development can feel like a zero-sum game, with the need for housing pitted against the need for other city services. However, the city's goal to create more affordable housing could go hand-in-hand with a goal to create more child care capacity with a focus on child care providers who operate services out of their home. There are pilot projects underway in other parts of the country to create this type of capacity. For example, Mission Driven Finance, an impact investment firm, uses a mix of private and public capital to purchase, renovate and then rent homes to child care providers to live and operate their business. Their program, called [Care Access Real Estate \(CARE\)](#), is [currently operating in Clark County, Nevada](#), where they will effectively double the supply of home-based child care slots by the end of 2024 with the acquisition and renovation of 40 properties. They are also developing properties in San Diego. The physical spaces are appropriately outfitted for child care and are supported by what the organization calls a "child-care friendly landlord."



7

Bring employers into the conversation

It is in employers' best interest to make sure their workers have reliable child care for their own bottom line and for employee retention.

According to a statewide poll conducted in the fall of 2020, a majority of business leaders believe investment in access to child care for children ages birth-to-3 would have a positive business impact for them. Recent research shows that 79 percent of mothers and 61 percent of fathers say expanding employer-provided child care benefits is a top priority.

It makes good business sense, too – it is estimated that even if New York City companies cover the entire cost of center-based child care for their workers, they may expect a 300 percent return on investment (ROI). And it's not just parents who benefit when companies provide child care benefits. It can lead to improvements in overall morale and makes it more likely that parents are able to meet expectations.

While some have celebrated that the push toward hybrid and remote work, as well as more flexible work schedules, may ease some of the child care burden for families, it does not replace the need for care for at least some hours of the day and week. And, not all professions carry that kind of flexibility – particularly not for many working class jobs that require employees to be present at their worksite.

The idea that employers carry some responsibility for their workers' child care needs is gaining traction across the country. For example, provisions of recent federal legislation

will require manufacturers to meet child care needs to win federal funds. However, federal tax credits for employers have not pushed the needle. A Bureau of Labor Statistics survey found that about 11 percent of civilian workers had access to employer-provided child care in 2021 and that number was reduced for lower-paid workers. Data shows the Federal 45F Tax Credit for Employer-Provided care is rarely claimed. Businesses are often confused about what they get credits for and think they must build when they can actually connect employees with existing providers.

A Bureau of Labor Statistics survey found that about 11% of civilian workers had access to employer-provided child care in 2021.

New York has one of the most robust business tax incentive programs for child care in the nation. Building on its existing investments, the state announced a new \$25 million annual Child Care Creation and Expansion Tax Credit for businesses who make new child care seats available and provide them for free or at reduced cost to their employees. The state is piloting an employer-sponsored child care program in three to-be-named geographies where participating employers, the state and employees will split the cost of child care, if the family is at an eligible income level. The state also plans to create a statewide business navigator program to help businesses interested in helping support the child care needs of their employees. The city announced its own tax credit as part of the mayor's child care blueprint, with \$25M available to businesses that provide free or subsidized care to their employees.

Closely linking employment to child care is a proposition that [makes some experts nervous](#). It ties workers to a specific job and creates great personal risk for them if they lose their job. Employer-provided child care is [typically a benefit for higher-wage workers](#), increasing already-existing inequities between who can access quality child care and who cannot. Moving too far in this direction risks replicating all the negative aspects to our approach as a country with employer-provided health care. Some critics would argue that leaning too much into employer-provided child care will take necessary pressure off of the federal government in particular to invest more. Another critique is that money invested in tax credits for businesses does not necessarily translate into affordable care for families; businesses may not take the credit at all and there is no guarantee the care offered will be accessible. With the same investment, the government could provide funding directly to families or child care providers with more of a guarantee around the outcome. This is not to say that employers should be let off the hook either, but any policy solutions should come with guardrails to ensure families ultimately benefit.

If we successfully move toward a model of universal child care in New York City, the role of employers would necessarily shift. Still, there are meaningful steps that employers can be taking right now to support their employees and therefore support their business needs, as well as continued steps the city can take to spur action from employers.

Potential solutions

Steps that government can take

Incentivize cost sharing by employers. New York's soon-to-be-launched pilot program will help bring employers to the table financially. This is a good step toward promoting child care funding as part of a comprehensive employee benefits' package. New York City should lobby the state to have an area or borough of the

city included in the pilot program. If this state intends to ultimately scale the initiative, there is benefit to testing and refining the project in the city first.

There are several examples from around the country of this kind of approach. Kentucky recently passed a law establishing the [Employee Child Care Assistance Partnership \(ECCAP\) Program](#), which will incentivize employers to contribute toward the child care costs of their employees through a state matching program. Businesses can opt-in to this program and the size of the match depends on the employee's income relative to state median household income.

In Michigan, the MI Grand Rapids Tri-Share Child Care Program splits the cost of child care between an eligible employee, their employer, and the State of Michigan. Each party contributes [one-third](#) of the cost with coordination of every kind being provided regionally by a facilitator hub.

Partner with labor. In the city's [2023 collective bargaining agreement with DC 37](#), the city's largest union, it established a first-of-its-kind child care fund. DC 37 will establish a trust to provide support for members' child care needs and the city will contribute \$3M annually to the fund. This holds the potential to be a meaningful benefit for all union members, and especially those at the lower end of DC 37's pay scale. (The recent bargaining agreement set minimum salaries for unionized workers at \$18 an hour.)

DC 37 will establish a trust to provide support for members' child care needs and the city will contribute \$3M annually to the fund.

Though little information has been shared publicly about the details of the program yet, if it is successful it has the potential to serve as a model for other public sector unions in the city – and could be an example for private sector unions to mimic as well.

Set an example by providing child care benefits for city employees. New York City is one of the largest employers in the city with over 300,000 people working for city government. As the city has struggled to maintain its workforce and seen a rise in vacancies, current, former, and prospective employees have cited the strict requirements for reporting to a job site or office coupled with their challenges in finding child care to be a deterrent from city service. And while the city is encouraging private employers to take a stronger hand in providing child care options for their workers, the city has not done anything like this for its own workforce at scale.

The city could consider how to expand uptake of child care vouchers among city workers who might be eligible, especially as the income threshold is rising. The city could also consider creating child care capacity on site at city offices for specific categories of employees based on income or job function. There are examples of this practice around the country and at all levels of government. In 2019, the U.S. House of Representatives [opened a child care center](#) just for employees of the legislative body in an attempt to better retain staff. Staff were otherwise struggling to find affordable options that met the needs of their working hours.

Individual city departments could experiment with launching child care offerings to meet the specific needs of their employees. For example, in San Diego, the police department has established its own child care center with costs subsidized by the government and private philanthropy to try and entice more women to join the force. [St. Louis is exploring a similar model.](#)

The city could also consider offering child care allowances or other benefits to defray the cost for families, along the lines of what the city's Economic Development Corporation has included in its [child care toolkit](#) for employers.

Steps that employers can take

Help employees who may be eligible for child care benefits navigate the system to access care. Especially as the city and state increase eligibility for publicly-funded care, employers can serve as a key link for parents by ensuring they are aware of care options and understand if they might be eligible and how to apply. Employers could partner with the city to train human resources professionals and benefits managers so they are equipped to help their employees access care. This is a win-win for employers and the city: the city has already allocated the public funds for care and employers can help their workers take better advantage of them, gaining access to affordable care.

Offer flexible benefits to meet the diverse child care needs of employees. Over 80 percent of both men and women report that child care benefits would be an important factor in considering whether to stay with their current employer. A [majority of parents](#) would leave their current job for another with equivalent salary if the other job offered child care benefits – a marker of how valuable these options are.

Over 80% of both men and women report that child care benefits would be an important factor in considering whether to stay with their current employer.

Whether companies offer child care benefits and what those benefits look like varies widely. Some benefits might include on-site child care, access to child care slots with specific providers, flexible spending accounts for child care, direct stipends for care, and specific options for back-up care. For school-aged children, employers might offer care benefits specific to school holidays and summer. Rather than offering a one-size-fits-all approach, employers should consider collecting data on employee needs and tailoring benefits to match what their workforce needs. The NYC Economic Development Corporation has put together [a set of tools](#) for employers, including guidance on how to collect data from employees, sample survey tools, and resources to tailor and roll out benefits accordingly.

Expand child care supply for employees.

Employers can take an active step toward growing the physical capacity for child care in the city, through on-site or off-site child care opportunities for employees.

Nationally, 25 to 30% of new moms never return to their previous job.

Providing child care to employees on site [can be the most resource intensive option](#) for employers, but the return on investment is meaningful. When on-site child care is affordable and perceived as good quality, it has tremendous value to employees and offers one of the highest returns on investment for employers. Patagonia, [which has famously long offered on-site child care](#), found that offering subsidized on-site care essentially paid for itself between tax benefits, increased employee retention, and increased employee

engagement. Employee turnover at Patagonia is lower among new parents than the general employee pool. Certainly, the retention rates at Patagonia outpace national trend data: according to company leaders, 100 percent of new moms return to their job after parental leave; nationally, 25 to 30 percent of new moms never return to their previous job.

On-site child care does not make sense in all cases. Employers could partner with off-site child care providers to reserve or prioritize slots for employees. Employers can also take an active role in defraying the cost by paying a portion of the cost of care directly to the providers so that employers receive a lower rate than the general public. To make sure there is sufficient supply available, employers may need to compensate providers directly to ensure they do not experience a loss in income for holding these slots aside.

As one example of this practice, Imagine Learning Kids, a private multi-site provider in the city, operates a site called [Mt. Sinai Kids](#) on the Upper East Side. The site predominantly serves the children of Mt. Sinai Hospital employees and medical students and offers a discounted rate to them. The site is directly across the street from the hospital and offers hours of care that meet the needs of hospital employees.

Take an active role to ensure child care availability matches employees' needs based on their schedule.

For workers whose schedules include nontraditional hours for child care (evenings, overnight, weekends), the options may be limited or nonexistent. Only [five percent](#) of licensed daycare providers operate between 6 p.m. and 8 a.m, despite 780,000 NYC parents — 320,000 with kids aged five or younger — working those hours. Employers can intervene to shift the markets' offerings so that employees have a safe, affordable, convenient option for care during the hours they need to be working.

In Boston, a union-backed coalition, with [help](#) from the city, launched a pilot program to provide child care in the early morning for workers in industries like construction that do not have standard work hours. Participating child care providers receive a stipend for adjusting their schedule.

[Nontraditional Employment for Women \(NEW\)](#), a nonprofit in New York City that provides job training for women to enter trade careers, launched a pilot in partnership with Building and Construction Trades Council of Greater NY and national labor groups to provide child care funding to new graduates of its training program with a particular focus on nontraditional hours to meet the needs of the construction sector.

Create scheduling consistency for employees. Fluctuating hours – often the norm in the service industry and for lower-wage workers – create challenges for all employees, not just parents. For working parents, [this unpredictability can further exacerbate their ability to find care](#). Shifting schedules make it harder for parents to find child care options that meet their needs and negatively impacts their ability to qualify for child care benefits. There is ongoing policy advocacy work to push employers toward greater consistency and predictability in scheduling, and New York City has passed [some worker protections](#) in recent years. As employers weigh policy changes to their scheduling practices, the fact that workers could seek more reliable child care as a result only increases the return on investment in making these shifts.

CONCLUSION

The child care crisis nationally is reaching a boiling point with news stories weekly about program closures and child care workers leaving the industry, parents exiting the workforce or taking on extra work just to pay for care, and families making untenable sacrifices.

New York City and State have demonstrated a willingness to invest in child care, but we must go much further and take the additional steps necessary to make care significantly **more affordable and accessible** for families – and more sustainable for child care providers.

In this paper, we have outlined a set of ideas that city leaders can take to support the existing child care infrastructure and build the foundation for a future system with universally available care. While the list of policy proposals is long, bolstering family outreach and considering creative reuse of public facilities for child care are good places to begin making a meaningful improvement in our child care system. Solving the child care crisis in New York will require engagement and action from all stakeholders, though it must start with leadership and investment from those in power. Our city's future depends on it.

APPENDIX: ESTIMATING THE COST, FEASIBILITY, AND POTENTIAL NEAR-TERM IMPACT OF POLICY IDEAS IN THIS PAPER

		Cost to the city ⁷	Feasibility to implement ⁸	Requires state action ⁹	Highest potential for near-term impact ¹⁰
Shore up the city's existing child care infrastructure	Streamline governance	\$\$	★★★★	◆	
	Prioritize staffing vacancies in the critical functions that support child care	\$	★		✓
	Implement process improvements and automation for provider payments	\$	★★		
	Expand the bridge loan program as an emergency stop-gap	\$\$	★		
	Create meaningful opportunities for child care providers to engage in policy-making discussions and decisions	\$	★		
	Increase transparency into public spending and operations	\$	★		
Connect more families to care	Reinvigorate the city's outreach campaign for early care and education services	\$	★		✓
	Create a text list to allow the city to communicate with parents and guardians of young children	\$	★★		✓
	Publish and maintain a user-friendly directory of all child care programs in the city	\$	★		
	Create a true 'one-stop' portal for families to access care	\$\$	★★		
	Expand the pathways for families to enroll in city-funded care	\$	★		
	Leverage existing partners, like the city's Child Care Resource and Referral Networks and the Department of Education's Family Welcome Centers, to do more	\$	★		

⁷ Cost estimated at a very high level, with ranges of: - = no or very low cost; \$ = under \$5M; \$\$ = \$5-25M; \$\$\$ = more than \$25M. Where costs have been estimated by others, they are noted. For some policy ideas included in this report, the potential cost range is very wide depending on implementation approach

⁸ Key: ★ = easiest to implement, ★★★ = most challenging to implement. Feasibility to implement ranked based on several factors, including: Is there precedent for this or existing policies or initiatives this could be modeled after? Is this fully within the mayor's control to implement? Does this require engagement from multiple city agencies? Does this require city and/or state law change? Is there existing momentum in the legislature to address this? Does this require involvement from other stakeholders through a formal process (e.g., collective bargaining)? Would implementing this policy require significant structural changes?

⁹ Policy ideas indicated with a diamond ◆ are those that require state legislative or regulatory action to implement. Some additional ideas might benefit from state involvement, though it is not necessary a prerequisite

¹⁰ Policy ideas indicated with a check-mark ✓ are those that we estimate could immediately deliver impact if implemented, with impact defined as significantly more families able to access affordable care and meaningful impact to providers' operating model

		Cost to the city ⁷	Feasibility to implement ⁸	Requires state action ⁹	Highest potential for near-term impact ¹⁰
Expand and simplify access to free and low-cost care	Eliminate the wage floor for subsidized care	\$ ¹¹	★★	◆	✓
	Create allowances for gig workers and others with nontraditional income	\$ ¹²	★★★	◆	
	Increase access for children regardless of immigration status ¹³	\$	★		✓
	Further raise the income ceiling and minimize the risk that families lose access to care	\$ ¹⁴	★★★	◆	✓
	Decouple authorized hours of care from work hours	\$ ¹⁵	★★★	◆	✓
	Extend a longer timeline for eligibility	\$	★		
	Simplify the application for child care	\$	★	◆	✓
	Integrate data systems to allow families to more easily qualify for child care	\$ ¹⁶	★★	◆	✓
	Create automatic eligibility for certain vulnerable families	\$ ¹⁷	★★	◆	✓
	Enroll families in care faster with presumptive eligibility	\$	★★★	◆	✓
	Provide the infrastructure to help families access the care they are entitled to	\$	★		
	Further reduce the burden of child care fees	\$	★		
Make it easier for child care providers to do business	Streamline the process to apply for and receive a child care license	\$	★★		✓
	Tailor ongoing monitoring and license renewal based on past performance	\$	★★	◆	
	Create a new office of licensure specifically focused on home-based providers	\$	★		
	Leverage community partners to support providers to meet licensing requirements	\$	★		
	Allow for background check verification to follow child care workers	\$	★★	◆	✓
	Make it easier for providers to operate during nontraditional hours	\$	★		✓
	Streamline the process for providers to claim higher rates	\$	★	◆	
	Change outdated provisions to funding rules, like the allowable number of absences	\$	★★	◆	
	Create bridge grants to allow providers to better weather emergencies	\$	★		
	Create shared services hubs for child care providers	\$	★★		
	Ensure all resources for child care providers are made available in a multitude of languages	\$	★		

¹¹ This could be cost neutral given the city and state currently underspend federal child care funds. If uptake is significant, cost would rise

¹² This could be implemented as a city pilot with a to-be-determined level of cost, or could be implemented more holistically through state legislation

¹³ This assumes the continuation of a city-run program like Promise NYC, not broader state policy change

¹⁴ This could represent a lower net-new cost given that the city and state currently underspend federal child care funds. If uptake is significant, cost would rise

¹⁵ The Governor's office projected a cost of \$140M annually to implement this policy change, though advocates estimate it would cost about a third of that amount.

¹⁶ Cost reflected would be for data systems work; added cost to serve children would be minimal since these families likely already qualify for care

¹⁷ Cost reflected would be for data systems work; added cost to serve children would be minimal since these families likely already qualify for care

		Cost to the city ⁷	Feasibility to implement ⁸	Requires state action ⁹	Highest potential for near-term impact ¹⁰
Bolster the child care workforce	Invest in higher wages for child care workers in all roles in all settings	\$\$\$	★★★		✓
	Provide additional benefits to providers beyond compensation: health care, child care, pension plans, housing stipends, loan forgiveness	\$ - \$\$\$	★★★		✓
	Expand career advancement opportunities for child care professionals	\$	★		
	Expand partnerships with higher education partners to grow the staff pipeline	\$	★		
	Extend flexibility in certification requirements to support the incumbent workforce	\$	★	◆	
	Create training programs and apprenticeships specifically for immigrant communities	\$	★		
Create more physical space for child care	Make it easier for child care centers to occupy second-floor and basement spaces	-	★		✓
	Expand flexibility within city zoning to encourage child care center development	-	★		
	Maximize use of the property tax abatement to incentivize conversion opportunities	-	★		
	Create other incentives for developers to allocate space for child care	\$\$	★		
	Create a matchmaking program to connect would-be child care operators with physical spaces appropriate for child care that are otherwise going unused	\$	★		
	Use modular construction to reduce the costs of building new child care programs	\$	★		
	Earmark climate resilience funds for child care program construction and renovation	-	★		
	Repurpose vacant public school space for child care at low or no cost to providers	\$\$	★★★		✓
	Encourage the construction of housing stock specifically designed for home-based child care providers to live and work	\$	★		
Bring employers into the conversation: Steps that government can take ¹⁸	Incentivize cost sharing by employers	\$\$\$ ¹⁹	★		
	Partner with labor	\$\$ ²⁰	★		
	Set an example by providing child care benefits for city employees	\$\$\$	★★		✓

¹⁸ Policy ideas for employers are not included in this chart as it is otherwise focused on the cost and effort required of the City

¹⁹ This could be tested as a smaller-scale pilot to start

²⁰ The city will contribute \$3M to DC 37's child care trust fund as part of the most recent collective bargaining agreement; this cost estimate assumes partnering with up to 8 additional unions at the same scale

APPENDIX: CITY AND STATE CHILD CARE POLICY ACTIONS, 2022 TO PRESENT

The charts below include city and state legislation and city and state budget investments in child care since 2022. These lists include all major activities, though may not be wholly comprehensive of all policy activity related to child care.

City legislation

Legislation	Sponsors	Description	Status
Intro. 242-A	Councilmember Jennifer Gutierrez	Requires the creation of a Marshall Plan for Moms Task Force to study and develop recommendations to support working parents, and caregivers	Signed into law by Mayor Adams, Nov. 2022
Intro. 485-A	Councilmember Julie Menin	Requires the city to create and maintain an online directory of child care programs in the city	Signed into law by Mayor Adams, Nov. 2022
Intro. 486-A	Councilmember Julie Menin	Establishes a child care advisory board	Signed into law by Mayor Adams, Nov. 2022
Intro. 487-A	Councilmember Julie Menin	Requires the city to create and maintain an online portal regarding child care subsidies	Signed into law by Mayor Adams, Nov. 2022
Intro. 488-A	Councilmember Julie Menin	Requires the city to establish a three-year child care grant pilot program by July 1, 2023	Signed into law by Mayor Adams, Nov. 2022
Intro. 489-A	Councilmember Julie Menin	Requires the city to develop guidance for real estate properties regarding facilities requirements for child care programs	Signed into law by Mayor Adams, Nov. 2022
Intro. 0941	Councilmember Jennifer Gutierrez	Would create an Office of Child Care charged with improving and expanding child care across the city and establishing free child care for all city residents within four years	Introduced in 2023; public hearing held, Sept. 2023
Intro. 1159	Councilmember Shaun Abreu	Would require DOHMH to consult with DOE when compiling background checks for current or prospective child care workers and to leverage previously-completed DOE background checks where they exist	Introduced in 2023; public hearing held, Oct. 2023
Intro. 1160	Councilmember Shaun Abreu	Would require DOHMH to complete background checks for child care workers and volunteers within 14 days and to report annually on background check processes	Introduced in 2023; public hearing held, Oct. 2023
Intro. 1189	Councilmember Shaun Abreu	Would prohibit DOHMH from requiring a background check for a child care worker or volunteer if DOHMH has conducted a background check on the individual within the past five years	Introduced in 2023

New city investments in child care driven by the Mayor's Office

Budget cycle or plan	Description of new investments ²¹
Blueprint for Child Care and Early Childhood Education , June 2022	<ul style="list-style-type: none"> • Promise NYC, a program to provide child care vouchers to undocumented immigrants (\$10M) • Property tax abatement for child care conversions (\$25M) • Business income tax credit for employers that provide free or subsidized child care (\$25M)
Initiatives included in the FY2024 city budget, July 1, 2023 - June 30, 2024	<ul style="list-style-type: none"> • Continuation and expansion of Promise NYC (\$16M)

State legislation

Legislation	Sponsors	Description	Status
Universal Child Care Act (S3245 , A4815)	Senator Jabari Brisport,	Would create a task force charged with planning for and implementing a statewide universal child care program over four years with no means-testing, increased compensation for child care workers, and investments in child care infrastructure	First introduced in 2021; reintroduced in 2023
Early Learning Child Care Act (S4883 / A8625)	Assembly Member Andrew Hevesi	Would institute a payroll tax for the largest businesses in New York to expand free child care to families earning \$106,000 and provide a subsidy to cap child care expenses at seven percent of a family's income for those earning up to \$250,000, reaching 93 percent of New Yorkers. The bill would also address child care worker compensation.	First introduced in 2021; reintroduced in 2023
S7846 / A8740	Senator Jabari Brisport, Assembly Member Andrew Hevesi	Modifies the focus of the state's Child Care Availability Task Force to advise the state on how to implement a universal child care plan	Signed into law by Governor Hochul in February 2022
S5327A / A4986A	Senator Jabari Brisport, Assembly Member Andrew Hevesi	Would decouple child care subsidy eligibility from work hours	Passed by the Senate and Assembly in June 2023; vetoed by Governor Hochul in December 2023
S4924 / A1303	Senator Jessica Ramos, Assembly Member Sarah Clark	Would remove the minimum wage requirement for child care assistance eligibility	Previously introduced in 2021; reintroduced in Jan. 2023. Has advanced out of committee in the Senate

²¹ Includes initiatives not otherwise addressed in city or state legislation

New state investments in child care driven by the Governor's office

Budget cycle or plan	Description of new investments
Initiatives included in the FY2023 state budget , July 1, 2022 - June 30, 2023	<ul style="list-style-type: none"> • Increase in the income threshold for child care subsidies from up to 200 percent of the Federal poverty level to up to 300 percent of the Federal poverty level, to be phased in over three years • Provider stabilization grants, primarily focused on child care worker wages (\$343M) • Capital grants program for expenses related to design, construction, improvement, and furnishing of new or existing child care facilities (\$50M) • Increased market rate for child care subsidies to 80th percentile • Funding for a child care center at every CUNY and SUNY campus (\$15.6M) • Child care access for farm workers (\$13.5M)
Initiatives included in the FY2024 state budget , July 1, 2023 - June 30, 2024	<ul style="list-style-type: none"> • Expansion of the Empire State Child Credit to include children under four (\$179M) • Continued expansion of child care eligibility, raising income ceiling to 85 percent of the state median income (or \$93,200 for a family of four) • Limiting child care fees for subsidy-receiving families to 1 percent of the total family income above the poverty line • Increase in allowable absences for child care subsidy recipients from 24 to 80 days annually • State tax credit to businesses that expand child care options to families (\$25M over two years) • Workforce Retention Program to provide retention and recruitment incentives to child care workers (\$500M) • Employer-Sponsored Child Care Pilot Program, a cost-sharing program wherein employers, the state, and families will split the cost of child care in three to-be-named locations (\$4.8M) • Statewide business navigator program to help businesses support the child care needs of their employees (\$1M) • Statewide electronic child care assistance application • Streamlined access to child care benefits for recipients of other public benefits
Additional investments for FY2024 ²²	<ul style="list-style-type: none"> • Grants for the construction of new child care centers or the expansion of existing centers (\$50M) • Business tax credits for eligible businesses that create or expand infant and toddler child care seats for their employees (\$50M)

²² Includes investments [announced in December 2023](#)



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