With a record number of states and cities offering public preschool programs, the evidence pointing to the benefits of quality universal Pre-K continues to grow. Here in New York City, Mayor Bill de Blasio has credited the Pre-K-for-All initiative his administration launched in 2014 with leading to higher test scores and a lower classroom racial achievement gap among current elementary school kids who attended the program. Meanwhile, Washington DC’s universal program helped lead to a substantial increase in labor force participation of low-income mothers with young kids, according to one study. And other studies have demonstrated that high-quality preschool programs can have long-lasting effects, boosting the life prospects not only of participating children, but of their siblings, and even their future children.

But one unintended, seldom-discussed consequence of these fast-growing programs is the toll they can take on a community’s supply of child care for babies and toddlers. In some places, when public preschool programs for 4-and 3-year-olds grow, child care available for younger children shrinks. That's because the tuition for infant care is rarely enough to cover the full cost of caring for infants, which requires heavy staffing. It's the tuition for 4-year-olds, who are the least costly age group to serve in a child care program, that typically offsets the much higher costs of providing infant or toddler care.
When new, free programs for 4-year-olds (or, as is now starting to happen in New York City, 3-year-olds) open, longstanding child care programs risk losing the more lucrative preschoolers to the new (and free) competition. If a child care program cannot “find enough children to fill the ‘age 2 and up’ slots, they may shut down, increase prices, or reduce quality,” explains Dr. Jessica Brown, an economist at the University of South Carolina, in a working paper looking at child care in New York City.

That, in turn, puts a city’s supply of affordable infant and toddler care at risk. “When public Pre-K is expanded, particularly in a way that pulls 4-year-old children out of community child care to fill public Pre-K classrooms, the risk of collapsing the local child care market is real,” explained a group of New Mexico early childhood stakeholders in an October 2018 report.

This serious threat to accessible, affordable infant and toddler care is one of the reasons the Center for New York City Affairs (CNYCA) keeps a close watch on enrollment numbers in New York City’s subsidized child care system for qualifying low-income families. We want to know how changes to one part of the system might be impacting the subsidized child care system as a whole, so that the City and child care providers have the information they need to correct course, if need be.

Enrollment in subsidized child care is by no means a perfect measure of overall capacity of subsidized or affordable child care, but we use it here as a proxy because while the City tracks overall child care capacity in licensed centers, it does not distinguish between which centers are part of the subsidized child care system and which only serve families paying out-of-pocket. Lumping all types of child care together can give a distorted picture of how low-income families are faring finding child care; for instance, one analysis by CNYCA found that although child care slots for babies and toddlers had been growing at a rapid clip, the new options were almost entirely in child care centers catering to wealthier families. Subsidized centers, on the other hand, appeared to be losing a slight amount of capacity for very young children.

Our analysis of the most recent enrollment data suggests that about the same number of infants and toddlers are receiving subsidized child care in child care centers and family child care homes as earlier years, and that subsidized enrollment for this age group has remained fairly consistent in its distribution across various types of subsidized child care options. But other new data and research which is inclusive of non-subsidized child care raises serious concerns that affordable infant and toddler care for low-income parents in New York City may indeed be at risk.

Our Analysis: City-Contracted Child Care Centers Are Losing 4-Year-Olds

As expected, the most recent enrollment data provided to CNYCA by the Administration for Children’s Services (ACS) suggests that New York City’s expansion of Pre-K programs is likely causing the City’s contracted subsidized child care centers, which serve over 20,000 young children from low-income families, to lose 4-year-olds to some of the new programs. The current rollout of 3-K programs may well have a similar effect. Since the launch of Pre-K-for-All, the number of Pre-K-for-All-eligible children enrolled in City-contracted child care centers with universal prekindergarten programs declined by 25 percent—from 12,269 before the Pre-K-for-All expansion to 9,167 in early 2019.
Overall Capacity for Subsidized Infant Care Remains Steady…So Far

Despite the migration of 4-year-olds to new, free preschool programs, total enrollment for subsidized infant and toddler care does not appear to be dropping so far. While there has been an overall dip in infants and toddlers enrolled in subsidized child care programs—from 25,256 in January 2012 (not shown in the enrollment chart on page 6) to 22,518 in January 2019, this decline can be attributed to the large drop in the number of children enrolled in informal care provided by families and friends. (This trend is likely the result of both parental choice, with more parents seeking out licensed programs, as well as tighter federal regulations of informal care providers.)

Total subsidized enrollment of babies and toddlers in child care centers, meanwhile, has decreased only slightly since 2012, from 7,857 to 7,580, and has actually increased very slightly since the implementation of Pre-K-for-All, suggesting that parents with subsidies for baby and toddler care are succeeding in finding it.

Subsidized enrollment of babies and toddlers in family child care programs, which are run out of providers’ own homes, has also increased since the launch of Pre-K-for-All. However, between January 2018 and January 2019 it did decline slightly for the first time since CNYCA began tracking it, in 2012.
Other Data Suggests the City’s Overall Supply of Affordable Infant-Toddler Care Is in Danger

Because only a small portion of families eligible for subsidized child care actually receive it\(^1\), trends in subsidized care cannot fully capture changes experienced by low-income parents who are on waiting lists for subsidy, or who make slightly too much money to be eligible for subsidy and so must pay for child care out-of-pocket. And other recent research and data suggest that even if enrollment in subsidized child care capacity has remained relatively steady, the overall supply of child care that low-income working families, and their employers, depend on in New York City may be very much in danger.

In her working paper examining child care in New York City, economist Jessica Brown looks at the impact of Pre-K-for-All on all licensed child care centers. Brown estimates that New York City would have 20 percent more seats in child care centers for children younger than age two were it not for Pre-K-for-All. Poor neighborhoods have been hurt the most, according to Brown's analysis.

Brown notes that some child care programs may be trying to make up for the financial loss of 3- and 4-year-olds by increasing their tuition for the younger children. This could mean that fewer families can afford to pay privately for infant care, and families who pay only part of the tuition using vouchers may be paying a heavier price out-of-pocket. Brown also finds potential evidence of diminished quality, as measured by an increase in complaints or inspection findings, of some child care facilities located near new Pre-K sites.

\(^1\) Only about one in seven children younger than 3 in families that are income-eligible for child care assistance receives a subsidy. Moreover, the current income cutoff for subsidized care leaves out many moderate-income families. New York City Comptroller Scott M. Stringer, NYC Under 3: A Plan to Make Child Care Affordable for New York City Families, May 2019.
Other research suggests that because of their small size and budgets, family child care programs are particularly susceptible to the kinds of enrollment changes that can occur when a new, free preschool program opens down the block. These family child care programs run out of providers’ homes offer the bulk (nearly 60 percent) of subsidized child care for infants and toddlers in New York City.

Keishla Hornsby, family childcare network coordinator at Day Care Council of New York, says that since the introduction of Pre-K-for-All and 3-K-for-All, several of the family child care programs she works with have struggled with a combination of high rent, low reimbursement rates, and dwindling enrollment. “We have a few that have closed completely over the last couple of months,” says Hornsby, who trains and supports about 130 family child care programs in Queens.

Sumon Chin, director of Asian-child care resource and referral at Chinese-American Planning Council, says the pace of recent family child care closings has been “overwhelming”.

The Chinese-American Planning Council tracks the instability of these home-based centers and shows more than 900 family child care programs closed citywide in a recent one-year period, with 40 percent of those closings in the Bronx. After accounting for family child care programs that opened during that time, the net loss was more than 130 home-based programs citywide.

Because family child care is generally more flexible about scheduling and tuition than are the more structured child care centers, these closings disproportionately hurt low-income families who work evening or weekend hours, says Chin.

Hornsby adds that among family child care programs that have stayed viable, some have adjusted in ways that close them off to infants and toddlers. For instance, following the introduction of Pre-K-for-All and 3K a number of providers Hornsby works with reinvented themselves to become exclusively aftercare programs that pick up 3- and 4-year-olds from Pre-K programs in local public schools at the 3pm end of the school day. Some work other jobs during morning hours to make ends meet, further reducing the supply of child care for the city’s youngest children.

All of this suggests that although infant and toddler enrollment for families receiving child care subsidies has remained fairly stable in recent years, the City’s overall supply of affordable child care may indeed be dwindling.

**Protecting Infant-Toddler Care Going Forward**

The closing of family child care homes and the loss of affordable infant and toddler care they provide is not just a New York City issue; it’s happening nationwide. One of the most obvious ways to protect these programs is to increase the compensation providers receive for taking in babies and toddlers. New York City providers who participate in the federal Early Head Start program, for instance, receive both a higher subsidy and more supports than those who provide care through the City’s subsidized child care system.

Recently, New York City’s Department of Education (DOE) announced another plan that may serve as a model for protecting some family child care programs and the infant and toddler care they provide: DOE will be enlisting home-based programs to open free preschool classes for 3-year-olds in the fall of 2020. Also key: these home-based 3K-for-All programs will be encouraged to continue serving infants and toddlers along with the 3-year-olds receiving free preschool.
While it's not clear how this will impact the number of slots available to babies and toddlers, allowing high-quality home-based programs to retain preschool-aged children could provide an important path for New York City, and other cities, to help protect some of these programs.

Meanwhile, the need for accessible, affordable, and quality child care has become a major political issue. New York City Comptroller Scott Stringer recently set forth a proposal to fully or partially subsidize child care for many more New York City families, and in the lead-up to the 2020 Presidential election, several Democratic candidates have announced their own ambitious plans for universal child care starting at birth.

Collectively, these plans forcefully advance what was once considered a fringe issue. But as with any well-intentioned proposal, their success will depend on the details—namely, whether they will be funded at a level sufficient to adequately compensate caregivers so they can provide the quality care that children, parents, and employers desperately need.

### Changes in Enrollment by Program Type and Name

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<th>Infants and Toddlers</th>
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<td><strong>22,518</strong></td>
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</table>

Source: Administration for Children's Services

This table shows five categories of subsidized programs and the changes in enrollment in them between January 2016 (some 16 months after New York City’s expansion of universal Pre-K program) and January 2019. Universal preschool programs that do not have income requirements for younger children are not included in these numbers. This includes: children enrolled in prekindergarten programs in schools; children enrolled in Pre-K-for-All programs in child care centers that do not provide contracted care for younger children; and children in Head Start programs that contract directly with the federal government.

One of the biggest changes for infants is a decreased use of vouchers for informal care. This is likely the result of both changes in regulations brought on by the federal Child Care and Development Block Grant Act of 2014 as well as by parent choice, with more parents in low-income neighborhoods influenced by Mayor Bill de Blasio’s messaging around the importance of high-quality early education. In the South Bronx, of parents with young children recently surveyed by the collective impact organization South Bronx Rising Together, over 85 percent ranked having a licensed provider as “very important.”

The enrollment data also hints that some home-based programs are adjusting to loss of 4-year-olds in their full-day programs by providing aftercare to children who are enrolled in pre-K or kindergarten during the six-hour school day. This is suggested by the steep increase in recent years of child care voucher use—which can be used for aftercare—for children who are eligible for prekindergarten and kindergarten.

**Definitions:** Contracted centers are child care centers that contract with the City to provide subsidized child care. Family child care (FCC) is care provided to small groups of children in a provider’s home. There are two types of FCC—Family Child Care, where a provider cares for children by herself, and Group Family Child Care, where a provider hires one or more assistants to help care for children, and, as a result, can look after more children at a time than a provider working alone. Informal care (IC) is usually provided by a child’s relative, either in the child’s home or in the caregiver’s home; IC providers are not required to be licensed by the State.
Related Work

Making Room for Babies:
Which Early Education Centers Have Infants and Toddlers, and How Do They Make It Work?

This report looks at ways that affordable and subsidized centers who provide infant care make it work.

Free Preschool, Coming to an Apartment Near You:
What Family Child Care Could Mean for 3K

This report, informed by interviews with dozens of stakeholders and early education experts, including some in other cities and states, looks at what family child care can aspire to become in 3K, and how to achieve that thoughtfully.

Small Children, Big Opportunities:
Strengthening Subsidized Child Care for New York City’s Babies and Toddlers

This report presents our key findings and provides recommendations for building the centers’ capacity to provide quality infant and toddler care.
The Center for New York City Affairs at The New School is dedicated to advancing innovative public policies that strengthen neighborhoods, support families, and reduce urban poverty. Our tools include: rigorous analysis; journalistic research; candid public dialogue with stakeholders; and strategic planning with government officials, nonprofit practitioners, and community residents.

This report is made possible thanks to the generous support of the Child Welfare Fund.

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