

Proposal: Public Funding for the Child Care Work Force

The Need

In the last two budgets, New York has made historic investments in expanding the state's child care assistance program, making child care newly affordable for [tens of thousands of New York families](#). Without a well-supported, steady, reliable workforce, all of the gains of the last two years are in jeopardy and the state's stated goal of moving toward universal child care—an impossibility.

Finding and retaining child care educators and those in supporting roles is the number one issue we hear from the field. Child care workers' median annual wage in New York is approximately [\\$33,000](#); in contrast, the median annual salary for all New York workers is approximately \$55,000 per year. Family-based providers earn even less: an average of [\\$10.50 an hour](#), or \$22,000 per year. The bottom line: child care programs cannot keep or recruit employees without raising wages, and they cannot raise wages without charging parents higher tuitions, which already exceed [\\$18,000 annually](#) for an infant in family child care, on average, far more than most families can afford. Among the cascading impacts of this workforce crisis: many child care programs are operating [below capacity](#) because they do not have enough staff, increasing the state's capacity shortage just as the child care assistance program is expanding.

This challenge is not unique to New York. That is why many other states, including Washington D.C., Maine, Minnesota, and North Carolina have implemented permanent workforce wage supplements to address this persistent problem.

The Solutions

- ▶ Create a permanent state-funded **child care wage equity fund**. This fund should be robustly resourced and sufficient to offer all child care workers who work in licensed, regulated programs—both in the classroom, and in supporting roles—a compensation supplement to move members of the child care workforce closer to parity with similar positions in the public school system. (\$1.2 billion)
- ▶ Increase rates for family friend and neighbor child care providers (legally-exempt) to 75% of the family child care rate and to 85% for providers who are eligible for the enhanced rate as a means of raising compensation for these providers, and require that the enhanced rate is made readily available to interested legally-exempt providers in all Local Social Services Districts. (\$50 million)

The Problem

New York families struggle to find child care programs that meet their child's needs during the hours families need care.

New York was facing a severe capacity shortage prior to the pandemic, and recent data demonstrate that these shortages persist across the state. In rural communities it is not uncommon to have one licensed child care spot for every 7 or 8 children under age six. Licensed child care capacity has still not fully recovered to its pre-pandemic levels, with home-based care capacity declining dramatically. Home-based care serves a disproportionately high percentage of families receiving child care assistance and is far more likely to serve families needing care during the early mornings, nights and weekends. One key reason child care capacity does not meet need: [a persistent workforce shortage](#).

Low wages paid child care educators contribute to New York's child care shortage.

Child care workers earn a median annual wage of \$33,000, less than [96% of occupations](#) in New York State. Previous child care stabilization grants designed to shore up staffing were insufficient to meaningfully do so. A March 2023 [survey of child care providers](#) found that staffing shortages greatly diminished programs' ability to operate at full licensed capacity, with 28,462 licensed or registered slots empty statewide from 1,600 respondents due to insufficient staffing from uncompetitive wages. Beyond closed classrooms and reduced capacity, this resulted in short-notice closures and reduced hours—imposing further hardships on working families in need of consistent care.

Family, friend, and neighbor caregivers are dramatically underpaid.

Legally exempt care plays an important role in the child care sector in New York State by providing payment to family, friend, and neighbor caregivers. They provide care for a limited number of children over a limited number of hours, generally to children who are relatives or family friends; given these limitations, they are subject to less stringent rules and are paid a rate that is considerably lower than other child care providers that participate in the child care assistance program—specifically, 65% of what family-based providers are paid. (For example, the rate paid for caring for a child under age 2 for a full day ranges from [\\$36 to \\$46](#), depending on the region of the state.) In 2022, these providers cared for 27% of New York children receiving child care assistance. Often, they provide care during crucial weekend, evening, and overnight hours.

Proposal Details – Child Care Wage Equity Fund

- ▶ **The public funding stream must be permanent and continuous.** Providers cannot recruit or retain educators with one-time bonuses, and the field cannot begin to create a pipeline of new members of the workforce without the promise of ongoing supplements.
- ▶ **All members of the workforce who work for licensed, registered providers should be eligible for a supplement**, whether or not they work in the classroom.
- ▶ **The supplements should amount to \$12,500 per member of the workforce in 2024, with a promise of continued supplements of at least that amount going forward.** 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 an hour](#), an amount that is expected to stabilize the workforce.
- ▶ **Other states provide further examples of how to establish and sustain child care educator compensation supplements.** Both [Maine](#) and [Minnesota](#) recently established permanent worker compensation supplement programs that provide significant pay increases to the child care workforce. [North Carolina](#)'s long-standing WAGE\$ program also demonstrates how a compensation supplement program can be sustained over time.
- ▶ **Flexibility in implementation is critical to ensure the most robust supplement possible is expeditiously distributed to the workforce.** We estimate approximately 86,000 members of the child care workforce. However, this is not a firm estimate, so we suggest inclusion of language governing the fund that requires supplements be distributed in three or four installments, and are decreased or increased throughout the year in a manner to ensure all funds are equitably distributed to the workforce by the end of the fiscal year. What is needed is a total of \$12,500 annually to each member of the workforce, or as close to that amount as possible.
- ▶ **There should be no delay in distributing these supplements.** New York State created a portal and mechanisms to distribute stabilization funds to child care programs during the pandemic which can be utilized / improved upon for this purpose.