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Testimony on the FY 2022-23 Executive Budget Proposal

Human Services

Submitted to:
New York State Senate Finance Committee
Chair, Senator Liz Krueger

&

New York State Assembly Ways and Means Committee
Chair, Assemblywoman Helene Weinstein

February 2, 2022

Thank you for allowing us the opportunity to submit testimony for today's hearing.

CSEA/VOICE represents nearly 10,000 home-based child care providers throughout the state. These providers, who are predominantly women and people of color, offer licensed, quality, and affordable home-based child care to tens of thousands of New Yorkers. They allow working class New Yorkers, including those who kept our state operating during the depths of the pandemic, to go to work with peace of mind that their child is in a safe, nurturing environment.

Since the start of the pandemic, nearly 1,500 child care providers have closed, eliminating thousands of affordable childcare slots for New York families. While it may have been the COVID-19 pandemic that caused many to close, this was undoubtedly years in the making and was caused by the state's refusal to properly fund this key area. Covid-19 was just the tipping point.

For years subsidized child care providers have seen their reimbursement rates cut. This has resulted in the loss of income for providers. Like all small business owners, they have seen their costs increase, including for labor, while seeing their income go down. During the pandemic, many providers lost all enrollment as businesses sent employees to work from home, which resulted in the total loss of income and the closure of many facilities. The instability of this industry, and the lack of potential growth, has taken away the incentive from many providers to reopen and deterred others from entering the industry.

More working families need access to affordable and quality childcare. CSEA supports the Governor's proposal to expand eligibility to 300% of the state median income in the coming years. However, we cannot expand childcare eligibility without ensuring that there are sufficient numbers of providers available in every part of the state. The failure to do so would give parents a subsidy but nowhere to use it.

CSEA is strongly advocating for a robust package of budget actions that will stabilize the current childcare provider workforce, allow more providers to open, and allow these providers to thrive in the future.

Pay for Enrollment

Under the state's current subsidy system, providers are paid only when a child physically attends their program, rather than just for being enrolled. This presents several problems. Throughout the COVID-19 pandemic, some children have been quarantined several times and miss weeks of daycare. While providers do get paid for a certain number of absences, the number can be exhausted very quickly and can result in a provider not getting paid for weeks. This causes the providers finances to become unstable, and may force them to temporarily layoff staff, reduce pay, or other measures to recuperate.

CSEA supports converting the current pay for attendance model into a pay for enrollment plan, which is the same system used for private pay families. This will bring more financial stability to child care providers by allowing them to budget on an annual or semi-annual basis for the number of children that they will be reimbursed for. This system would allow providers to expand their capacity, hire more staff, or pay existing staff more without worrying that they won't get paid for an extended period if a child is out sick.

Raise Payments to the 90th Percentile

While pay for enrollment is our goal, we are also cognizant to the fact that the shift to this system may be gradual. However, we do need to raise reimbursements for providers immediately. That is why we support increasing payments made to subsidized childcare providers from the 69th percentile of the market rate to the 90th percentile.

This will do several things. First, it will increase wages immediately for childcare providers, allowing them to reinvest it in their facilities, hire more staff, or expand their programs. In addition, it would also encourage more providers to offer care to subsidized children. Currently, many providers will not care for children with a subsidy because the reimbursement rate is not sufficient. Increasing it to the 90th percentile would encourage more providers to offer care to this population and would give parents more choices when finding a childcare program that suits their needs.

Increase Payment Differential for Non-Traditional Hours and Homeless Children

With the closure of 1,500 providers, combined with already low numbers of licensed providers, it is very hard for families to find childcare that fits their needs, is affordable, and in a proximate location to their work or home. However, it is even more difficult for parents who need non-traditional hours of care, such as overnight or on weekends. Workers need care like this – direct care, the service industry, and health care are all around the clock industries. However, it is extremely difficult to find a provider who will offer this type of care because there are few financial incentives to do so.

This type of care will not manifest out of thin air. We must create additional incentives for providers to offer it. Currently, state law requires counties to pay a minimum of a 5% differential payment to a provider who offers non-traditional hours of care or care for a child from a homeless family. Counties are authorized to increase this to 15%, but few do.

CSEA supports that language be added to the budget to require counties to pay 15% additional to providers who offer care to these children. (see *2021-22: A. 7095 (Clark)/S. 6077A (Brisport)*

Pre-Kindergarten and Child Care Providers

Lastly, we would like to discuss the expansion of universal pre-kindergarten (UPK) throughout the state.

CSEA fully supports creating new educational programs for children to ensure that they are ready to learn when they reach kindergarten and wants to ensure that quality childcare programs be included in this conversation.

Our providers are not just babysitters – they are early educators who can and should play a role in the expansion of UPK. Many CSEA/VOICE child care providers currently offer a quality, structured curriculum to three and four-year-old children in their care. However, with the expansion of UPK, which is free for families, more parents choose to send their children to a UPK program rather than a child care program which they may have to make a co-payment for.

For many families, continuing to send their child to a homebased daycare is a better option for them. Their children know the providers and are comfortable with them. In addition, many providers offer a quality curriculum comparable to those found in a UPK program. UPK programs may also create other issues for parents since they are not full-day, and requires a parent to schedule before and after-school care for their child.

Allowing childcare providers to be part of the UPK network will serve all children by giving parents available options that meet their needs.

We are beginning to rebuild our economy from Covid-19. However, if we want a fair recovery, one that allows all New Yorkers to go to work or school and improve their lives, we need to ensure that we make investments in the childcare workforce. Without an expanded childcare provider network, parents will continue having to wait on lists to get their child into a licensed program. Parents will continue driving long distances to get their child to a program that fits their needs. And for many, they will simply drop out of the workforce or education system because it is just far too difficult to find suitable care.

What we are proposing will not solve the crisis in full. But it will further stabilize it, encourage new providers to enter this field, and will show providers that our state values them and the work that they do.

Thank you.

For additional information, please contact:

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