Policy Analysis

# Rebuilding Our Future

## Child Care Closures in New York During the Pandemic


TheChildren'sAgenda

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# Executive Summary

## PURPOSE

Child care programs across New York state faced unprecedented losses in enrollment as a result of the COVID-19 pandemic. Many programs closed their doors temporarily and some permanently. This report assesses program closures and diminished child care capacity across the state. It examines whether some counties and communities have been more affected. Finally, policy strategies are proposed to rebuild New York's child care infrastructure in ways that are better for children, families, care providers, and the workforce.

## METHOD

The Children's Agenda analyzed publicly available data by county and ZIP code and compared the number of programs in operation and how many children they had the capacity to care for in January 2020 versus July 2022.

## FINDINGS

Child care closures mean New York child care providers can offer care to **10,554 fewer children** than before the pandemic.

**3,524 child care programs closed** across New York between January 2020 - July 2022.

While 2,198 new programs opened, the state was left with **1,326 fewer programs** than at the start of the pandemic.

The programs **most affected were in-home child care programs** (known as family or group family child care).

**Losses were not evenly distributed across the state.**

- **Rural, upstate communities** lost capacity at a higher rate than other regions.
- **High poverty** communities and **communities of color** were disproportionately affected.

## RECOMMENDATIONS

Based on the analysis of program closures and lost capacity, The Children's Agenda recommends:

1. New York commit with all due haste to a system of **universal, high quality** child care in which early childhood educators who provide professional care are compensated and supported accordingly.
2. The state establish a **permanent stabilization grant program** with a streamlined application process, predictable revenues, and emphasis on hiring and retaining staff.
3. Specific supports be provided to **family-based child care programs** to reduce their expenses and strengthen their marketability.
4. The state establish **counter-cyclical supports** for the industry such as an enrollment-based assistance structure and expanded eligibility.

# Child Care in New York State

**Child care programs across New York State were thrown into disarray** when the COVID-19 pandemic descended upon the state in early 2020. Many programs closed their doors temporarily, while others pivoted to serving the children of essential workers. As communities began to resume more normal activities and schedules, child care programs did not automatically return to their prior levels. They had to adjust to a diminished short-term demand for care, staffing shortages, classroom or program closures due to COVID-19 outbreaks, and a host of additional unanticipated challenges.

To understand how the pandemic impacted child care availability and capacity, it is necessary to understand:

- **Types** of child care settings
- Child care **workforce** demographics
- **Importance** of child care

> I make it a priority to afford child care because it is my goal to ensure my children can reach their wildest dreams. But I have to take on more work hours to afford both child care and home expenses. Families need access to resources and for those resources to be accessible across the state, not county by county.

*Brandi, mom to daughters ages 2 and 4 years*

# Types of Child Care Settings

**There are four types of licensed or registered child care settings in New York**[1]. These settings are subject to Office of Children and Family Services (OCFS) inspections prior to the issuance of licenses or registrations, and every two years thereafter. A brief description of each type of licensed or registered child care setting is below[2] :

| Type | Setting | Ages of Children | # of Children | # of Caregivers |
|---|---|---|---|---|
| **Child Care Center** | Commercial building | 6 weeks – 12 years | Based on square footage | Enough to meet ratios |
| **Family Child Care** | Residence | 6 weeks – 12 years | 6 – 8 children | 1 |
| **Group Family Child Care** | Residence | 6 weeks – 12 years | 10 – 16 children | 2 |
| **School Age Child Care** | Buildings that serve school age children | 5 – 12 years | Based on square footage | Enough to meet ratios |

**The ratio of adults-to-children depends on the ages of the children and the child care setting.** Minimum ratios range from 1 caregiver for every 2 children under the age of 2 years old in family-based child care settings to 1 caregiver for every 10 school-age children.

Finally, it is important to recognize that many children receive **informal and unlicensed care** from a variety of caregivers. Grandparents, other extended family members, neighbors, and older children may care for young children while parents work. These arrangements can be an extraordinarily important support for families with young children. Some of these caregivers register as "Legally Exempt"

[1] Child care centers and group family child care homes are licensed, while family day care and school age child care programs are registered. For simplicity's sake, this paper will use the terms interchangeably. It may also refer to these programs as "regulated."

[2] OCFS classifies these program types as "Day Care Centers," "Family Day Care," and "Group Family Day Care," but providers, early childhood educators, and many advocates prefer the terms "Child Care Center," "Family Child Care," and "Group Family Child Care." In deference to the terminology preferred by practitioners in this area, we will use the latter terms and abbreviations throughout this report.

providers and receive payments from their county in return for caring for up to 2 children.[3] While those caregiving arrangements are not addressed by the analysis in this report, we believe it is still important to recognize their critical importance.

> From a parent's perspective, it would be wonderful if we could have some help with the cost of child care. Costs are above what our mortgage and utilities are every month. To have some of that to cover other activities in the community, to set aside for my child's future and create a college savings plan would be wonderful.

*Brandi, mom to two preschoolers*

> I know child care has faced a number of challenges with the pandemic and I think they have done a tremendous job with figuring out staffing so they can continue giving those quality services. I know the staff really care about all the children. The staff need support as well.

*Dan, dad to a 3-year old*

[3] These providers must attest that they meet minimum health and safety requirements and other criteria, as outlined in OCFS regulation. They are also subject to site inspections.

## Child Care Workforce Demographics

The child care workforce and leadership in New York State is predominantly female, and largely people of color. According to a 2021 analysis[4] conducted by Raising NY:

**96%** of the child care workforce is female

**56%** identify as people of color

Available data also suggest similar demographics for leaders of child care programs. The New York State Office of Children and Family Services collected program leadership demographics in the fall of 2021 when administering child care sector stabilization funds. Those data, obtained by The Children's Agenda, indicate that:

**91%** of child care directors or business owners are female

**60%** are leaders of color

**Family-based child care settings are disproportionately led by women of color.** Across the state, 80% of group family child care programs and 55% of family child care programs are led by people of color; a substantially higher percentage than in center-based child care.

| Child Care Setting Type | # of Stabilization Grant Recipients | % BIPOC Leadership |
|---|---|---|
| Child Care Center | 3,642 | 35% |
| Family Child Care | 2,384 | 55% |
| Group Family Child Care | 6,653 | 80% |
| School Age Child Care | 2,018 | 52% |
| **Total** | 14,887 | 60% |

**When child care providers close, it is women and often women of color who lose their jobs.**

[4] See https://raisingnewyork.org/wp-content/uploads/sites/2/2021/03/State-of-the-Childcare-Report_F_3.17.2021.pdf

# Importance of Child Care

**Child care is a critical support for families with young children.[5] It:**

**Gives children a safe and nurturing environment where they can thrive developmentally**

**Can improve school readiness and support the educational attainment of children**

**Allows parents to earn income and pursue education**

**Supports an expanded workforce for employers**

**Availability of child care impacts children, families and the economy.** It is not merely a matter of convenience or preference. Quality, affordable care is essential for children and families to thrive and our economy cannot work without it. Closures, therefore, can have far reaching ramifications throughout communities and the state.

> Since my daughter started in child care, I have seen tremendous growth in all aspects of her being. I've seen growth in her social-emotional development, motor skills, and also just tremendous happiness when she comes home every day.
>
> *Cassidy's dad*

[5] See https://pediatrics.aappublications.org/content/140/2/e20171488

# Analysis of Child Care Closures

Documenting the extent and impact of child care closures during the pandemic requires looking at the issue at multiple levels. This analysis considers:

**Declines in families using child care and child care assistance programs**

**Number of licensed/registered child care programs in operation**

**Number of children programs have the capacity to care for**

**Whether some communities are inequitably impacted**

**To document changes in the use of child care and child care assistance programs,** data were compiled from published research by the Committee for Economic Development and a public report from the New York State Office of Temporary and Disability Assistance.

**To analyze the effect of the COVID-19 pandemic on child care programs and capacity,** two separate point-in-time datasets were compared. Each night, the state posts a listing of active "Child Care Regulated Programs" on New York's Open Data website[6]. This list contains a significant amount of information about active child care programs in the state, including program addresses, capacity, and a number of other variables. By comparing the data published on July 5, 2022, against one downloaded on January 23, 2020, we were able to determine which programs that were active prior to the COVID-19 pandemic have subsequently closed. We were also able to evaluate what programs have opened during the intervening two and half years, and to assess overall changes in capacity across New York State.

**To examine differences between counties,** net capacity changes for each county were calculated and mapped.

**To examine differences between types of communities,** changes in non-school age child capacity by ZIP code were compiled and then examined for whether changes in capacity had any relationship to the racial make-up or median income of those ZIP codes.

[6] See - https://data.ny.gov/Human-Services/Child-Care-Regulated-Programs/cb42-qumz. This dataset includes all licensed and registered child care programs except child care centers in New York City, which are separately regulated by New York City's Department of Health and Mental Hygiene.

# Pandemic Declines in Use of Child Care

**The COVID-19 pandemic caused a steep decline in the number of New York families relying upon paid child care.**

**Children 0 – 4 years receiving care dropped 38%**
**147,038 fewer families with children 0 – 12 years used child care**
**New York dropped from 16th to 35th among state use of paid care**

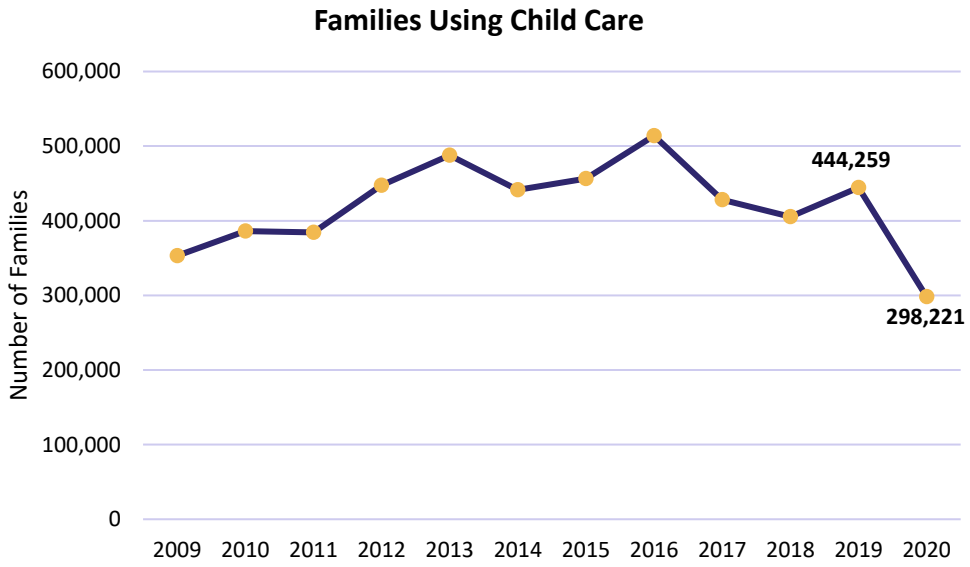
## *Young Children Enrolled*

According to the Committee for Economic Development, the share of children birth to age 4 in New York receiving child care[7] fell from 33.9% in 2019 to 20.9% in 2020. While nearly all states experienced a decline, **New York's was significantly larger than most other parts of the country**. Prior to the pandemic, New York had the 16th highest use of paid care nationally (of the 50 states plus Washington DC). In 2020, the state had fallen to 35th.

[7] According to the Committee for Economic Development, "paid child care" is defined as any form of child care arrangement for a child ages 0 to 14 for which a parent makes a direct expenditure on care to enable them to work. This follows the definition of paid child care used in the Current Population Survey (CPS). Paid options can include both formal and informal care arrangements such as neighbors or friends, which may or may not be regulated by states.

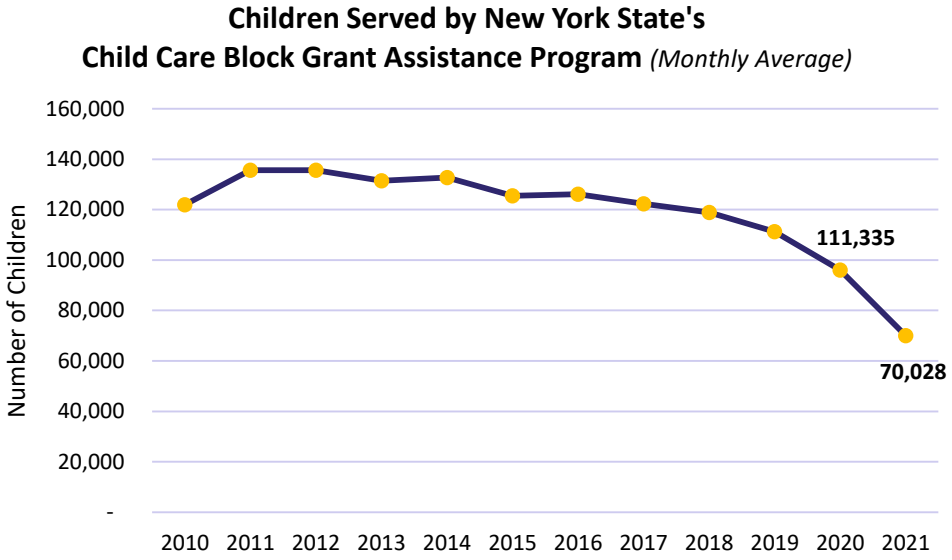
## *Families Using Care*

According to the Committee for Economic Development's analysis, the number of **families in New York** state with at least one child 0 – 12 years old in a paid care arrangement fell from 444,259 in 2019 to 298,221 families in 2020.



## *Use of Child Care Assistance*

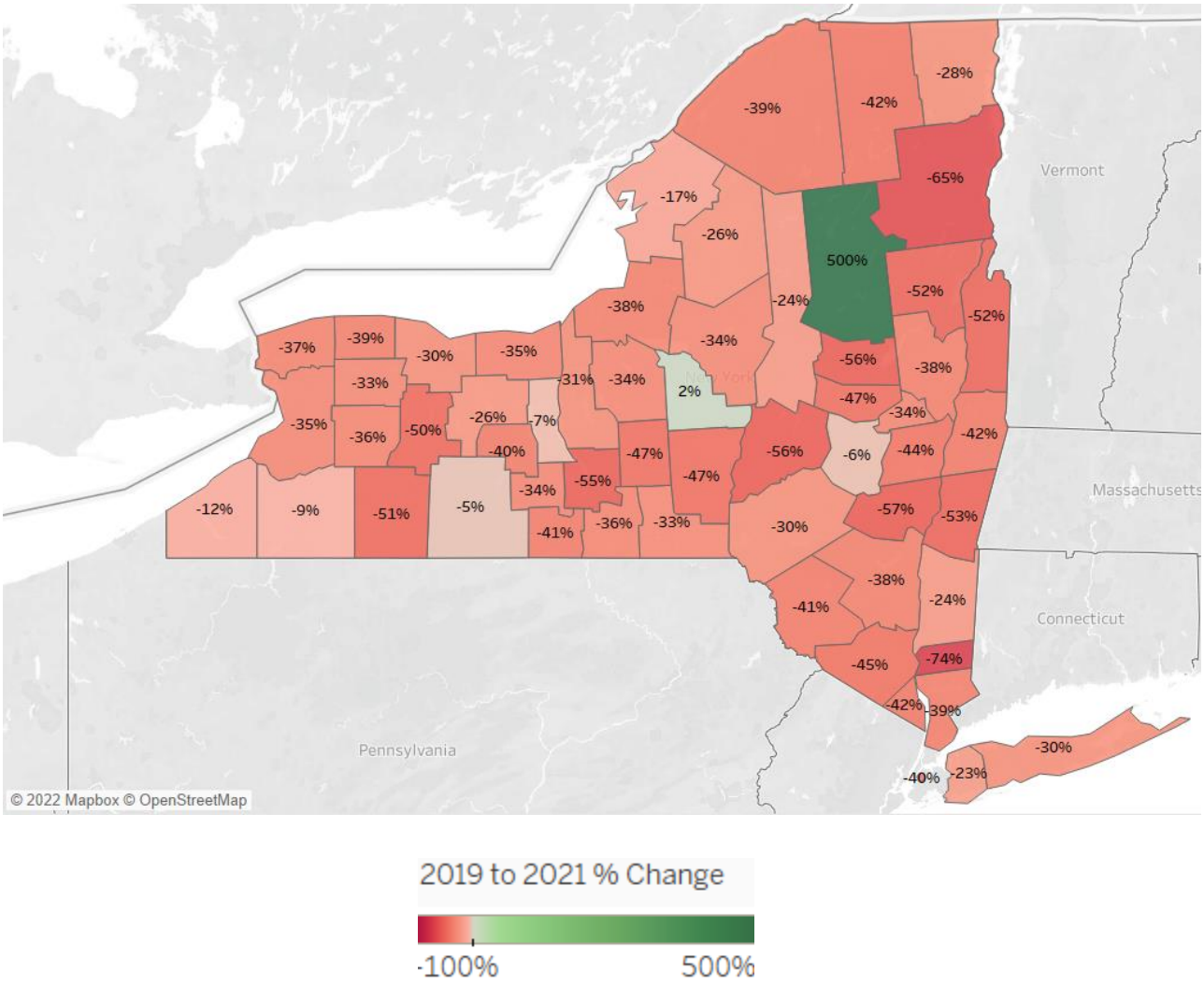
**The decline in overall usage of child care was mirrored by a significant decline in participation in the state's child care assistance programs.** While the number of children receiving subsidized child care across the state began to steadily decline in 2012, the number dropped dramatically after the onset of the COVID-19 pandemic.[8]




**Child care assistance enrollment declined over the course of the pandemic in every county of the state except two** (Hamilton and Madison). Note that Hamilton County has fewer than 5,000 residents and child care assistance enrollment rose from 1 child in 2019 to 6 children in 2021.

[8] From the Office of Temporary and Disability Assistance's Annual Report to the New York State Legislature - https://otda.ny.gov/resources/legislative-report/2021-Legislative-Report.pdf. Note that OTDA's report period for each year is July through June. While a drop occurred in 2020, only approximately 4 months of that report period fell during the COVID-19 pandemic. The 2021 report year included all twelve months of COVID-19 era enrollment. These data include child care assistance through the state's public assistance program and the income eligible child care program.

**Decline in Children Receiving Child Care Assistance by County**




*(See Appendix A for list of change by county.)*

# Pandemic Declines in Programs

**Since the onset of the pandemic, there has been a significant decline in the number of child care programs operating in New York.** As shown in the table below, 3,524 programs closed since January 2020. When adjusted for new programs that opened, **the net change is 1,326 (8.1%) fewer child care programs in New York than at the start of the pandemic**.

| | | |
|---|---|---|
| | Programs operating in Jan. 2020 | 16,348 |
| - | Programs that closed | 3,524 |
| + | New programs that opened | 2,198 |
| | Net change | -1,326 |

Every type of child care program declined. However, the magnitude of the changes varied greatly by program type. Of the 3,524 programs that closed, **2,789 (79%) were family or group family programs** with the smaller family child care programs (one adult, 6-8 children) suffering the greatest proportion of closure (18.4%). **The smallest decline was for child care centers** that saw a net change of only 39 (1.8%) fewer programs.

| Type of Program | January 2020 Programs | Losses | Gains | July 2022 Programs | Net Change | % Change |
|---|---|---|---|---|---|---|
| Child Care Center | 2,073 | -315 | 276 | 2,034 | -39 | -1.88% |
| Family Child Care | 3,359 | -1,045 | 426 | 2,740 | -619 | -18.43% |
| Group Family Child Care | 8,064 | -1,744 | 1,158 | 7,478 | -586 | -7.27% |
| School Age Child Care | 2,852 | -419 | 338 | 2,771 | -81 | -2.84% |
| **Total** | **16,348** | **-3,524** | **2,198** | **15,023** | **-1,326** | **-8.11%** |

## Pandemic Declines in Children's Access

In addition to the number of programs operating, it is also important to consider changes in capacity; that is, **how many children can be cared for.** The change in programs operating in New York has resulted in a corresponding decrease in capacity with **care for 10,554 fewer children being available**, as shown in the table below.

The only type of program that saw a slight increase in capacity (2.5%) was child care centers. All other types of care saw declines in capacity. Like with program closures, **the decline in capacity has been driven to a great extent by family or group family programs.** Together, they represent a loss of care for 13,457 children.

| Type of Program | January 2020 Capacity | July 2022 Capacity | Net Change | % Change |
|---|---|---|---|---|
| Child Care Center | 174,726 | 179,064 | 4,338 | 2.5% |
| Family Child Care | 26,258 | 21,446 | -4812 | -18.3% |
| Group Family Child Care | 123,748 | 115,103 | -8645 | -7.0% |
| School Age Child Care | 329,384 | 327,949 | -1,435 | -0.4% |
| **Total** | **654,116** | **643,562** | **-10,554** | **-1.6%** |

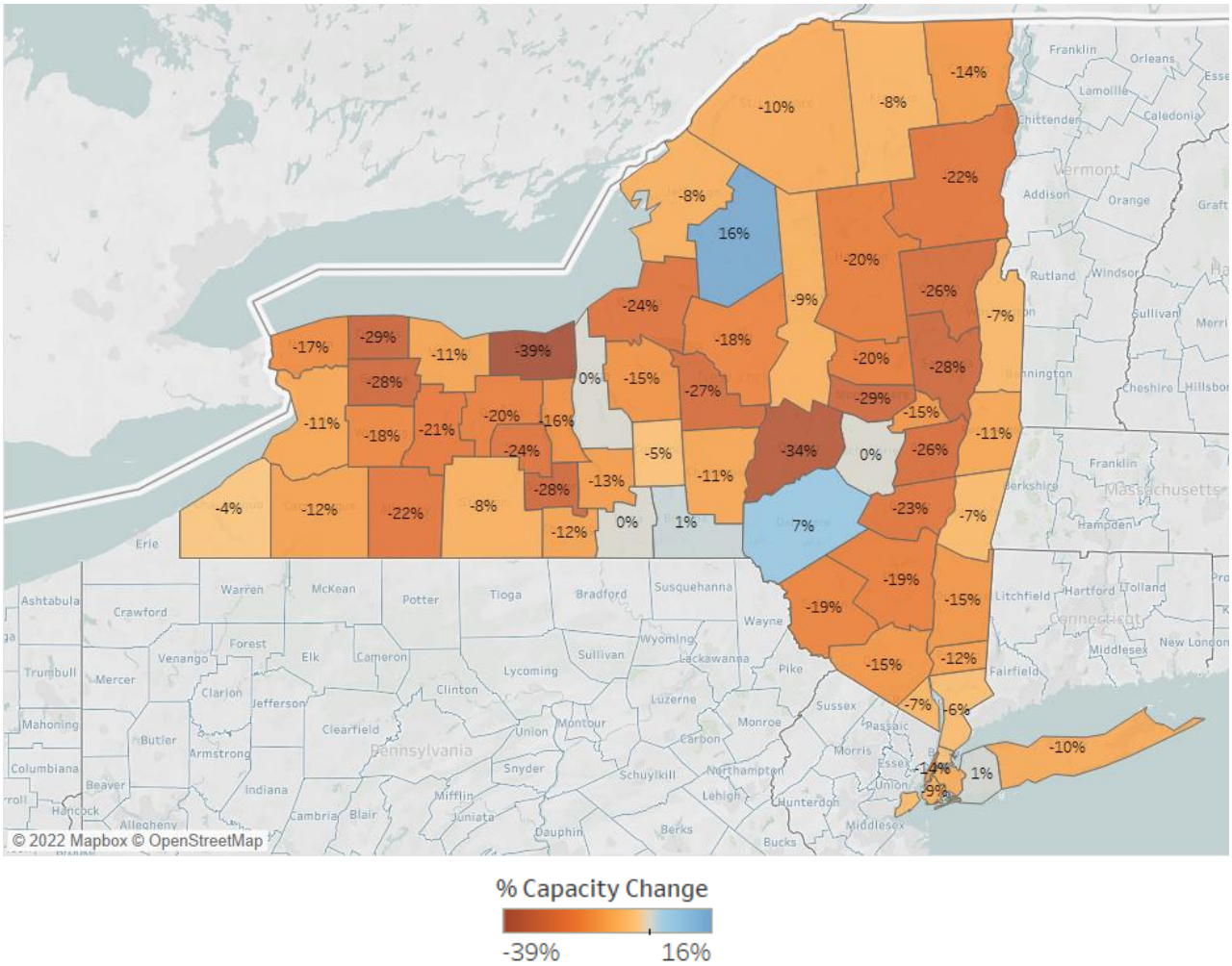
# County and Community Differences

Statewide changes are important for considering how to rebuild child care capacity in New York. Policy solutions must also take into account differences between counties and communities and the inequities in the difficulties families face.

## *County Differences: Family and Group Family Care*

**Fifty-five of 62 counties (89%) in New York State lost family and group family child care capacity over the first 30 months of the pandemic,** as shown in the map below. **Rural upstate counties tended to lose capacity at higher rates than downstate counties or larger, upstate counties** (Erie, Monroe, and Onondaga).

**Changes in Family and Group Family Child Care Capacity by County**



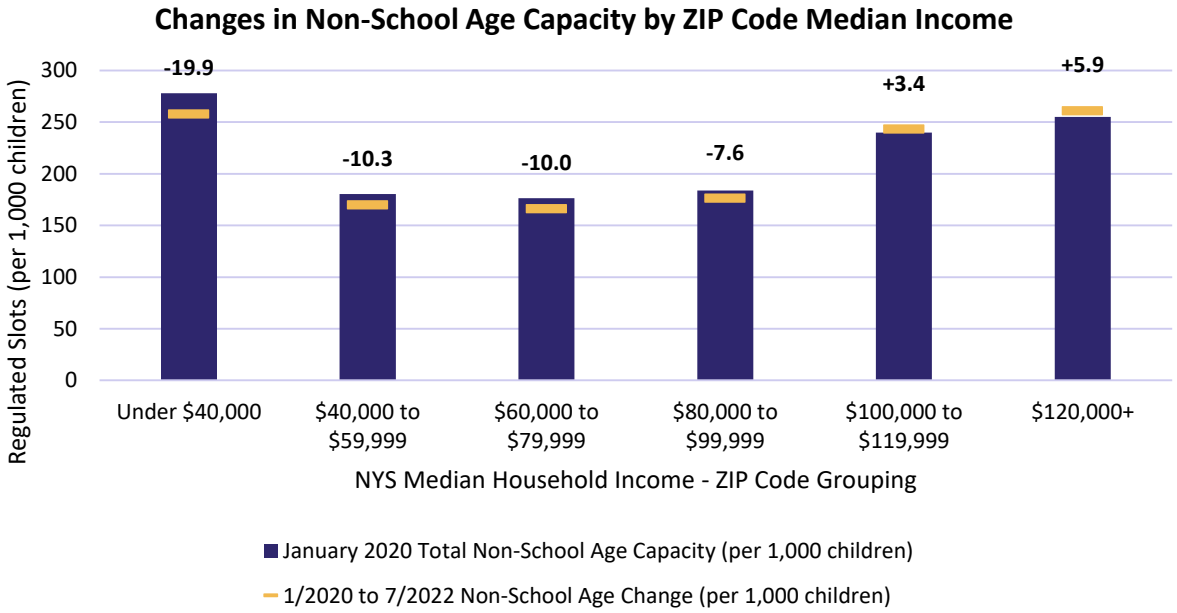
## *Community Differences: Care for Children 0 – 5 Years*

Within counties, there may also be inequities in child care capacity between communities with different demographic characteristics. Therefore, analyses were also done by ZIP codes. These analyses focused on children ages 0 – 5 years (non-school age).

ZIP codes were categorized by their median incomes. The bars in the graph below show what the non-school age child care capacity was in January 2020 for each category. Interestingly, **communities with the lowest and highest median incomes had the greatest child care capacity pre-pandemic.**

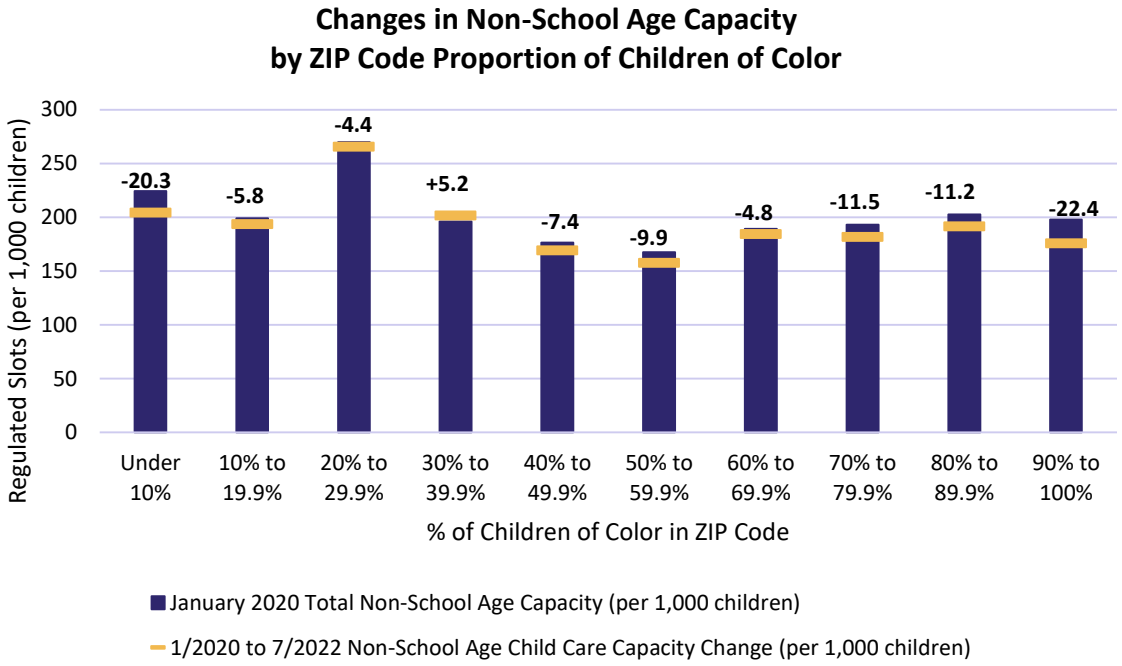
The yellow lines show the change in capacity during the first two and a half years of the pandemic. A clear pattern is seen:

- The **lowest income** communities suffered the greatest **losses** in child care capacity
- The **highest income** communities experienced **gains** in child care capacity




When considering racial/ethnic differences:

- ZIP codes with 90% - 100% children of color **lost the greatest amount of capacity.**
- Mostly rural ZIP codes with less than 10% children of color **lost capacity at higher rates** than more diverse parts of the state.
- Predominantly white ZIP codes across the state tended to have **more child care capacity** in January 2020 than more diverse communities in the state.




Following are three case studies to illustrate how the pattern of impact varied greatly between New York communities. Specifically, **three different patterns** are illustrated:

***Desertification:*** Saranac Lake

***Stress across the system:*** Albany's South End

***Growth in the midst of stress:*** Pittsford

## Desertification in Saranac Lake

Zip code **12983**, which encompasses Saranac Lake in the Adirondacks region, has a median household income just over **$55,000** per year and is also almost entirely **white**. Like much of the North Country, the year-round population is small and the land area is large, leading to low population densities (36 people per square mile) and sometimes long distances between home, work and child care.

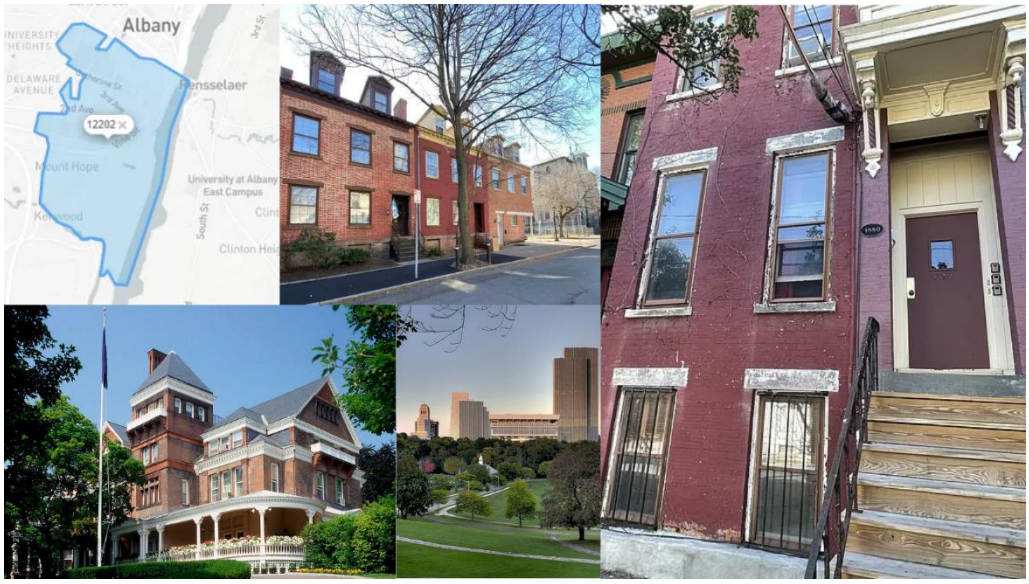
The community began the pandemic with capacity to provide care for 377 children, 245 which were available for the community's approximately 471 non-school age children. By July 2022, it had **lost more than half** of those slots (125, or 51%). The losses turned the area into a **child care desert**[9].

| Type of Program | January 2020 | | July 2022 | | Change in Child Capacity |
|---|---|---|---|---|---|
| | # Programs | Child Capacity | # Programs | Child Capacity | |
| Child Care Center | 6 | 266 | 3 | 122 | -144 |
| Family Child Care | 3 | 24 | 1 | 8 | -16 |
| Group Family Child Care | 3 | 48 | 2 | 32 | -16 |
| School Age Child Care | 1 | 39 | 1 | 39 | 0 |
| **Total** | **13** | **377** | **7** | **201** | **-176** |

[9] A child care desert is defined as a community where there are more than 3 children under age 5 years old for every licensed child care slot.

## Stress Across the System in Albany's South End

The **12202** ZIP code in Albany's South End is an example of a community that lost considerable child care capacity over the course of the pandemic. This community, which contains both the Governor's mansion and a 36% child poverty rate, faced considerable child care capacity declines since January 2020.




This community has a median household income of **$33,542**, and **73%** of its residents identify as people of color. **It experienced declines in all four kinds of regulated child care facilities** over this period and **lost more than 50% of its child care capacity**. When considering only early childhood (non-school age), capacity fell from 196 in 2020 to 145 in 2022, a **26% loss of the community's early childhood capacity.**

| Type of Program | January 2020 | | July 2022 | | Change in Child Capacity |
|---|---|---|---|---|---|
| | # Programs | Child Capacity | # Programs | Child Capacity | |
| Child Care Center | 3 | 106 | 2 | 85 | -21 |
| Family Child Care | 3 | 24 | 2 | 16 | -8 |
| Group Family Child Care | 6 | 96 | 4 | 64 | -32 |
| School Age Child Care | 5 | 407 | 2 | 121 | -286 |
| **Total** | **17** | **633** | **10** | **286** | **-347** |

## Growth in the Midst of Stress in Pittsford

Higher income ZIP codes actually experienced some growth in child care capacity during the pandemic. ZIP code **14534**, which primarily encompasses the Town of Pittsford in suburban Monroe County, experienced modest growth in capacity from January 2020 to July 2022. This community is **82%** non-Hispanic white and has a median household income of just under **$120,000** per year.

**The number of facilities in this community grew by one and the overall child capacity grew by over 200 regulated slots.** It is worth noting that **most of the growth was among care for school age children.** The **non-school age growth only accounted for 18%** (37 of 204) of the capacity growth. The community's higher income levels and greater reliance on center-based care insulated it from some of the capacity losses experienced elsewhere in the greater Rochester region and throughout New York State.

| Type of Program | January 2020 | | July 2022 | | Change in Child Capacity |
|---|---|---|---|---|---|
| | # Programs | Child Capacity | # Programs | Child Capacity | |
| Child Care Center | 4 | 399 | 4 | 510 | 111 |
| Family Child Care | 2 | 16 | 2 | 16 | 0 |
| Group Family Child Care | 3 | 48 | 3 | 48 | 0 |
| School Age Child Care | 5 | 436 | 6 | 529 | 93 |
| **Total** | **14** | **899** | **15** | **1,103** | **204** |

# Government Pandemic Response Efforts

Over the course of the pandemic, the federal government, New York State, and local governments have provided relief to a range of businesses, including the beleaguered child care sector. Below is a brief review of several of those efforts, and preliminary indicators of their effectiveness.

## Paycheck Protection Program

The CARES Act, passed in March of 2020, contained a significant **aid package for employers** in the form of the Paycheck Protection Program (PPP). The program was administered by the federal Small Business Administration, in partnership with banking institutions throughout the country. Employers were eligible for a **forgivable loan of up to 2.5 times that business's average monthly payroll**. The purpose was to induce employers to **retain staff** during the period of 2020 when many businesses were closed to limit the spread of COVID-19.

According to the Small Business Administration, **8,237 PPP loans were issued to firms within New York State that were categorized as "Child Day Care Services"** during either 2020 or 2021. This category of loan recipients included a number of organizations that are not regulated by the Office of Children and Family Services, including nursery schools and drop-in programs that serve young children, along with approximately 3,000 child care centers in New York City that are licensed by New York City's Department of Health and Mental Hygiene (DOHMH). **A number of organizations received multiple forgivable loans.** The Children's Agenda was able to identify 909 entities that received at least two PPP loans.

**Fewer than Half**

**of New York child care programs received PPP loans**

**At most, 7,328 child care providers were able to access PPP loans. This figure is far fewer than half of the child care programs operating in New York State at the beginning of the pandemic.** However, because the category of Child Day Care Services included programs that are not regulated child care providers, this is an overestimate.

**Further analyses indicated that family child care providers were less likely to receive paycheck protection loans than child care centers or group family child care programs.** The Children's Agenda staff spoke to several organizations that work closely with family-based child care programs. Staff at those organizations suggested that family child care providers are more likely to operate without formal payroll and many lack business banking relationships. This would have disadvantaged them in the paycheck protection process.

## CARES Act Child Care Funding

**New York State received $163.6 million in dedicated child care funding** from the CARES Act. The state struggled to use this funding effectively to support the child care sector during the height of the pandemic. OCFS established several rounds of child care provider relief efforts, but the structure of those initiatives limited their effectiveness. Specifically, the state's CARES Act child care provider relief efforts were **reimbursement-based**. That meant providers, who were seeing precipitous drops in enrollment, had to have enough revenue to cover their costs while waiting for reimbursement. The funds also had **eligibility criteria tied to program reopening and expansion**, limiting the program's ability to stimulate restoration of child care capacity.

In January of 2021**, 9 months after the state received relief funds** from the federal government, New York State had only **spent $12.1 million of $131.6 (9%)** in funds designated to assist child care providers. The state **eventually spent all $163.6 million** in CARES Act dollars, although a large portion was dedicated to **essential worker scholarships**[10] and other purposes instead of **provider relief efforts**.[11]

## County Waivers

During the early months of the COVID-19 pandemic, OCFS gave local social service districts the discretion to apply for a series of **waivers** to existing state and/or federal policies. This was allowed through both a loosening of federal rules during the pandemic and the state of emergency declared in New York State. Specifically, OCFS gave counties the opportunity to opt into one or more of six possible waivers that would support families and providers within their community:

1. **Extend family child care assistance eligibility redeterminations** for up to 90 days beyond normal 6 or 12 month
2. **Expand the definition of protective services** to cover parent quarantines from COVID-19
3. **Expand the number of allowable absences** for care, reimbursing providers for child absences
4. **Expand allowable closure days**, ensuring providers are reimbursed despite being closed because of COVID-19
5. **Expand income eligibility** up to 85% of the state median income
6. **Temporarily eliminate the "family share,"** making child care free for families enrolled in the assistance program

[10] The essential worker scholarship program was a short-term child care assistance program made available to certain categories of workers during 2020 and 2021. It had higher income eligibility thresholds and fewer administrative barriers than the state's traditional child care assistance program. See https://ocfs.ny.gov/main/contracts/funding/COVID-relief/essential-workers.php for more information.
[11] See https://www.timesunion.com/news/article/As-child-care-centers-closed-New-York-spent-16233558.php?IPID=Times-Union-HP-CP-Spotlight for more information about the state's CARES Act child care spending.

**Expanding the number of allowable absences and closure days were especially important to child care providers with a higher share of families enrolled in the state's child care assistance program.** Reimbursement for subsidized care in New York in 2020 was largely based on a child's physical attendance, not their enrollment in a program[12]. If a child was absent from care because of COVID-19 symptoms or a quarantine, the provider would not be reimbursed. Similarly, if a program was forced to close temporarily because of a COVID-19 outbreak, that provider would not normally be reimbursed by the local department of social services.

**While 79% (46 of 58) social service districts applied for a waiver to reimburse providers for child absence, only 53% (31 of 58) opted for a program closure waiver.** Eight social service districts did not apply for any waivers (Allegany, Greene, Hamilton, Lewis, Madison, Niagara, Orleans, Putnam, Saratoga, and Wayne). Child care providers and families in those communities were left with fewer supports than similar families and providers in other communities.

## Stabilization Grants

In the summer of 2021, New York State finally identified an effective way to support the state's embattled child care industry. Buoyed by several billion dollars in federal COVID relief funding specifically targeted to the child care sector, the state administered a broader-based relief effort. This approach, branded as "stabilization" grants, provided significant financial assistance to child care providers across the state.

**Licensed, registered, and certain legally exempt child care providers were able to access grants through a straightforward online application process.** Grant amounts were determined by a provider's modality, location within New York State, and licensed capacity. Child care providers were asked to complete a short application to begin to receive significant monthly support. Stabilization grant totals are provided in the table below.

[12] This remains true today, although the 2021-22 New York State budget established a minimum requirement of 24 reimbursable absences per child, per year. Prior to that change, local social service districts could choose to not reimburse for any child absences, or only do so for reasons up to the county's discretion.

| Setting | Capacity | Grant Totals | |
|---|---|---|---|
| | | NYC and Downstate | Rest of State |
| Family Child Care | 6 children, plus 2 school age | $25,300 | $19,300 |
| Group Family Child Care | 12 children, plus 4 school age | $50,600 | $38,500 |
| Child Care Center | <= 50 children | $53,200 | $38,700 |
| | 51-100 children | $108,600 | $78,900 |
| | 101-150 children | $149,300 | $108,500 |
| | 151-200 children | $164,700 | $119,700 |
| | 201-250 children | $179,100 | $130,200 |
| | 251+ children | $203,000 | $147,600 |
| School Age Child Care | <= 50 children | $43,700 | $32,800 |
| | 51-100 children | $89,200 | $67,000 |
| | 101-150 children | $122,700 | $92,100 |
| | 151-200 children | $135,300 | $101,600 |
| | 201-250 children | $147,200 | $110,600 |
| | 251+ children | $166,900 | $125,300 |

Importantly, stabilization grants were **weighted in favor of smaller providers, especially family and group family child care providers.** On a per child basis, family and group family child care providers received more stabilization grant funding than center based programs. This targeted relief addressed the unique challenges faced by this type of child care setting and their likely exclusion from other aid efforts.

OCFS estimated that with full uptake across the child care sector, $1.074 billion could be spent on this initiative. In the end, **$901 million was committed to 14,885 providers**. This represents **almost 84% of potential grant recipients**, a far higher share of providers than any previous loan effort.

The 2021 stabilization grants were widely viewed as an extremely effective relief program for the state's child care sector. This effectiveness was demonstrated by the decision made by the legislature and Governor Kathy Hochul to **reappropriate $343 million in remaining federal funds** to launch a smaller stabilization grant effort for the summer and fall of 2022. This program, which began in July 2022, is similar (though smaller) to the prior year's initiative, with 75% of the funds dedicated to workforce initiatives. This workforce investment requirement was not present in the first round of stabilization grants. The child care sector, like many other industries in New York, is desperately short of staff, and state officials hope that additional stabilization funds will help providers recruit and retain staff.

OCFS is also in the midst of a **$100 million dollar initiative to reduce the prevalence of child care deserts** throughout the state. The first round of awards, which were announced on July 25, 2022, are focused on growing the number and size of providers in underserved census tracts across the state. These grants promise start-up operating support for providers.

## Other Factors

While the COVID-19 pandemic was an unprecedented shock to New York's child care sector, it also took place while the regulated child care sector was increasingly challenged by several other factors. **The ongoing growth of state-funded Pre-K is challenging to the child care business model**. This is particularly true for family and group family child care providers who are less likely to receive contracts from local school districts to operate free, full-day Pre-K programs than center-based programs. Given ratio requirements for young children, the loss of 4 year old (and increasingly 3 year old) children from family-based child care settings threatens the viability of many family-based child care businesses. This threat also limits the ability of families with infants and toddlers to access quality child care.

**A rising minimum wage** set against a **flat subsidy reimbursement rate** (established in 2019 using child care private pay rates from 2017-18) likely also had an impact on the financial viability of providers serving low-income communities. And while rates rose significantly in June 2022, they could again be eroded by inflation and future wage increases until the next scheduled rate increase in 2025.

# Recommendations

**The COVID-19 pandemic further exposed many of the inequities present in the United States.** Vulnerable individuals were often at greater risk of suffering serious illness or death from the disease, racial disparities in health and health care access resulted in higher rates of illness and death in minority communities, and many lower-income service industry workers were forced to risk exposure to the virus at higher rates than their white-collar counterparts during the particularly frightening early months of the pandemic. Aspects of those dynamics asserted themselves in the child care context as well. **Larger providers were able to access critical relief programs at higher rates than some of their smaller counterparts** during the first year of the pandemic. **Providers in some counties were able to benefit from regulatory relief while others were forced to weather program closures and child absences with no additional support.**

While the state eventually learned from the failures of the first year of support (or lack thereof) for the child care industry through the adoption of the stabilization grant program, there are **additional measures policymakers should take to strengthen the child care sector for the future.** These steps are particularly important because Governor Hochul and state lawmakers have demonstrated a commitment to expand the number of families who are eligible for child care assistance.

**On August 1, 2022, the families of approximately 250,000 additional children in New York State became eligible for significant assistance affording the cost of care.** Those families will only be able to benefit from this historic expansion in assistance if they are able to find and enroll in quality care options in their communities. New York State lost nearly 10% of providers operating in the state over the past two and a half years. It must reverse that trend to see the full benefit of the state's new investment in child care.

## The Children's Agenda recommends four steps that New York State should take to strengthen the child care sector moving forward:

1. Commit with all due haste to **universal** child care
2. Establish a **permanent stabilization** program
3. Target specific support to **family-based care**
4. Establish **counter-cyclical supports** for the child care industry

## Commit to universal child care

The ultimate solution to the child care crisis is **high quality, affordable child care** that is **available** to all families who are looking for child care, staffed by appropriately compensated and supported **early childhood educators**.

New York can advance the transition to universal care in phases, but must proceed with all due haste. The first phase, working within our existing system, should include the following principles:

- Providing access to **free or low-cost** child care to all New York children **without exception**, **beginning with children from low-income families**.
- Implementing **sustained increases to workforce compensation**.
- Ensuring **expansions to subsidy eligibility** apply to all children, including school-age children.
- Implementing an increase in **operating support** for providers to bring rates closer to the true cost of care.
- Increasing support for **new and expanded providers**, especially in child care deserts.

Committing to universal child care will ensure that all children have a safe and nurturing environment when they are away from family and school and that they can benefit from supports for school readiness and educational attainment. Universal care will also ensure that every parent has the opportunity to pursue employment, career advancement and educational opportunities without compromising the care of their children. It will also support an expanded workforce for employers.

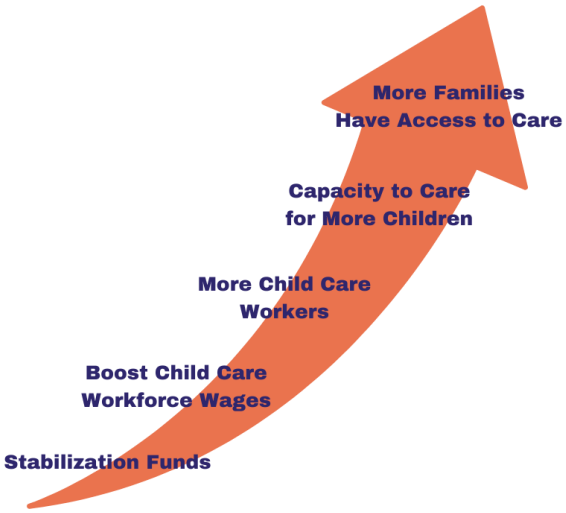
## Establish a permanent stabilization grant program

The stabilization grant program developed during 2021 was extraordinarily successful, especially compared to preceding efforts. The **application process was straightforward**, it provided **predictable revenue** to providers, and it **allowed child care providers to hire and retain staff** during a particularly tight labor market in the fall of 2021.

However, the **time-limited nature** of this program blunted its long-term effectiveness. Providers were unable to offer staff permanent wage increases through the stabilization grant funds and instead relied on short-term bonuses. Most providers are only able to permanently raise wages by raising private pay prices on families seeking child care.

**No effort to grow the system's capacity will succeed without dedicated efforts to raise child care worker wages.** The median wage for a child care worker in New York state is only $31,880 per year, placing the profession among the lowest paid jobs in the state.[13] According to the New York State Department of Labor, 96% of job categories have higher median wages than child care. The child care workforce is still down nearly 10% from pre-pandemic levels.

A **permanent** version of the stabilization grant program **tied to workforce wages** (like the temporary version introduced this summer) would help the state grow the child care workforce, boost worker wages, and make child care more affordable for all families. As noted earlier, the child care workforce is disproportionately comprised of women of color. A concerted effort to raise child care wages would also help to address historic and ongoing wage disparities by race and gender.




[13] See https://dol.ny.gov/occupational-wages-0 for occupational wage data.

## Target specific support to family-based child care

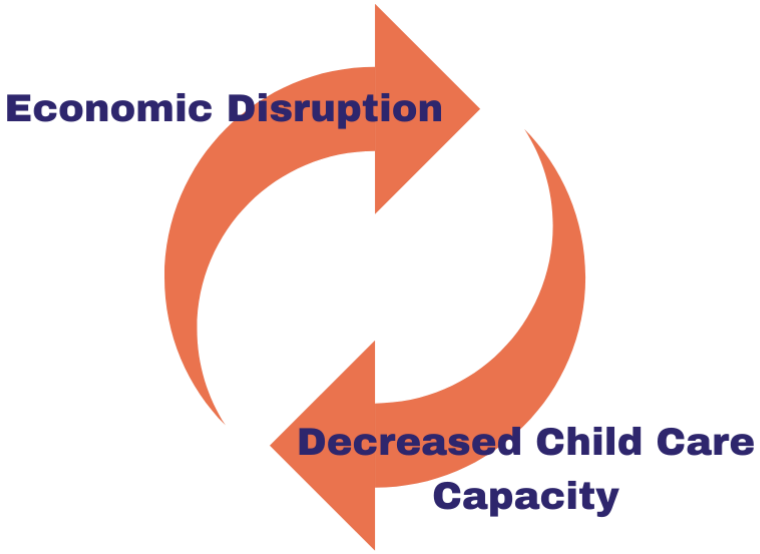
**One of New York State's child care system's greatest strengths is its diverse delivery model.** Families historically have benefited from a great deal of choice in providers. Some families prefer larger, center-based programs while others favor smaller providers operating out of their homes. Still others choose to enroll their children in a legally exempt setting. **The pandemic disproportionately harmed family-based child care providers, though that modality was under threat long before this public health crisis**. New York State should identify actionable steps to strengthen family-based child care.

Small, family-based programs would benefit from **networked operational supports** like:

- **shared services** or **bulk purchasing**
- **co-operative arrangements** to purchase health care services for providers and their employees
- **market studies** to assess the viability of non-traditional hour care

## Establish counter-cyclical supports for the industry

There is an adage that "when America sneezes, the whole world gets a cold." It is intended to remind people of the outsized influence of the American economy on world affairs. The same could be said of New York's child care system's relationship relative to the state's broader economy, except the expression works both ways. **When New York state's economy encounters a recession or is otherwise disrupted, the state's child care system struggles mightily.** And because the state desperately needs workers as it exits a recession, **the child care sector's declines can lead to a lingering economic illness.**




New York State should, therefore, implement counter-cyclical supports that help the child care sector retain its size and capacity even during times of economic hardship. OCFS should:

- Shift the state's child care assistance program from an attendance based model to an **enrollment based model**
- Tie payments to providers (and a child's eligibility for care) to a **parent's receipt of unemployment insurance** payments, thereby automatically extending child care assistance when unemployment insurance is extended during times of economic hardship

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**Quality, affordable child care fulfills our society's fundamental obligation to provide for the well-being of our children.** It is also an economic necessity: parents cannot work when they do not have child care. As both a moral imperative and an economic necessity, New York state – government, employers and residents alike – must make affordable, quality care accessible to all New York families. It must be treated as an essential public service. **We have the resources and capacity to do so. All we need is the will.**

# Appendix A: Decline in Child Care Capacity (# children able to be cared for) by County for All Ages and All Types of Programs

| County | 2020 Total Capacity | 2022 Total Capacity | Pandemic Total Change | Pandemic Total % Change |
|---|---|---|---|---|
| Albany | 12,829 | 10,607 | -2,222 | -17% |
| Allegany | 1,066 | 1,132 | 66 | 6% |
| Bronx | 84,512 | 83,635 | -877 | -1% |
| Brooklyn | 90,918 | 93,172 | 2,254 | 2% |
| Broome | 4,388 | 4,392 | 4 | 0% |
| Cattaraugus | 1,768 | 1,848 | 80 | 5% |
| Cayuga | 1,904 | 2,010 | 106 | 6% |
| Chautauqua | 3,954 | 3,583 | -371 | -9% |
| Chemung | 2,350 | 2,179 | -171 | -7% |
| Chenango | 839 | 785 | -54 | -6% |
| Clinton | 2,656 | 2,101 | -555 | -21% |
| Columbia | 1,535 | 1,018 | -517 | -34% |
| Cortland | 1,488 | 1,277 | -211 | -14% |
| Delaware | 1,037 | 1,097 | 60 | 6% |
| Dutchess | 9,003 | 7,813 | -1,190 | -13% |
| Erie | 28,317 | 28,202 | -115 | 0% |
| Essex | 900 | 675 | -225 | -25% |
| Franklin | 1,602 | 1,148 | -454 | -28% |
| Fulton | 1,037 | 1,091 | 54 | 5% |
| Genesee | 1,247 | 1,224 | -23 | -2% |
| Greene | 926 | 634 | -292 | -32% |
| Hamilton | 40 | 32 | -8 | -20% |
| Herkimer | 878 | 847 | -31 | -4% |
| Jefferson | 3,425 | 3,479 | 54 | 2% |
| Lewis | 568 | 647 | 79 | 14% |
| Livingston | 1,616 | 1,774 | 158 | 10% |
| Madison | 1,271 | 1,096 | -175 | -14% |
| Manhattan | 62,179 | 56,514 | -5,665 | -9% |
| Monroe | 26,547 | 24,853 | -1,694 | -6% |
| Montgomery | 1,215 | 1,196 | -19 | -2% |
| Nassau | 45,622 | 47,844 | 2,222 | 5% |
| Niagara | 4,967 | 4,740 | -227 | -5% |
| Oneida | 6,102 | 5,002 | -1,100 | -18% |
| Onondaga | 14,036 | 13,433 | -603 | -4% |

| | | | | |
|---|---|---|---|---|
| Ontario | 3,774 | 3,387 | -387 | -10% |
| Orange | 9,563 | 9,250 | -313 | -3% |
| Orleans | 744 | 680 | -64 | -9% |
| Oswego | 2,437 | 1,796 | -641 | -26% |
| Otsego | 1,072 | 918 | -154 | -14% |
| Putnam | 3,195 | 3,169 | -26 | -1% |
| Queens | 70,995 | 71,473 | 478 | 1% |
| Rensselaer | 4,820 | 4,273 | -547 | -11% |
| Rockland | 10,950 | 10,960 | 10 | 0% |
| Saratoga | 7,033 | 6,664 | -369 | -5% |
| Schenectady | 5,211 | 4,862 | -349 | -7% |
| Schoharie | 771 | 847 | 76 | 10% |
| Schuyler | 467 | 423 | -44 | -9% |
| Seneca | 532 | 437 | -95 | -18% |
| St. Lawrence | 1,574 | 1,901 | 327 | 21% |
| Staten Island | 12,058 | 12,526 | 468 | 4% |
| Steuben | 4,062 | 3,801 | -261 | -6% |
| Suffolk | 40,807 | 43,766 | 2,959 | 7% |
| Sullivan | 1,672 | 1,838 | 166 | 10% |
| Tioga | 776 | 501 | -275 | -35% |
| Tompkins | 3,012 | 3,037 | 25 | 1% |
| Ulster | 4,484 | 4,348 | -136 | -3% |
| Warren | 1,515 | 1,382 | -133 | -9% |
| Washington | 1,065 | 881 | -184 | -17% |
| Wayne | 2,488 | 1,771 | -717 | -29% |
| Westchester | 35,242 | 36,610 | 1,368 | 4% |
| Wyoming | 619 | 575 | -44 | -7% |
| Yates | 442 | 406 | -36 | -8% |
| **New York State** | **654,122** | **643,562** | **-10,560** | **-2%** |

# Appendix B: Decline in Child Care Capacity and Programs for Family and Group Family Child Care by County

| County | Total Capacity Change | % Capacity Change | Total Program Change | % Program Change |
|---|---|---|---|---|
| Albany | -404 | -26% | -36 | -26.1% |
| Allegany | -50 | -22% | -5 | -26.3% |
| Bronx | -1,616 | -4% | -182 | -6.7% |
| Brooklyn | -2,118 | -9% | -162 | -10.3% |
| Broome | 7 | 1% | -2 | -3.8% |
| Cattaraugus | -32 | -12% | -6 | -24.0% |
| Cayuga | 0 | 0% | 0 | 0.0% |
| Chautauqua | -18 | -4% | -3 | -6.4% |
| Chemung | -76 | -12% | -8 | -12.7% |
| Chenango | -48 | -11% | -7 | -17.5% |
| Clinton | -142 | -14% | -10 | -11.5% |
| Columbia | -16 | -7% | -1 | -5.3% |
| Cortland | -12 | -5% | -2 | -8.7% |
| Delaware | 16 | 7% | 2 | 8.7% |
| Dutchess | -217 | -15% | -19 | -15.6% |
| Erie | -282 | -11% | -24 | -11.8% |
| Essex | -80 | -22% | -6 | -19.4% |
| Franklin | -32 | -8% | -3 | -8.3% |
| Fulton | -32 | -20% | -2 | -14.3% |
| Genesee | -56 | -28% | -5 | -33.3% |
| Greene | -44 | -23% | -4 | -22.2% |
| Hamilton | -8 | -20% | -1 | -33.3% |
| Herkimer | -40 | -9% | -4 | -9.5% |
| Jefferson | -54 | -8% | -2 | -3.3% |
| Lewis | 18 | 16% | 1 | 8.3% |
| Livingston | -72 | -21% | -5 | -17.2% |
| Madison | -70 | -27% | -8 | -32.0% |
| Manhattan | -1,322 | -14% | -119 | -15.7% |
| Monroe | -692 | -11% | -58 | -10.7% |
| Montgomery | -80 | -29% | -7 | -35.0% |
| Nassau | 55 | 1% | -9 | -1.4% |
| Niagara | -100 | -17% | -7 | -12.7% |

| | | | | |
|---|---|---|---|---|
| Oneida | -278 | -18% | -28 | -20.1% |
| Onondaga | -503 | -15% | -45 | -14.6% |
| Ontario | -119 | -20% | -10 | -16.4% |
| Orange | -235 | -15% | -21 | -17.6% |
| Orleans | -40 | -29% | -3 | -30.0% |
| Oswego | -128 | -24% | -12 | -23.1% |
| Otsego | -104 | -34% | -9 | -36.0% |
| Putnam | -44 | -12% | -4 | -13.8% |
| Queens | -1,688 | -10% | -125 | -10.3% |
| Rensselaer | -72 | -11% | -7 | -12.3% |
| Rockland | -167 | -7% | -13 | -8.1% |
| Saratoga | -372 | -28% | -29 | -27.9% |
| Schenectady | -152 | -15% | -14 | -15.2% |
| Schoharie | 0 | 0% | 0 | 0.0% |
| Schuyler | -40 | -28% | -4 | -30.8% |
| Seneca | -24 | -16% | -3 | -18.8% |
| St. Lawrence | -64 | -10% | -9 | -14.3% |
| Staten Island | -166 | -6% | -10 | -5.6% |
| Steuben | -64 | -8% | -6 | -8.2% |
| Suffolk | -594 | -10% | -50 | -11.2% |
| Sullivan | -64 | -19% | -6 | -18.8% |
| Tioga | 0 | 0% | 0 | 0.0% |
| Tompkins | -72 | -13% | -8 | -17.0% |
| Ulster | -190 | -19% | -19 | -21.8% |
| Warren | -78 | -26% | -9 | -31.0% |
| Washington | -32 | -7% | -3 | -7.5% |
| Wayne | -148 | -39% | -15 | -41.7% |
| Westchester | -330 | -6% | -33 | -8.1% |
| Wyoming | -36 | -18% | -2 | -11.8% |
| Yates | -36 | -24% | -4 | -25.0% |
| **New York State** | **-13,457** | **-9%** | **-1,205** | **-10.5%** |

# Appendix C: Decline in Child Care Assistance Recipients by County

| District Name | 2019 | 2021 | 2019 to 2021 % Change |
|---|---|---|---|
| Albany | 1,253 | 705 | -44% |
| Allegany | 71 | 35 | -51% |
| Broome | 800 | 535 | -33% |
| Cattaraugus | 255 | 232 | -9% |
| Cayuga | 307 | 212 | -31% |
| Chautauqua | 656 | 576 | -12% |
| Chemung | 660 | 391 | -41% |
| Chenango | 90 | 48 | -47% |
| Clinton | 127 | 91 | -28% |
| Columbia | 85 | 40 | -53% |
| Cortland | 109 | 58 | -47% |
| Delaware | 115 | 80 | -30% |
| Dutchess | 763 | 578 | -24% |
| Erie | 4,055 | 2,651 | -35% |
| Essex | 78 | 27 | -65% |
| Franklin | 199 | 116 | -42% |
| Fulton | 50 | 22 | -56% |
| Genesee | 120 | 80 | -33% |
| Greene | 44 | 19 | -57% |
| Hamilton | 1 | 6 | 500% |
| Herkimer | 131 | 100 | -24% |
| Jefferson | 276 | 229 | -17% |
| Lewis | 34 | 25 | -26% |
| Livingston | 226 | 112 | -50% |
| Madison | 109 | 111 | 2% |
| Monroe | 6,357 | 4,422 | -30% |
| Montgomery | 121 | 64 | -47% |
| Nassau | 4,901 | 3,774 | -23% |
| Niagara | 308 | 195 | -37% |
| Oneida | 1,444 | 955 | -34% |
| Onondaga | 3,183 | 2,093 | -34% |
| Ontario | 273 | 201 | -26% |
| Orange | 793 | 437 | -45% |
| Orleans | 132 | 81 | -39% |
| Oswego | 356 | 222 | -38% |

| | | | |
|---|---|---|---|
| Otsego | 103 | 45 | -56% |
| Putnam | 57 | 15 | -74% |
| Rensselaer | 589 | 344 | -42% |
| Rockland | 887 | 518 | -42% |
| St. Lawrence | 262 | 159 | -39% |
| Saratoga | 362 | 223 | -38% |
| Schenectady | 915 | 600 | -34% |
| Schoharie | 53 | 50 | -6% |
| Schuyler | 73 | 48 | -34% |
| Seneca | 45 | 42 | -7% |
| Steuben | 380 | 362 | -5% |
| Suffolk | 2,727 | 1,913 | -30% |
| Sullivan | 148 | 88 | -41% |
| Tioga | 220 | 141 | -36% |
| Tompkins | 238 | 108 | -55% |
| Ulster | 430 | 268 | -38% |
| Warren | 157 | 76 | -52% |
| Washington | 122 | 59 | -52% |
| Wayne | 184 | 119 | -35% |
| Westchester | 2,643 | 1,612 | -39% |
| Wyoming | 64 | 41 | -36% |
| Yates | 40 | 24 | -40% |
| **New York State** | **111,335** | **70,028** | **-37%** |
| **New York City** | **72,154** | **43,650** | **-40%** |
| **Rest of State** | **39,181** | **26,378** | **-33%** |