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RAiSiNG NEW YORK

Addressing New York's Child Care Crisis

Access to affordable, high-quality child care for infants and toddlers at severe risk following the pandemic

At a moment when its survival is essential to the state's economic reopening and recovery, New York's child care system is facing an unprecedented crisis.

As Raising NY outlined in its policy brief, *Supporting Families and Powering New York's Economic Recovery*, the state must ensure that child care providers — who were struggling with financial stability pre-pandemic — are able to sustain and ultimately scale up programs that are currently open and to reopen closed programs safely, all while adapting to changes in operating requirements that are likely to last for the foreseeable future. New York must also support parents, many reeling from job loss or cuts in pay, to re-engage with the labor market by ensuring they can access affordable, quality child care.

Additional and immediate state action is both an economic and equity imperative. The pandemic has impacted communities that are low-income and communities of color the hardest, exacerbating the inequities in health care, educational opportunity, and wealth that existed long before the coronavirus. The disparate impact of the pandemic is also reflected in the child care workforce, as child care providers are frequently women-owned businesses and many early childhood educators are women of color.

New York State has more than $134 million in existing and currently available federal CARES Act funding that the state should strategically invest to rebuild, sustain, and strengthen the state's child care system for infants, toddlers, and other young children. This policy brief draws on new data from the New York State Office of Children & Family Services to highlight the urgency of three of the coalition's earlier recommendations for the use of this federal funding.[1]

As described below, this new data on provider enrollment and closures reinforces the crisis facing New York's child care system, especially for the care of infants and toddlers:

- **While child care closures have already significantly altered the provider landscape, the extraordinary under-enrollment among providers who remain open represents an even greater risk to the long-term child care infrastructure.** Raising NY's survey of center and family child care providers in September 2019 found that providers were already frequently running on a deficit before the pandemic.[2] Between job loss and economic insecurity among parents suppressing enrollment and social distance requirements likely limiting capacity, many child care providers that can serve infants and toddlers will not be able to maintain sufficient overall enrollment to approach even pre-pandemic levels of financial instability.

- **Without additional operating support, both child care centers and family child care providers are at risk of being decimated by the pandemic**. Even outside of New York City (where child care center closures were largely mandatory), closure rates for child care centers that can serve infants and toddlers far exceed closure rates for family child care providers. For family child care providers, which remain open in greater numbers, the driving problem is massive under-enrollment. In both cases, it is financially impossible to cover costs for an extended period of time.

- **Lower-income communities and the family child care providers that primarily serve them are the most impacted by the child care crisis.** A recent Raising NY poll found the crisis has introduced significant uncertainty about child care for many parents of infants and toddlers in New York, with nearly half of parents of infants and toddlers from low-income backgrounds worried they will be unable to afford their existing care if their financial situation worsens.[3] Parents from low-income backgrounds are the least likely to be able to work from home, and are frequently classified as essential employees whose service is helping to sustain all New Yorkers during these difficult times. In addition, families from low-income backgrounds suffering from job loss will need child care as they search for work as the state reopens.

From a public health perspective, under-enrollment in child care programs is a necessity and should be expected to last for the foreseeable future. Child care providers must be prepared to operate with reduced capacity in order to maintain safety, and the demand for child care will be limited due to high unemployment and fears among many parents to send their children back to child care too soon. Yet the only way to maintain low capacity is to ensure that there are enough providers operating safely and at high levels of quality that can financially survive with reduced enrollment.

Fortunately, federal funding from the CARES Act is specifically intended to help sustain the cost of survival for child care programs and the families who depend on them. Funding from the CARES Act and other federal revenue should be used to make this model sustainable for providers for months to come, while simultaneously addressing the safety concerns of parents so that they feel comfortable. Unfortunately, one-time sources of relief like federal Payroll Protection Program loans and even critical safety nets like unemployment insurance are not sufficient to bridge these needs.

While all types of child care are at risk as a result of the pandemic, high-quality care for infants and toddlers may face the greatest challenges. Serving infants and toddlers is — by necessity — the most expensive and staff-intensive care for providers to offer. It is also essential for families — facilitating workforce participation for parents while ensuring that their children are in a safe, stimulating environment that nurtures child development and school readiness. This second point cannot be overstated, as extensive research shows that the first three years of a child's life are a critical, formative period that can lay the foundation for a lifelong love of learning and support the best possible outcomes throughout their lives.

Here are the key facts:

The pandemic has led to vast closures across New York State's child care infrastructure.

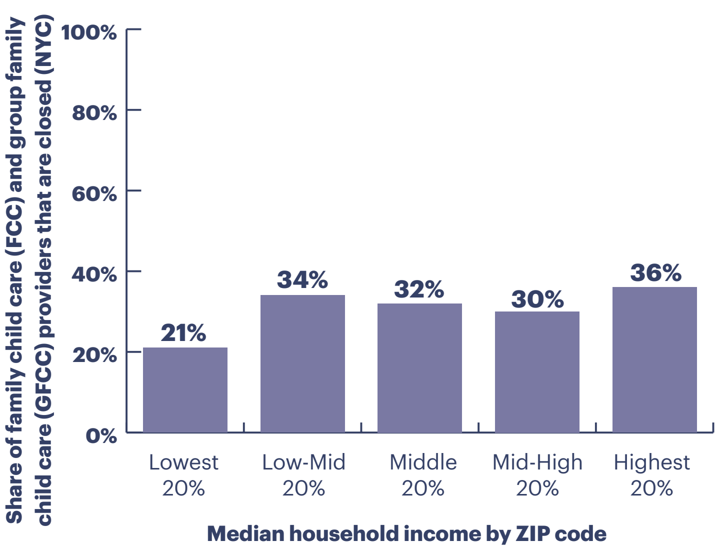
More than 1 in 4 (27%) family child care providers that can serve infants and toddlers in New York City have stopped operating as of May 21 based on self-reported data (this analysis does not include child care centers in New York City, which were generally subject to a closure order from the city).

Outside of New York City, 28% of child care providers that can serve infants and toddlers have closed, including 22% of family child care providers and 50% of child care centers that can serve infants and toddlers.

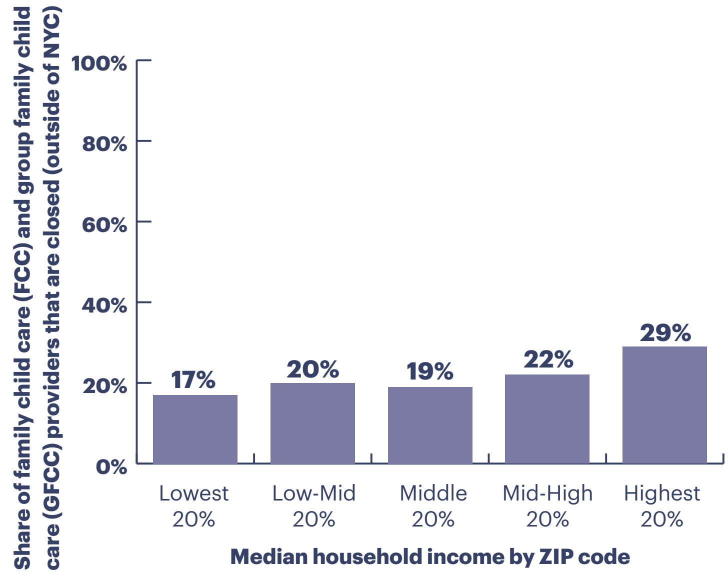
Family child care providers in lower-income communities are the bulwark of the child care system during the pandemic.

Despite the extraordinary difficulties and risks caused by the pandemic, family child care providers in lower-income communities are remaining open at greater rates than other providers.

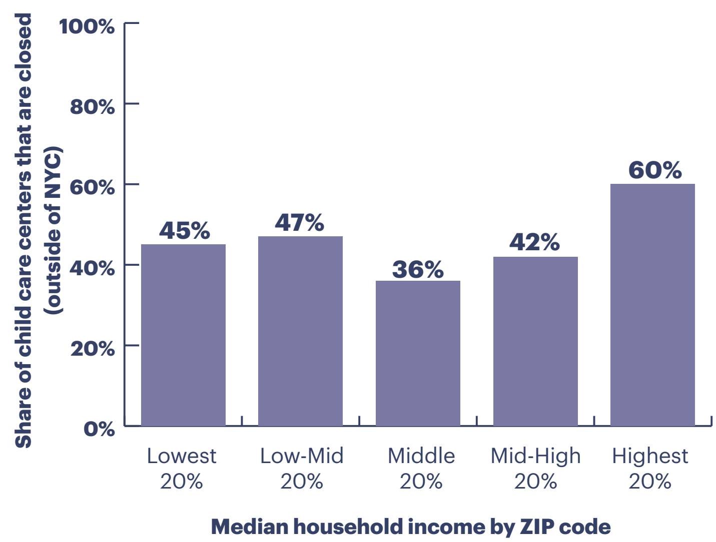
In New York City, family child care and group family child care providers located in the lowest-income quintile of zip codes have the lowest closure rate in the city:



The same pattern holds for family child care providers outside of New York City:

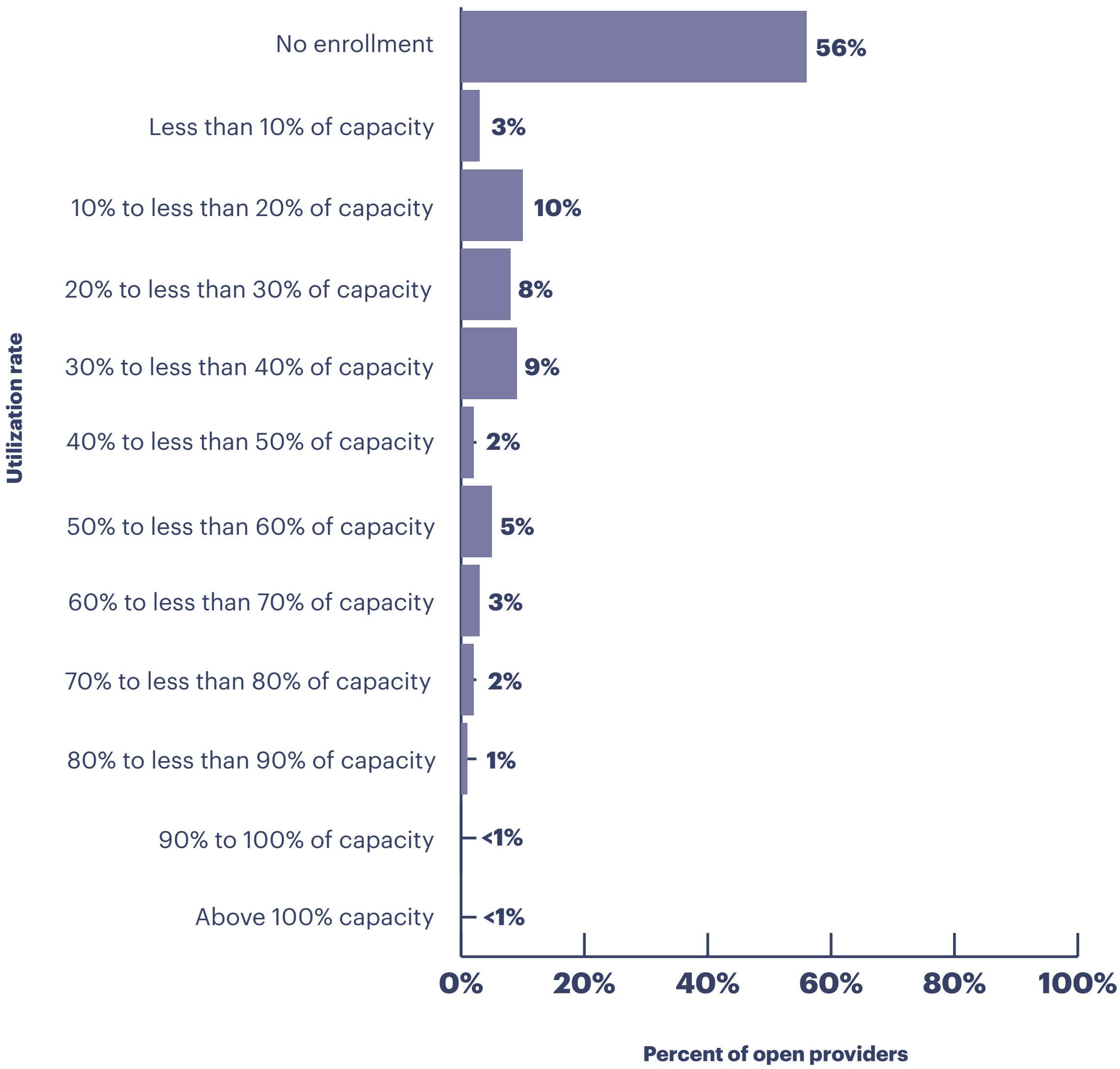


Child care centers that can serve infants and toddlers outside New York City have seen exceptionally high closure rates across income levels, with the most concentrated pandemic-related closures in the highest-income communities:



Providers that can serve infants and toddlers and that remain open have extraordinarily low and unsustainable enrollment rates.

The majority of child care providers that can serve infants and toddlers and that remain open report no enrollment, according to self-reported data that was collected between May 6 and May 21. Nearly 9 in 10 open providers that can serve infants and toddlers (88%) have self-reported enrollment between zero and 50% of their capacity:



In New York City, open family child care providers have an average utilization rate of 5.6%. Outside of New York City, open family child care providers have an average utilization rate of 27.7% and open child care centers that can serve infants and toddlers have an average utilization rate of 15.0%.

Since providers are generally approved to serve a range of ages, it is likely that this data understates the decline in enrollment for infants and toddlers as providers may be shifting to serve more school-age children.

These facts should drive immediate action by state leaders to invest existing federal funds to support families and the child care providers they rely on. The Raising NY coalition has outlined a series of specific recommendations for the use of available CARES Act federal relief funding. These recommendations represent a critical opportunity to rebuild the system so that it is stronger and more equitable than before the pandemic:

- **Address the fiscal crisis facing child care providers.** We recommend that the state commit to an additional allocation equivalent to providing 1.5 to 2.5 times the current market rate to cover the increased costs that child care providers are facing – including the impact of reduced capacity and temporarily lower enrollment. At the same time, child care subsidies across all counties should be paid based on enrollment — not attendance — which will help account for fluctuations due to rapidly changing family needs, social distancing, and health concerns. For those child care providers who serve both families receiving subsidy and private pay, as well as providers who do not accept subsidy, the state should also explore ways to support programs in responding to lower capacity without shifting the burden to parents who are lower-income and middle-income and facing financial insecurity.

- **Help providers reopen with safe, high-quality programming.** We recommend that the state provide direct financial support through grants that can be used for basic operating expenses, equipment and materials to enhance child development, funding for staff training, adequate supplies to keep children healthy and safe, and to provide financial relief to families. For example, programs that participate in the state's quality rating and improvement system, QUALITYstarsNY, are being supported in their efforts to reopen with coaching, technical assistance, equipment, supplies, and training.

- **Support family demand for high-quality child care.** As more businesses reopen and demand for child care increases beyond essential workers, we recommend that the state make child care subsidy eligibility levels and co-pays more fair, consistent, and equitable across the state. In addition, regardless of the county where they live, parents who are unemployed and seeking work, retraining, or pursuing higher education during the crisis and after should be able to receive child care subsidy using federal CARES Act or other federal stimulus and relief funding.

Endnotes

[1] *The data in this policy brief was provided by the New York State Office of Children & Family Services and analysis was conducted by The Education Trust–New York. All data was self-reported by child care providers between 5/5-5/21, and reflects status and enrollment on the date reported. Child care centers in New York City are not included in the dataset.*

[2] *Raising New York, "New York's Capacity Crisis" (December 2019). See: https://raisingnewyork.org/the-capacity-crisis.*

[3] *Raising New York, "The Coronavirus Crisis: Supporting Families with Young Children" (May 2020). See: https://raisingnewyork.org/coronavirus.*