Overview
Thank you to the chairs and members of the respective committees for the opportunity to submit testimony on the 2022-23 New York State Budget.

My name is Pete Nabozny, and I am the Director of Policy for The Children’s Agenda in Rochester, NY. We are a children's policy and advocacy organization focused on improving the well-being of children prenatally through young adulthood. Through analysis, advocacy, and collaboration with partners locally and statewide, we support the implementation of programs and policies that address the serious challenges facing children and families.

The Children’s Agenda is also an active member of the Empire State Campaign for Child Care, a statewide effort to ensure that all families throughout New York State have access to high quality care. I serve on the steering and executive committees of the Empire State Campaign for Child Care and help co-lead the campaign’s legislative workgroup.

The Children’s Agenda fully endorses the Empire State Campaign for Child Care’s 2024 legislative priorities¹ and we urge the Assembly and Senate to adopt these priorities in their one-house budget bills.

Our testimony today is in support of those legislative priorities. I will attempt to summarize a few of those priorities in this testimony and share why my organization believes the state should significantly increase its investment in child care in the 2024-25 state budget.

Background
Child care is an essential support for families with young children. A trusted child care provider helps ensure that children get off to the best possible start to life, providing care to children while their parents work or pursue an education. High

¹ See the campaign’s 2024 priorities - https://www.empirestatechildcare.org/empire-state-campaign-for-child-care-2024-top-policy-priorities.html
quality child care helps families achieve economic security and provides a nurturing environment for children to explore, play, and learn.

Unfortunately, for too many families in New York State, child care is a constant challenge to manage. Many families simply cannot find a care setting that meets their needs, or face long waitlists for the program near their home or work. Parents can’t afford to pay more for child care, but providers can’t afford to charge less. This impacts both the capacity of the child care system and the quality of care that families receive. These challenges predated the COVID-19 pandemic which descended upon New York in 2020, but the pandemic threatened to devastate this already fragile system.

To respond to the unprecedented challenges faced by families and the child care system from the COVID-19 pandemic, the federal government granted New York State over $2.3 billion in additional federal funds in 2020 and 2021.

New York State leaders boldly chose to use those funds to make permanent investments in child care over the past several years. Over the past several budget cycles, the legislature and Governor Hochul agreed upon a number of policy reforms and budgetary investments that have dramatically improved the child care system in New York State. Of note:

- Statewide eligibility for enrollment in the child care assistance program rose from 200% of the Federal Poverty Level in 2021 to 85% of State Median Income in 2023. In real terms, eligibility for a family of 4 has risen from $53,000 to $99,250 across the state in the past two years.
- Co-payments for a family of 4 making $50,000 a year enrolled in the Child Care Assistance Program decreased from $5,000 a year in 2021 to $200 today.
- Child care assistance program reimbursement rates have risen from the 69th percentile of the market rate to the 80th percentile of the market rate. Most providers across received a 20% per child increase when those rates went into effect several years ago.
- Child care providers can now receive reimbursement for up to 80 child absences per year, providing them with more predictable revenue each month.

**Workforce Compensation Program**

These significant investments were accompanied by several rounds of stabilization grants which kept the state’s child care industry afloat during pandemic-induced periods of low child enrollment. This past summer and fall, the Office of Children and Family Services (OCFS) granted over $330 million to more than 13,000 child care providers across the state to provide workforce bonuses of $2,300 to $3,000 per qualifying employee². While total spending on this program was lower than OCFS

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² See [https://ocfs.ny.gov/programs/childcare/grants/workforce-grant/](https://ocfs.ny.gov/programs/childcare/grants/workforce-grant/)
expected, the program was still quite successful in its goal of modestly boosting child care worker pay across the state. State labor data\(^3\) indicates that New York finally exceed pre-pandemic child care sector employment in 2023 and monthly employment in this industry reached an all-time high in November 2023.

These workforce bonuses were desperately needed by the child care sector, which struggles to recruit and retain staff thanks to a business and funding model that cannot afford to pay much more than minimum wage. Across the state, child care workers are paid less than 97% of other jobs. Median wages for the field range across the state from $29,650 in the North Country to $37,150 in Long Island. Wages are so low because public investment in child care has traditionally been so inadequate. A permanent version of this workforce compensation program would allow wages to rise without passing on high prices to resource-constrained parents of young children. And while the child care sector needs a more substantial increase in pay than the $3,000 bonuses offered this past summer, this modest program was a positive step in the right direction.

There were additional benefits derived from this workforce compensation grant program and earlier rounds of stabilization funding from OCFS to child care providers across the state. Thanks to program participation and reporting requirements, OCFS today has a better window into the operations, capacity, and functioning of child care programs around the state than in 2019. The state now has established vendor relationships with more than 13,000 providers, has cleaned up workforce registry data, and now has identified gaps in data collection and reporting.

\(^3\) See - [https://dol.ny.gov/current-employment-statistics-0](https://dol.ny.gov/current-employment-statistics-0)
These grant programs have not just strengthened the child care industry, they have strengthened New York State’s capacity to support the child care sector and, if sustained, could lead to a higher quality system for families across the state.

Unfortunately, Governor Hochul’s executive budget proposal does not include any measures to make this workforce compensation program permanent. Failing to propose a permanent version of this program is a missed opportunity for an administration that has rightly prided itself on strengthening the child care system over the past several years.

Both the Assembly and the Senate should propose a **sustained workforce compensation program of $1.2 billion** this year, and the final adopted budget should include that proposal. Doing so would allow child care wages to rise by an average of $12,500 a year, making child care a more competitive career option for countless early childhood educators. A permanent child care workforce compensation program would allow New York to grow and transform the state’s child care system into something that ensures all of New York’s children can get off to the best possible start to life.

New York State should also increase rates for family, friend, and neighbor (legally exempt) providers by investing **$50 million in this year's budget to boost legally exempt rates to 75%-85% of the family child care rate**.

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**Improving Access to Child Care for Eligible Families**

While enrollment in New York State’s Child Care Assistance program has grown over the past several years, too many families are still excluded from this crucial support. There are many reasons for these exclusions. Among them:

- Despite a growing child care workforce, many providers still struggle with staffing and are forced to place families on waiting lists.
- Parents who work evenings or weekends have few options for care.
- Thousands of children are excluded from the Child Care Assistance Program due to their immigration status.
- Families of children with special needs cannot find providers who can support the level of care their children require.
- Parents are forced to wait weeks or months to be approved to receive child care assistance.
- Parents work variable hours or participate in the gig economy and cannot navigate a one-size fits all child care system.
The Children’s Agenda endorses a list of priorities developed by the Empire State Campaign for Child Care that attempt to tackle these barriers to access for families. Specifically, we support:

- Presumptive eligibility *(A.4099 (Clark)/S.4667(Brouk)),*
- Decoupling hours of care from hours of assistance *(S.5327-A(Brisport)/A.4986-A (Hevesi)),*
- A 15% differential for non-traditional hour care *(A.1374(Clark)/S.4079 (Brisport)),*
- Prohibiting minimum earnings/minimum hours for child care eligibility *(A.1303 (Clark)/S.4924(Ramos))*

We also recommend that the legislature include sufficient funding to ensure that these priorities allow more families to access child care, and support the Empire State Campaign for Child Care’s overall $1.6 billion budget recommendation this year. This would be in addition to the $1.8 billion proposed by Governor Hochul in her executive budget.

**Conclusion**

As noted above, New York has made great strides in improving the state’s child care system over the past several years. Unfortunately, the proposed executive budget fails to build upon those successes this year. New York State should not lose the momentum we have developed over the past two budget cycles and should instead continue to move toward a system of universal child care for all of New York’s families. Doing so would help families achieve greater economic security, reduce poverty and inequality, and give children the best possible start to life.

Again, thank you for the opportunity to submit testimony to the committee. Please feel free to contact me for clarification or more information.

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