Empire State
CAMPAIGN FOR CHILD CARE

Frequently Asked Questions

Workforce funds

What is in the Executive Budget for the child care workforce?

The Executive Budget allocates **no new funds** for the child care workforce, just federal pandemic funds that were allocated in last year's budget that were intended to be paid out in full to the workforce last year. The Office of Children and Family Services estimates the amount of funds left over is between $200 and $280 million. The tentative plan is to distribute one more round of retention/recruitment grants (in the first quarter of 2024) to all the providers that received them last year.

Why didn't the full $500M get spent on the workforce last year ? Does that mean no more is needed?

The Child Care Workforce Retention and Recruitment Grant was structured around the calculation that they would reach 250,000 child care workers - a dramatic overestimate of the workforce. This meant that bonuses paid out to child care workers were much smaller than expected, and hundreds of millions of dollars went unspent that could have helped child care providers pay for rent and food.

Why are we asking for $12,500 per member of the workforce?

The average wage for the child care workforce (94% women, and more than 53% people of color) is $35,000 a year; they earn less than 96% of occupations in NYS. This workforce needs and deserves a substantial and sustained wage. The amount of this supplement is similar to the $14,000 supplement (on average) that Washington D.C. implemented in 2022. $12,500 annually would raise wages to about $23/hr, an amount that is expected to stabilize the workforce. (See Steve Peraza, Ph.D., Senior Research and Policy Associate, Cornell ILR Buffalo Co-Lab, The Case for a Child Care Compensation Fund in New York State. Testimony delivered January 31, 2024.)

The work of providing child care is some of the most valuable work in our society. We know that low wage occupations are not the only jobs that child care providers compete with. School districts can drain child care programs of talented, passionate early childhood educators – especially those with degrees – because currently a toddler teacher can never earn as much as a pre-k teacher in a school district program.
>> See: The Case for a Child Care Compensation Fund in New York State by Steve Peraza, Ph.D., Cornell ILR Buffalo Co-Lab

Can't we just let the free market fix our child care market? Isn't it supply and demand?

United States Treasury Secretary Janet Yellen has described child care as "a textbook example of a broken market." Because of necessary limits in group size and ratios that keep children safe and the fact that parents are already paying as much as they can afford for care, more demand does not translate to higher pay for programs nor does it translate to a sufficient supply of child care in the state.

What about Quality?

What is in the Executive budget to enhance the quality of child care?

The Executive Budget includes some small new investments in quality improvement and provider supports; we look forward to learning more about those proposals. However, the Executive Budget includes **no new investment** for the child care workforce. **Supporting and fairly compensating educators is the single-most important way to improve quality in early childhood settings because children benefit from consistent, high-quality interactions with well-prepared, well-supported educators.** When low pay inevitably leads to high turnover, young children experience anxiety and stress because they cannot bond with their caregivers.

The Executive Budget's quality investments include:

The Executive Budget Briefing Book states that the Executive Budget creates an increased differential payment rate for high-quality accredited providers and/or providers that have completed OCFS Non-Patient Epinephrine Auto-Injector Initiative training.

The Executive Budget also allocates $5 million for QUALITYstarsNY, the State's quality rating and improvement system—level with last year; $5 million to support a pilot of staffed Family Child Care Networks in regions around the state; and $9.7 million drawing upon federal CCDF funds, for the Infant-Toddler Resource Network, up from $7 million in last year's budget.

What is "decoupling" and why did the Governor veto the decoupling bill?

The decoupling bill, if signed, would have ended the state's practice of providing child care subsidies only for the exact hours a parent/ caretaker works or is in an approved educational program, plus commute time. (See 18 NY Code of Rules and Regulations

415.4(c)(3) (2023)). This rule is not required by federal law. The Legislature has not once, but *twice,* passed this legislation because it prevents some families that need child care assistance most from being able to utilize it - including parents that are hustling in the gig economy with multiple jobs with shifting hours, or in the service economy with hours that fluctuate week to week. Child care providers simply cannot afford to hold spots open to accommodate erratic hours - they need every spot full all the time to come close to balancing the books.

The Governor in her veto statement indicated that she vetoed the bill because it would cost New York $140 million, and that was not contemplated in the fiscal plan and should be raised in the context of the budget. Yet, the Executive Budget includes **no funds for decoupling**.

We estimate that decoupling will cost the state considerably less than $140 million. The Executive's number assumes that all children currently in part-time care, including the many children who receive "wrap-around services" - before and after pre-K, for instance, will go full-time. We estimate that at most, 50% would take up that option, bringing the number to $70 million, at the outside. *Note: The Executive is requiring the fiscal plan to line out the potential costs to the subsidy program for the costs of decoupling, but did not line out the potential costs for the enhanced quality rate for providers, indicating that was included in the overall budget for the Child Care Assistance Program.*

What is the "minimum wage" provision that we are seeking to end, and how will that help families access assistance?

New York follows a rule that prevents parents who earn less than minimum wage from being eligible for child care assistance. (18 NY Code of Rules and Regulations 415.1(o)(1)(i) (2023)). This rule is not required by federal law, and prevents parents who are working gig economy jobs, or are self-employed, or in the informal economy, from accessing subsidy. Among the parents who might come up against this rule: family child care providers who earn on average less than $11 an hour.

Didn't we implement some programs last year to provide child care assistance to immigrant children excluded by federal law from child care assistance?
In last year's Enacted Budget, New York for the first time funded a small pilot program to help the families of children who are currently excluded due to their immigration status to access child care assistance. Those programs only recently launched, so we have not data on how they are going; we do know that the Promise NYC program - a larger program launched two years ago - has been very successful, and is not carrying waitlists.The number of families needing assistance has grown exponentially since last year.

The need to end this exclusion has become more urgent with more than 150,000 asylum seekers newly arriving in New York this past year. Data indicate that in FY 2023, about 22,000 of the new arrivals are children under age 12. While New York leaders have been working hard to pave the way for asylum-seekers to be able to work, those who have children cannot work without child care. The **Executive Budget** allocates no funds to expand assistance for these excluded families.

Tax Credits

Should we invest more in tax credits so businesses can provide child care for their employees?
No. In fact, we urge New York to use the $50 million allocated in last year and this year's budget for the business child care tax credits and invest them directly into compensation for the workforce.

We are concerned that using tax credits to encourage the expansion of child care capacity cannot be successful until such time as New York directs sufficient public funds to child care providers to allow them to cover the true cost of care. There is good reason for this concern since the state credit is modeled on a New York City credit that was implemented a few years ago. **Zero NYC businesses applied for the credit last year.** Further, there is concern that this credit will be inaccessible to the family-based providers that disproportionately serve New York's low-income families who do not have reserves to enable them to front costs. This could further entrench inequities in the sector. What we know works and what we know child care providers need is direct wage supplements to retain and grow their workforce while New York transitions to a new provider reimbursement model and workforce pay scale. The investment the child care provider community is calling for in 2024 is $1.2 billion for workforce compensation supplements.

If you have additional questions regarding investments in New York's child care system, please contact Dede Hill, Director of Policy, Schuyler Center for Analysis and Advocacy at dhill@scaany.org .