



**Testimony of United Neighborhood Houses
Before the New York State Senate Committee on Children & Families
Senator Jabari Brisport, Chair**

The Child Care Crisis in New York State

**Submitted by Tara Klein, Deputy Director of Policy & Advocacy
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Thank you Chair Brisport and members of the New York State Standing Committee on Children and Families for the opportunity to testify on the child care crisis in New York State, the lack of availability of child care, and any legislation or policy response to protect child care workers and families. My name is Tara Klein, and I am Deputy Director of Policy & Advocacy at United Neighborhood Houses (UNH). UNH is a policy and social change organization representing 46 neighborhood settlement houses that reach 765,000 New Yorkers from all walks of life.

A progressive leader for more than 100 years, UNH is stewarding a new era for New York's settlement house movement. We mobilize our members and their communities to advocate for good public policies and promote strong organizations and practices that keep neighborhoods resilient and thriving for all New Yorkers. UNH leads advocacy and partners with our members on a broad range of issues including civic and community engagement, neighborhood affordability, healthy aging, early childhood education, adult literacy, and youth development. We also provide customized professional development and peer learning to build the skills and leadership capabilities of settlement house staff at all levels.

Settlement houses began some of the first kindergarten programs in New York State in the early 20th century, and early childhood education programs remain an important component of serving their communities. Settlement Houses run approximately 75 child care programs of all modalities (contracted center based programs, contracted Family Child Care networks, Direct Headstart programs, and private pay), serving their communities with dedication and quality care. UNH represents its members interests and needs across several platforms, including through its active membership in the Empire State Campaign for Child Care. In addition, UNH runs the Early Childhood Mental Health (ECMH) Collaborative in partnership with the New York Center for Child Development (NYCCD) to provide professional development and consultation for our members' early childhood education professionals. This work includes identifying the mental health needs of young children and giving staff resources to help them address the children experiencing behavioral or emotional challenges.

The FY 2022-2023 budget included an historic \$7 billion investment in child care over a four-year period to help expand the child care system and remove barriers to care. Now is the time for New York to commit to creating a high-quality, free, equitable, and universal child care system that meets the needs of all children and families and includes strong supports for workers and

providers. While UNH strongly supports the concept of universal child care – recognizing the importance and value of early childhood education for both young children and their caregivers – we know that the system needs significant support before expansion can be successfully advanced. If we do not attend to the underlying issues facing the sector, the system’s foundation will not be stable enough to continue moving forward.

This testimony includes several budget and policy recommendations to improve child care access and family stability, supporting New York State on its path to universal child care. This year, the State must take steps toward stabilizing and transforming New York’s early childhood system by expanding cash assistance for families with young children, ensuring all families can access child care regardless of immigration status, investing in the essential—but historically underpaid—child care workforce, ensuring further affordability reforms, and amending a recent law to allow decoupling of hours of care from hours worked. The testimony also includes an overview of top issues facing New York City’s early childhood education system.

Tax Credits to Support Young Children

Research shows that economic security programs such as the Child Tax Credit can reduce poverty, as well as strengthen food security, and improve children’s long-term health, educational and employment outcomes. The 2021 temporary expansion of the federal Child Tax Credit (CTC) benefited nearly 40 million families in the U.S, including an estimated 2.2 million families in New York State.¹ Furthermore, the Census Bureau reported that the expanded CTC kept three million children out of poverty in 2021, and the child poverty rate plummeted to its lowest-level ever in 2021.² In New York, a survey of more than 1,000 families within the UNH settlement house network found that the CTC payments were essential to helping families meet basic needs such as food, rent and clothing, as well as pay off existing debts.³

Currently, the State’s Empire State Child Credit provides up to \$330 in tax relief to income-qualifying parents for each child, so long as their children are at least four years old. While the credit offers crucial support to many New York families, this is a glaring omission: by excluding infants and toddlers, the current credit fails to support new or growing families. New York State must expand the Empire State Child Credit by increasing the credit amount available and including families with children under four years old. UNH estimates that roughly 368,000 children under the age of four would be newly eligible for the Credit through this expansion.

To accomplish this, the State budget should include a Working Families Tax Credit, which would streamline two existing State tax credits into one program and provide cash assistance to New York’s neediest families. First, it would replace the Empire State Child Credit: it would include eligibility for families with children under age 4, and increase the value of the credit on a sliding scale based on income and number of children to between \$500 and \$1500 per child, with the lowest-income families receiving the largest credit. Second, it would replace the Earned Income Tax Credit to permit access for non-citizens who file tax returns in New York. This investment should model legislation by Senators Gounardes and Cooney (S.277) and Assemblymember

¹ <https://www.whitehouse.gov/wp-content/uploads/2022/03/New-York-Tax-Credit-1-pager-3.8.pdf>

² <https://www.census.gov/library/working-papers/2022/demo/SEHSD-wp2022-24.html>

³ Settlement House American Rescue Plan (SHARP) Impact study is a collaboration between UNH, UNH member Educational Alliance and the National Center for Children in Poverty. The Wave 1 survey was conducted during winter 2021 and had a sample size of 1,078 respondents. See: <https://uploads.prod01.oregon.platform-os.com/instances/542/assets/SHARP-Impact-Study-Wave-1-Sep-2022.pdf?updated=1665709419>

Hevesi (to be introduced). It is estimated to cost \$2 billion, while also expected to reduce child poverty statewide by 13 percent and provide secondary economic benefits.

Expanding Access for Immigrant Children

Despite the inclusion of a \$7 billion investment in child care in the State's FY 2022-2023 Enacted Budget, the budget notably left out thousands of undocumented children who could have potentially benefited from State-supported child care. New York families need access to affordable early childhood education regardless of their immigration status. Due to restrictions on certain funding sources, the only public programs that children can currently join are municipally-run 3-K and Pre-K programs and federal Head Start. This leaves a major gap in care for undocumented immigrants across the State, including the large number of recent asylum seekers in New York City. Notably, for the asylum-seeker families living in New York City shelters, the lack of access to affordable childcare has been one of the major obstacles to obtaining stable employment.

The State should work toward eliminating citizenship requirements that currently exist for certain extended day/year public child care programs. UNH supports legislation that would eliminate these care barriers, such as through S.8962 (Brisport) / A10385 (Cruz) of 2022. This bill prohibits limiting authorized child care services based on proof of immigration status, in part by authorizing self-attestation as an approved form of verification of employment status and income. It also provides that the State shall make reasonable efforts to obtain federal funding for child care expenses.

In addition to this legislative approach, we support the State providing funding directly for child care programs to expand capacity by serving undocumented families. This approach was taken by New York City in its FY 2023 budget, with the provision of \$10 million that was recently distributed to nonprofits to provide child care vouchers to low-income undocumented children; and a similar approach was taken with the State's Excluded Workers Fund for unemployment benefits. Under the City's new Promise NYC program, four providers, including three settlement houses, have contracted with the City to implement the child care voucher program in each of their respective boroughs. The providers will be charged with screening and selecting families in need of child care support. The 6-month program is expected to serve 600 children citywide for the remainder of the school year from January through June. Notably, this funding was secured before the majority of new asylum seekers arrived in NYC, and it was not baselined, so we will be advocating to the City to work to secure additional resources in its FY 2024 budget. Recurring State funding will also help serve this need.

Investing in the Early Childhood Education Workforce

Even before the pandemic, the child care workforce in New York State has historically been underpaid. On average, a child care worker in New York State earns \$33,060 annually, just barely above the state minimum wage of \$15 an hour.⁴ The child care workforce is disproportionately comprised of women of color, magnifying existing wage gaps by race and gender. Furthermore, at least 65 percent of the state's child care workforce is receiving some type of public benefit

⁴ Bureau of Labor Statistics, May 2021 State Occupational Employment and Wage Estimates New York. https://www.bls.gov/oes/current/oes_ny.htm

due to low wages.⁵ At a time when early childhood programs are key to New York’s pandemic recovery, we cannot afford to have a staffing crisis due to low wages and salaries. We must invest in the early childhood workforce and providers so that they have the resources they need to serve New York families and communities. This includes ensuring that all providers, especially settlement houses and other CBOs, can offer competitive salaries and wages to their staff.

UNH settlement house members report that the main obstacle for hiring and retaining staff in early childhood education programs is low salaries, which are required due to low contract values. For New York City providers, there is an added challenge because those low salaries are not at parity with salaries for similar positions working at the NYC Department of Education (DOE). On average, a head teacher with a master’s degree working for a settlement house-run early childhood education program earned \$63,507 a year in 2021, 24 percent below the annual salary earned by their DOE counterparts. Lack of parity between the DOE and the CBOs is leading to higher vacancy rates and making it difficult for CBOs to fill and retain critical positions. One settlement house member reported that 20 percent of staff positions in their early childhood education programs were vacant as of September 1, 2022. Center-based programs are left with staff shortages, preventing them from running at full capacity due to required children-adult ratios. One settlement house reported that their enrollment is impacted by staffing issues, noting that “one of our enrollment challenges continues to be competition with the DOE for certified teachers and other staff so we can’t enroll more children beyond who we can safely serve.” Another reported that it has received requests for child care support from asylum-seeking families but are unable to serve them due to staff shortages: “We have a waiting list of about 65 kids and a bunch of empty classrooms, but we don’t have the staff.” Furthermore, high turnover rates threaten the stability and continuity of care that is necessary for young children’s behavioral and cognitive development.

Add a \$12,500 Annual Workforce Compensation Supplement

To stabilize the State’s early childhood workforce, the Governor recently proposed using unspent federal funds to establish a new Workforce Retention Grant Program to provide payments to staff in 17,000 programs statewide. Providers can use the grants to cover payroll tax assistance and support staff recruitment, including sign-on bonuses. This is a promising proposal as long as the grants are significant and the state is committed to sustaining these grants until the State has implemented a new provider reimbursement model and workforce pay scale.

However, for this sector to thrive, and contribute to the larger economy, the State must first provide its child care workforce with financial stability, and reimburse its providers at rates that allow them to run quality programs with dignity. The State should include a \$12,500 annual workforce compensation supplement for each employee to ensure families can access care. This investment would raise median early childhood worker pay and ensure they have the resources they need to serve the state’s diverse families and communities. This number is in line with the #JustPay campaign for human services worker pay, while recognizing that the early childhood workforce is not fully comprised of government-contracted workers.

⁵ NY State Child Care Availability Task Force. “Supporting Families, Employer’s and New York’s Future: An Action Plan for a Strong and Equitable Child Care System.” <https://ocfs.ny.gov/reports/childcare/Child-Care-Availability-Task-Force-Report.pdf>

Support the Overall Human Services Workforce

Settlement house staff are essential workers in our State who are doing the most important work in their communities, like caring for our youngest learners, helping families remain stably housed, and feeding our aging neighbors. Yet, due to chronic underfunding of State and City human service contracts, they are living paycheck-to-paycheck, forced to take on other employment to make ends meet, and must turn to public benefits to fill in the gaps.

While a statutory cost of living adjustment (COLA) for the human services workforce has been written into State law, the State has canceled or postponed planned COLAs over the past decade. We were therefore very pleased to see that New York State's FY 2022-2023 budget included a one-time 5.4 percent COLA for some human services providers. However, this increase relied on outdated statutory language, and left out numerous programs in various agencies such as domestic violence providers, afterschool programs, Naturally Occurring Retirement Communities (NORCs), and supportive housing programs, among others.

Moving forward, we urge the State to ensure that the COLA reflects the pace of inflation, based on 12-month changes to the Bureau of Labor Statistics' Consumer Price Index for all Urban Consumers – which this year should be 8.5% – and ensure that it covers all human service workers. Further, we support additional efforts to raise wages for human services workers, including raising the State's minimum wage and pegging it to inflation, and raising the wage floor for all State-contracted human services workers.

Improving Child Care Affordability

Child care continues to remain unaffordable for many of New York City's families. In New York City, according to the NYS Office of Children and Family Services' (OCFS) most recent 2022 Market Rate survey, the annual cost of infant center-based child care services in New York City at the highest quality care level is \$28,572 a year, which would consume 31 percent of the median household income for families with infants.⁶ When parents with young children struggle to access child care, this can negatively impact their ability to obtain employment or to remain in the labor force. In New York State, 37 percent of parents with children under five who struggled to access child care reported a reduction in their work hours due to lack of child care.

The FY 2022-2023 NY State budget's historic \$7 billion investment included increased funding for child care subsidies to expand eligibility by raising family income levels from 200 percent to 300 percent of the Federal Poverty Level (FPL). In her 2023 State of the State address, the Governor has proposed increasing income eligibility for child-care subsidies from its current threshold of 300 percent of the FPL to 85 percent of the New York State median income (the maximum allowed by federal law). Increasing the income limit to 85 percent of the State median income would raise the income threshold for a family of three from just under \$70,000 to nearly \$80,000; for a family of four, the income limit would rise to \$93,200 per year. This a promising proposal that stands to make tens of thousands of New York children newly eligible for child care subsidies. However, it fails to address the existence of a sharp benefits cliff for eligible families.

⁶ Median household income for New York City households with infants is \$91,100, according to UNH tabulation of 2021 American Community Survey data.

Problem with New Law to Decouple Hours of Care and Hours of Work

In December 2022, Governor Hochul signed S.6655A (Brisport)/A.7661 (Hevesi), which would decouple the hours a parent works from the hours child care is available to them, thus expanding access to care for many of New York's most vulnerable, low-income families. UNH and our settlement house members were thrilled when the bill passed, because its intention was to expand access to care for many low-income families who need child care the most – including many families in settlement house communities.

Unfortunately, rather than a cause for celebration, the passage of this legislation has become a source of disappointment and frustration for parents, child care providers, and advocates. The new law will largely fail to change New York's outdated policy limiting families' access to child care assistance to the exact hours they are working. Stated another way, the bill as signed - due to a known drafting error - will be largely, if not entirely, ineffective.

The signing of this bill, a top priority of UNH last session, was greeted with praise and celebration by settlement house providers, along with advocates and policy experts from around the nation. This bill was understood to end New York's long-standing rule of tying child care access to parents' exact hours of work. That rule makes it difficult for working people, including parents in a growing gig economy with fluctuating schedules, to access child care assistance. Even for families able to access care, the rule disrupts the stability and consistency young children need to learn and thrive. Additionally, this legislation was intended to give child care providers another layer of much-needed financial stability to provide the high-quality care and education New York's youngest children deserve.

The bill was passed in the Legislature with overwhelming support, with the understanding and intention that the bill would provide broad relief to families eligible for childcare assistance. Instead, due to a drafting error, the bill impacts only child care assistance supported solely by local funds. New York's child care assistance program is almost entirely funded by a combination of federal, state, and a small contribution of local funds, with local funds generally not "segregated" from the other funds. Accordingly, the burden of developing new systems to ensure only local funds are used for families eligible for "decoupled" assistance would be formidable, if not impossible, for many localities, rendering the reach of the bill small to nonexistent. Perhaps most disappointing, the existence of this drafting error was known to both the NYS Office of Children and Family Services (OCFS) and to the Executive and was fixable.

Looking ahead, there is still time to deliver a real and significant win for New York families and child care providers. UNH calls on Governor Hochul, together with the Legislature, to pass an amended bill without delay this session. By paying child care providers what they deserve and continuing to break down barriers like these that prevent families from accessing the care they need, New York can lead the way in building the best child care system in the nation.

New York City Early Childhood Issues

Settlement houses run dozens of early childhood education programs that are contracted by the New York City Department of Education (DOE). Notably, these community-based programs are facing several long-standing systemic issues, and we urge the State to use its oversight authority to investigate and rectify these issues.

Resolve Delays in Payments to Providers

Providers are facing a crisis of delayed contract reimbursements. SeaChange Capital Partners recently conducted an analysis of how much the contracted early childhood system is owed and found that as of January 19, 2023, the City still owed providers \$399 million for FY 2022 contracts. One of our members operating several center-based EarlyLearn programs and a Pre-K program reported that the City still owed them nearly \$1.3 million for FY 2022 contracts, as of January 13.

In an effort to address these delays in FY 2022 payments to providers, the DOE announced a partnership with the Mayor's Office in November 2022 to deploy a "rapid response team" of cross-functional analysts and operational personnel that would provide 1:1 support to CBO early childhood providers with submitting their invoices for FY 2022, ensuring that they are up to date on FY 2023 invoices, and helping them get paid promptly. While providers have acknowledged contact from a member of the Rapid Response Team and some support with addressing issues with the electronic vendor portal system for invoice submission, they still continue to experience difficulties in receiving payment for FY 2022 and FY 2023 invoices. Furthermore, the DOE developed a stabilization fund to pay DOE-contracted community child care programs the equivalent of 75 percent of their FY 2022 contract value, regardless of their enrollment levels. However, the DOE noted that these are one-time payments to CBO providers for their FY 2022 contracts and are not guaranteed for FY 2023 and beyond. We urge the City to pay all providers their contract value for FY 2022 immediately and to pay FY 2023 invoices promptly.

Improve Pay Parity

As mentioned earlier, low pay is a significant challenge for the early childhood workforce. In addition to across-the-board salary increases, the City must address the shortcomings of the 2019 pay parity agreement that was reached with certified early childhood education lead teachers working in community-based centers; the contract brought their salaries on par with the salary of an entry level 10-month DOE teacher. However, the agreement did not account for regular increases or longevity bonuses, nor did it cover special education teachers. The last scheduled wage increase took effect in October 2021, and advocates have raised concerns that in the absence of negotiations to address outstanding issues from the 2019 agreement, the field will face a serious crisis in finding and retaining qualified, dedicated teachers to lead both general and special education classrooms. The City must invest in true pay parity for all teachers in order to avoid a crisis that would negatively impact the education of the City's youngest learners. Settlement houses have reported staff vacancies in a variety of positions, but teachers and directors are hardest to fill.

The City must also address the lack of pay parity between center-based program directors working for CBOs and their equivalent counterparts in the DOE. In 2019 and 2020, discussions of pay parity for early childhood program directors were delayed, and directors are still working without a contract. UNH members have expressed their frustrations around losing program directors to the DOE, who they noted have been enticed by higher salaries. One early education administrator at a settlement house noted: "I can't pay my director \$100k. I can do \$85k, although I know it's not comparable to the amount of work that they do."

Early childhood education support staff are also in urgent need of wage increases. The 2019 contract awarded support staff a 2 percent increase, which brought wages up to \$15.75/hour. According to UNH's 2021 member salary survey, a teacher's aide or assistant working at a

settlement house-run early childhood education program earned an average annual salary of about \$33,600 in 2021—not far off from the federal poverty line of \$26,500 for a family of four with two adults and two children. The City must increase wages for support staff to a minimum of \$25 per hour so that community-based organizations can retain their experienced staff by offering competitive wages. Similar to lead teachers and directors, longevity bonuses also must be taken into account for these workers. Furthermore, any parity agreement and wage increase incentive should also apply to staff working at family child care providers.

Backlogs in Clearances and Child Care Subsidy Approvals

The New York City child care system is overseen by multiple City agencies. While the administration of EarlyLearn, the subsidized, contracted child care system, was transferred from ACS to DOE, ACS still is responsible for managing the child care voucher system. HRA is tasked with reviewing and approving applications for subsidy eligibility. And the Department of Health and Mental Hygiene (DOHMH) oversees the licensing process, conducts inspections for child care spaces, in addition to running the Comprehensive Background Checks for child care staff. DOE also oversees Personnel Eligibility Tracking System (PETs) clearances for early childhood education staff. It is crucial to have open lines of communication between agencies when it comes to overseeing, and managing, the complex early education system, to ensure a smooth experience for parents, providers, and children.

In addition to establishing clear communication between agencies, the City should focus on clearing backlogs in DOHMH staff clearances and HRA approvals for child care subsidies. Because it takes many months to clear staff, this has led to staffing shortages at programs. This backlog is negatively impacting the required staff-to-children ratios, and in some cases preventing providers from opening classrooms. When it comes to child care subsidy approvals, the City must expedite the family income verification process at HRA so that families receiving subsidized care can have timely access to the childcare modality of their choice. Clearance of these backlogs is important, especially since the income eligibility threshold rose to 300 percent of the Federal Poverty Line as of August 1, 2022, expanding the eligibility pool for child care subsidies. One of our members with early childhood education programs noted that “vouchers are not working for our programs. HRA is not approving anything.”

In 2021, only about six percent of families with children eligible for child care assistance through the State Child Care Assistance Program received a subsidy, down from 10 percent in 2017 and 2018.⁷ In her 2023 State of the State, Governor Hochul proposed a statewide electronic application process that is intended to reduce “onerous eligibility processes and requirements” and streamline the application process for child care assistance. The new system would allow families to pre-screen for eligibility and apply for assistance. We believe that this is a promising proposal that has the potential to reduce the administrative burden that families face when applying for child care subsidies.

Thank you for your time. To follow up, you can contact me at tklein@unhny.org.

⁷ 2023 State of the State book:

<https://www.governor.ny.gov/sites/default/files/2023-01/2023SOTSTBook.pdf>