

## Testimony

### Joint Legislative Budget Hearing

#### Human Services

February 5, 2026

#### Presented by:

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## Overview

Thank you to the chairs and members of the respective committees for the opportunity to submit testimony on the 2026-27 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. Through analysis, advocacy, and collaboration with partners locally and statewide, we support policy changes 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, the statewide campaign for universal child 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. I am also an appointee to the Child Poverty Reduction Advisory Council, which is charged with steering New York State to a 50% reduction in child poverty by 2032.

This fall, the Empire State Campaign for Child Care released our vision for how New York State can achieve universal child care over the next six years<sup>1</sup>. Our plan has several main components:

- Fully fund and reform the Child Care Assistance Program to allow low and moderate income families to access child care in every community of the state
- Increase child care educator compensation to recruit and retain the workforce that is essential to expanding the availability of care throughout the state
- Implement universal child care “bridge programs” by community that will, over time, cover more children throughout the state and reduce reliance on the Child Care Assistance Program, which (due to the program’s means-testing and paperwork requirements) can be difficult for families to navigate.

The Children's Agenda is thrilled that the executive budget proposal includes elements of our plan. We support the historic proposals championed by Governor Hochul in her proposed executive budget and hope the legislature can build upon

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<sup>1</sup> See the full report and related materials at <https://empirestatechildcare.org/new-york-state-child-care-for-all/>

the Governor's commitments to deliver a path to truly universal child care throughout New York State.

Our testimony attempts to explain why the legislature should adopt these recommendations and build upon them in the 2026-2027 state budget.

It also highlights what's missing from the Governor's proposal - the absence of a proposal to sustainably increase child care educator pay.

## 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 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 instead a constant challenge to manage. Many families simply cannot find a care setting that meets their needs, or they face long waitlists for the program near their home or work. Because of systemic issues with New York's approach to child care, the existing care options are inadequate to meet the needs of our state's families and children. 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 policy reforms and budget 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. Eligibility for a family of 4 has nearly doubled over the past several 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 \$170 today

- Child care assistance program reimbursement rates have risen from the 69<sup>th</sup> percentile of the market rate to the 80<sup>th</sup> percentile of the market rate. Reimbursement rates for many providers have risen by nearly 50% over the past five years.
- Child care providers can now receive reimbursement for up to 80 child absences per year, providing them with more predictable revenue each month.
- The Office of Children and Family Services administered workforce compensation program grants in 2023 and 2024 that stabilized child care sector employment and began to recognize, financially, the critical role early care educators play in supporting healthy child development and our state's broader economic development.

These policy reforms have been accompanied by an effort to standardize the child care assistance program application process and make it easier for families to apply for and access child care assistance.

## Child Care Assistance Program Recommendations

The policy reforms outlined above have been wildly successful. After a decade of stagnant funding and dwindling enrollment, enrollment in the state's Child Care Assistance Program began rapidly growing again in 2022. Enrollment in the state's Child Care Assistance Program increased by more than 100,000 in just four years.<sup>2</sup>

Month and Year	ROS	NYC	NYS Total	Statewide Change Over Prior Year
November 2011	49,034	86,166	135,200	N/A
November 2012	45,173	86,523	131,696	-2.6%
November 2013	45,054	84,466	129,520	-1.7%
November 2014	42,029	82,865	124,894	-3.6%
November 2015	44,305	82,038	126,343	1.2%
November 2016	41,891	80,403	122,294	-3.2%
November 2017	39,500	79,270	118,770	-2.9%
November 2018	39,396	72,320	111,716	-5.9%
November 2019	36,413	63,324	99,737	-10.7%
November 2020	26,453	43,528	69,981	-29.8%
November 2021	24,942	37,039	61,981	-11.4%
November 2022	33,781	42,507	76,288	23.1%

<sup>2</sup> Available on the Office of Children and Family Services website - <https://ocfs.ny.gov/programs/childcare/data/>

November 2023	42,458	60,635	103,093	35.1%
November 2024	52,380	84,528	136,908	32.8%
November 2025	54,782	110,987	165,769	21.1%

The positive effects of these reforms and investments are incalculable. Tens of thousands of working families that otherwise would have struggled to juggle child care week-to-week or left the workforce altogether have been able to access low-cost, reliable, and nurturing child care due to these changes.

Jhalysa Johnson, a Rochester mother of three, recently shared her story with me and others in our office. She said,

I rely on child care assistance to live. And when we talk about child care, we're really talking about whether parents can realistically participate in everyday life. One thing I know for sure is that child care isn't expensive in a vague way, it is expensive in a very real and measurable way that affects the decisions families have to make every single day. That is why child care support programs matter so much. They give parents breathing room. They make it possible for us show up to work without worrying and without being in a panic about how to survive to just the next month.

These Child Care Assistance Program investments and reforms led to a surge in demand for the program that exceeded the funding available in many communities throughout the state. On January 1, 2026, 34 social service districts (33 counties plus New York City) had closed enrollment to the Child Care Assistance Program and/or established a waiting list.<sup>3</sup> This should not be viewed as a failure, but instead as a reflection of the success of the state's efforts to make child care more accessible and affordable.

Additional state funding to meet increased demand throughout New York State will allow counties to clear wait lists, reopen enrollment, and help tens of thousands of families achieve greater economic security.

Several changes to the Governor's Child Care Assistance Program proposal will help ensure that as many families as possible can benefit from the program in this upcoming year.

- **Reduce restrictions on the \$155 million in supplemental Rest of State funding.**

<sup>33</sup> Closure and wait list information is available on the OCFS website - <https://ocfs.ny.gov/programs/childcare/data/>

The executive budget proposal includes \$155 million in supplemental Child Care Assistance Program funds for counties outside New York City. This funding would become available to counties before the next Child Care Assistance Program block grant period (October 1, 2026-September 30, 2027) and is intended to help counties re-open enrollment as soon as possible after the state budget is finalized.

However, this proposal replicates budget language included in last year's enacted budget that made it difficult for counties to access these supplemental funds. Specifically, these additional funds must be claimed for expenses incurred prior to the end of the current federal fiscal year (September 30, 2026). This restriction limits the potential impact of the funding.

Under federal law, social service districts are required to authorize child care assistance to families for 12 months.

Imagine that a county spends an average of \$15,000 per enrolled child each year, and has enough state and local funding to provide child care assistance to 200 children throughout the year. This equals \$3 million per year.

This county ran short of funds during this past year and placed 35 children on a wait list after making the difficult decision to close enrollment.

The state budget, as proposed, includes supplemental funding that will make \$660,000 available to this county, but with the condition that they have to spend the funds before October, 1, 2026.

If annualized, the county now has enough funding to serve all currently enrolled children and those on the wait list each month. However, as noted above, the additional funds have to be spent by September 30<sup>th</sup>, and the county will, at best, receive notice of these additional funds with five months remaining in the current federal fiscal year (May 1 through September 30) If the county enrolls all 35 children currently on the wait list, it will be obligated to cover their child care expenses for a full year, but will only have funding to cover those additional children for a portion of the full year.

Some counties may clear the wait list with the hope that the subsequent annual allocation from the state will allow them to serve all 235 children for a full year. But other counties will approach this opportunity cautiously and will continue to enroll only the number of children they believe they can serve for the next 12 months.

This uncertainty will likely result in the continuation of wait lists throughout the state.

To address this, the state should allow counties to claim their portion of the \$155 million in either the current or upcoming federal fiscal year (ending on September 30, 2027). **We urge the legislature to work with the Governor to amend the**

**budget language and allow counties to access these supplemental funds over a longer period that better reflects their spending obligations.**

- **Shift from Block Grant Approach to State Managed Fund**

The current approach to funding child care assistance across the state relies upon an unwieldy block grant process from the Office of Children and Family Services to 58 different social service districts. Over time, decisions made at the state and local levels have led to wildly different allocations in various parts of the state, with rural communities typically receiving far less funding per eligible child than more densely populated parts of the state. Using Census Bureau data, The Children's Agenda developed an estimate of the number of children eligible for the Child Care Assistance Program in each social service district. The appendix to this testimony includes that estimate, by district, along with each district's 2025-26 child care block grant allocation and an estimate of block grant funding per child.

Along with the historic increases to child care assistance proposed by Governor Hochul, state policymakers should make structural changes to the state's structurally flawed block grant system. New York State should shift full responsibility for managing child care funds from social service districts to the Office of Children and Family Services, at least outside of New York City. Under this structure, counties would remain responsible for eligibility determinations and other administrative functions, but New York State would ultimately be responsible for funding the child care system, monitoring spending levels, ensuring equal access throughout the state and determining how best to manage total spending on the program in all corners of the state.

**The Children's Agenda urges the legislature to develop legislation to include in their one-house budget proposals that would begin to reform the management of the Child Care Assistance Program.**

- **Increase Funding for the Child Care Assistance Program**

Despite the executive budget's unprecedented investment in the Child Care Assistance Program proposed in the Governor's budget, it is not clear whether the proposed funding level will be sufficient to ensure that families throughout the state will be able to access the program without encountering wait lists and closed enrollment throughout the next year.

Using recent Child Care Assistance Program enrollment, claims, and waitlist data, along with projections of increased mandatory spending on child care vouchers for families receiving cash assistance in New York City developed by New York City's Human Resources Administration and Administration for Children's Services, we estimate that total baselined Child Care Assistance Program funding needs to increase by approximately \$2 billion, up from \$1.8 billion in the 2025-26 state

budget. The Governor's budget proposal envisions the state spending just over \$3 billion on the program. The executive budget proposal also includes a \$125 million expansion of a 50/50 match program for New York City that was developed in last year's budget. If New York City avails itself of these funds, total Child Care Assistance Program spending will increase by approximately \$1.35 billion.

**We urge the legislature to build upon the Governor's investment and increase funding for the Child Care Assistance Program to ensure that families throughout the state can access this critical program throughout the upcoming year.**

## Universal Child Care Pilot Recommendations

The Children's Agenda is strongly supportive of the Governor's proposal to invest \$60 million in universal child care pilots for children under 3. We believe this approach, which covers both infant and toddler care (the most expensive and difficult to find child care) is a wiser approach to expanding to universal coverage than the narrower age range proposed in New York City.

We also agree with the logic of starting relatively small. New York State and the three pilot counties have never attempted anything like this before, and will need some time to work out program details and revise their approach when necessary.

However, we also urge the legislature and Governor to make clear that these are not one-time projects, but rather a bridge to universal child care. The state's financial plan and budget should envision these project expanding in the three pilot sites and throughout the rest of the state.

We would also be supportive of adding additional pilot sites that reflect the full diversity of New York State. While Broome, Dutchess, and Monroe counties are geographically apart from one another, they also have common elements. In particular, each county has a relatively large population compared to some other communities and has a significant urban center. **We recommend that at least one additional pilot site be added, and that the additional community should be a rural one.** Rural counties have unique child care challenges.

Implementing a universal child care pilot in a rural county will help inform future expansions of this model in other less populated regions of the state.

## Workforce Compensation Recommendations

Across the state, child care workers are paid less than 97% of other jobs. Wages are so low because public investment in child care has traditionally been inadequate and because parents can only afford to spend so much on child care. 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.

Indeed, the Child Care Availability Task Force, which was tasked by the Governor with establishing a roadmap for New York State to achieve universally available child care, identified the establishment of “a permanent workforce compensation fund aimed at increasing wages for all members of the child care workforce and indexed to cost of living, to recruit and retain educators and staff” as its top recommendation.<sup>4</sup>

Unfortunately, the executive budget does not include any proposal to use state funds to establish a permanent workforce compensation program. This 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 to an average of \$50,000 per year, making child care a more competitive career option. A permanent child care workforce compensation program would allow New York to grow and transform the state’s child care system into something that can grow to achieve the Governor and legislature’s vision of universal child care.

## Conclusion

As noted above, New York is taking significant steps toward achieving universal child care this year. The state’s continued investments in early childhood care and education helps families achieve greater economic security, reduce poverty and inequality, and gives 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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<sup>4</sup> See <https://ocfs.ny.gov/programs/childcare/availability/CCATF-UCC-Roadmap.pdf>

## Appendix:

### Estimate of Eligible Children and Child Care Block Grant Funding by Local Social Service District

County	Now Eligible Estimate	2025-26 Allocation	Funding Per Eligible Child
Albany	14,839	\$7,225,358	\$487
Allegany	3,057	\$1,149,540	\$376
Broome	11,944	\$11,511,886	\$964
Cattaraugus	6,204	\$4,027,514	\$649
Cayuga	4,861	\$2,610,824	\$537
Chautauqua	9,415	\$8,316,808	\$883
Chemung	5,996	\$3,902,633	\$651
Chenango	3,701	\$962,060	\$260
Clinton	4,443	\$3,224,944	\$726
Columbia	2,906	\$1,373,678	\$473
Cortland	3,151	\$2,416,807	\$767
Delaware	2,617	\$1,921,044	\$734
Dutchess	11,799	\$12,649,040	\$1,072
Erie	58,313	\$65,962,691	\$1,131
Essex	1,947	\$998,654	\$513
Franklin	3,189	\$2,028,580	\$636
Fulton	3,349	\$1,493,351	\$446
Genesee	3,662	\$1,798,818	\$491
Greene	2,076	\$531,169	\$256
Hamilton	188	\$163,386	\$869
Herkimer	3,788	\$2,215,874	\$585
Jefferson	9,187	\$5,734,876	\$624
Lewis	1,971	\$775,188	\$393
Livingston	3,236	\$3,218,396	\$994
Madison	3,715	\$2,697,868	\$726
Monroe	47,195	\$90,240,405	\$1,912
Montgomery	4,116	\$4,178,137	\$1,015
Nassau	44,595	\$130,005,918	\$2,915
Niagara	13,604	\$11,314,373	\$832
Oneida	16,045	\$17,032,118	\$1,062
Onondaga	30,130	\$44,547,673	\$1,479
Ontario	5,557	\$5,967,093	\$1,074
Orange	26,391	\$13,420,055	\$509
Orleans	2,363	\$881,084	\$373

Oswego	7,864	\$4,490,510	\$571
Otsego	2,749	\$1,694,458	\$616
Putnam	2,496	\$884,244	\$354
Rensselaer	8,863	\$8,588,196	\$969
Rockland	28,038	\$11,127,092	\$397
St. Lawrence	6,445	\$3,256,893	\$505
Saratoga	9,744	\$5,847,545	\$600
Schenectady	9,897	\$17,662,210	\$1,785
Schoharie	1,629	\$627,128	\$385
Schuyler	986	\$1,005,660	\$1,020
Seneca	2,117	\$1,733,497	\$819
Steuben	6,326	\$10,515,668	\$1,662
Suffolk	55,843	\$74,584,235	\$1,336
Sullivan	5,519	\$2,459,965	\$446
Tioga	3,431	\$2,618,504	\$763
Tompkins	3,531	\$4,694,291	\$1,329
Ulster	8,055	\$2,768,074	\$344
Warren	3,288	\$1,301,494	\$396
Washington	3,775	\$1,137,147	\$301
Wayne	6,347	\$2,790,907	\$440
Westchester	38,153	\$65,100,785	\$1,706
Wyoming	2,404	\$1,347,568	\$561
Yates	1,400	\$1,048,263	\$749
New York City	518,719	\$1,105,217,823	\$2,131
Rest of State	588,450	\$693,782,177	\$1,179
State Total	1,107,169	\$1,799,000,000	\$1,625