

2018-2019 Child Care Budget Request

New York State needs a clear plan to provide equitable access to quality child care for all New York children and working families, and a family sustaining income for child care providers. We pledge our assistance in the development and implementation of that plan and, as a first step, urge the Governor to implement the Child Care Task Force legislation passed in June of 2017.

But New York's children cannot wait. Too many working families who qualify for child care assistance are being turned away. Too many children are being shuffled around in make-do informal arrangements of non-professional caregivers. Too many working parents are being forced to reduce hours, or drop out of the work force all together. Too many providers are not able to retain qualified staff or meet the rising costs of providing quality care. And too many employers are dealing with problems of worker recruitment, retention and productivity related to child care.

While we work on the long-term plan, **we must increase investment now to at least restore short-term stability to both the child care provider and subsidy systems.** We must help put New Yorkers back to work, strengthen our child care infrastructure, and keep more children from falling through the cracks before they even learn to walk. This is a health, education and business imperative.

Therefore, we call on the New York Legislature and Governor Cuomo to increase our State investment in child care by at least \$100 million in 2018. This investment can be drawn from several different areas of the budget and should be directed specifically to:

1. **Increase State funding to counties for child care subsidies by \$31 million* in order to:**
 - a. restore the child care subsidy program to the funding level established in 2016, adjusting for both the 2017 cut of \$7 million and two years of inflation; and
 - b. assist counties that regularly exhaust their child care funding allocations before meeting the needs of all eligible families, to expand the number of qualified families served.
2. **Increase State funding further to stabilize the child care workforce and infrastructure, and to ensure equitable access to quality care. Specifically, the state should:**
 - a. reinstate the 75th percentile formula to establish reimbursement rates expected to change in October 2018 to ensure that all children have equal access to high-quality care; and
 - b. allocate funds to assist child care centers and group family day care providers that receive child care subsidies to cover increased wage costs as the new minimum wage standard is implemented across the state.
3. **Direct a portion of Economic Development funding dollars to further reduce the number of qualified families who are currently denied subsidy assistance, and to stabilize the child care workforce.**

If directed toward expanding access to quality child care, such investment can remove barriers to broad workforce participation, support worker productivity, and bolster the local child care industry.

4. **Increase State funding for the Child Care Facilitated Enrollment Projects** in order to expand access to subsidies available to working families at higher income eligibility levels.
5. **Expand and adjust the child and dependent care tax credit for maximum benefit.** Adjusting the CDCTC to be allocated on a monthly or quarterly basis will help low-income families who live paycheck to paycheck to cover the costs of child care.

*Why \$31M Restoration?

In State Fiscal Year 2016-17, New York State invested, between flexible TANF funds and State general fund appropriations, \$593 million in child care subsidies. This marked the highest level of spending on child care in recent history, but it was clear at that time that funding was still inadequate. Many counties ran out of their allocated assistance funding by the spring or summer, leaving high numbers of working families to borrow, cut back on basic necessities or working hours, or patch together unreliable systems of alternate care. Despite this reality, New York State investment was cut by \$7 million in the 2017 budget, further deepening the problems.

As shown below, the state will need to increase its investment by \$31 million over 2017-18 (\$24 million more than the 2016-17 level) in order to restore the State's investments in child care at least to the level established in 2016, adjusted for two years of 2% inflation (April 2016 to April 2018). This would bring the total investment to \$617 million. It should also be noted that this increase would not address increased provider costs associated with new federal quality standards or the increased minimum wage.

