



Child Care for All NY by 2025: 2022-2023 NYS Executive Budget Request

Now is the time for New York to commit to creating a high-quality, culturally responsive, universal child care system **within 4 years**. This year, New York must take large steps toward achieving universal child care by expanding access to child care subsidies for child care and school-age child care for lower-income New York families regardless of employment or immigration status or any other factor, by raising child care workforce compensation, and increasing provider reimbursement rates. Expansion should be funded from remaining CRSSA/ARPA child care COVID relief funds, unrestricted ARPA funds, existing CCDBG funds, Build Back Better (projected), state tax revenues, possible employer-side payroll tax.

There are three main components of the Empire State Campaign for Child Care's framework for universal child care; all must be implemented simultaneously to guard against destabilizing the child care sector or inadvertently harming New York families as we transition to universal.

1. New York provides universal, guaranteed access to child care of the family's choice (family-based/center-based/informal child care) – for all children regardless of parental work status or income or immigration status in year one.

- Guaranteed access to subsidies
- No activity requirements
- No immigration status requirement
- Parent choice of modality – family-based child care/center-based/legally exempt
- High-quality/culturally-responsive care
- Meets the needs of all children, including children with disabilities, those experiencing trauma, multi-lingual learners, families experiencing homelessness or in transitional housing
- Available during non-traditional hours
- Ultimately free for all families with no means testing, but during the phase-in period, there will be a family contribution for those with income higher than 75% SMI on a sliding scale

Costs for year one: \$2.8 billion, assuming a September 2022 start date, a sliding scale parent fee, and a 30% increase in usage of licensed, registered, and legally-exempt child care.

2. New York immediately raises workforce wages by extending stabilization grants and creating an early childhood workforce compensation fund until payment rates are increased.

- A workforce stabilization fund would directly raise wages among participating programs during the period New York is transitioning to a true cost of care reimbursement rate structure. This fund can be phased out after New York establishes and implements a new rate structure.

Costs for year one: \$500 million, assuming 30% increase in usage of licensed, registered and legally-exempt child care, and a September 2022 start date).

- To meet the immediate, urgent staffing needs, NY must help existing providers of all modalities by using leftover stabilization and other COVID-relief funds to continue the successful stabilization grant program during this period of transition.

Costs for year one: \$800 million from February through August 2022.

3. New York transitions to a payment rate model that is based on a “cost estimation model” that accounts for geography, quality and assumes all child care staff are paid at parity with elementary school teachers.

- During this state fiscal year – New York should establish a transitional reimbursement rate structure based on the results of the forthcoming market rate survey or the existing survey, whichever results in higher rates. Reimbursement rates should be set at the 90th percentile of market rates in each region to ensure that per child amounts are sufficient to not disrupt the child care sector during this transition from a market rate-based model to a model based on the true cost of quality care. During the phase-in period, entry level staff will be paid at least a living wage, with more experienced staff compensated at a proportionately higher rate, with compensation progressively increasing over the course of the transition period.

Costs: \$600 million, assuming coverage expansion outlined in component one above, a 30% rate increase over the 2017–18 market rates and a September 2022 start date.

Total Cost Estimate: \$4.7 Billion in FY22-23 State Budget. \$5.7 Billion when annualized into FY23–24 budget (including 3% COLA).

This proposal is structured to pull much of the funding from existing and expected federal and state resources, and modest new state revenues, including remaining CRSSA/ARPA child care COVID relief funds, unrestricted ARPA funds, existing CCDBG funds, Build Back Better (projected), state tax revenues, possible employer-side payroll tax. Importantly, adopting these proposals will help position New York to quickly and effectively implement the new Build Back Better federal plan.

In line with the core principles listed above, subsequent years will include the cost of scaling up to all families and creating pay parity, including benefits.

Implementation principles: Where phase-in is required, the following principles should be applied to make decisions about priorities:

- Target expansions to first cover low-income families, historically underserved communities and families facing complex needs, including children with disabilities and child welfare involvement.
- Eliminate all work requirements, activities’ tests, and immigration status requirements for low-income families.
- Take steps to avoid benefits’ cliffs.
- Guard against any increases in costs for private-pay families.
- The child care workforce must be granted significant and sustained increases in compensation before they are asked to acquire new credentials or degrees.