



**Testimony before the
Senate Standing Committee on Children and Families**

**Senate Hearing regarding the childcare crisis in New York State, the lack of availability of
childcare, and any legislation or policy response to protect childcare workers and families**

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Good morning distinguished chairpersons and members of the committee. My name is Lauren Melodia, and I am the Deputy Director of Economic and Fiscal Policies at the Center for New York City Affairs at The New School. Thank you for the opportunity to testify today.

As you know, there are many crises in the childcare sector in New York State – crises of capacity, accessibility and affordability. Today I am going to focus on one foundational factor contributing to all of these crises: early childhood educators’ wages. Over the past year, I have been analyzing data on early childhood educators in New York State. I will be publishing a report with the full analysis soon, but I wanted to provide some preliminary findings to you today, given your commitment to understanding and addressing these crises.

New York State does not have a unified childcare system. The State and other municipalities over time have layered different elements – each with their own policy supports –on top of each other. Those layers form the network that is our existing childcare system. It starts with unpaid care labor in the household, predominantly provided by women. On top of that we have full-day, year-round daycare in centers and providers’ homes, which families can pay for out of pocket or, if eligible, with subsidies in the form of vouchers to spend where they choose. Most recently we’ve added universal Pre-K as an additional layer, which is provisioned in the non-profit and public sectors and has drawn the public school system more fully into early childhood education. As a result, there are early childhood educators working in different settings: at their own small business, at a non-profit center or private school, or at a public school. Each setting has its own requirements, some of which include different expectations for educational attainment and training of its workers.

Outside of the public school system where some Pre-K is offered, early childhood educators are not earning wages on par with their neighbors and peers. For example, in 2021 – the year we have the most complete data for at this time – the median hourly wage in New York City was \$24.50 per hour.¹ However, the median hourly wage for New York City pre-school teachers was \$17.71, and the median hourly wage for assistant teachers (or childcare workers) was \$14.62, less than the City’s minimum wage at that time.² Median wages in the state and city were within just a few cents of each other in 2021 (with childcare workers in specific occupations across settings in the state often earning a few cents more per hour than their counterparts in the city), so I estimate that a similar pattern – where the median hourly

¹ CNCYA analysis of Economic Policy Institute. 2022. Current Population Survey Extracts, Version 1.0.35, <https://microdata.epi.org>.

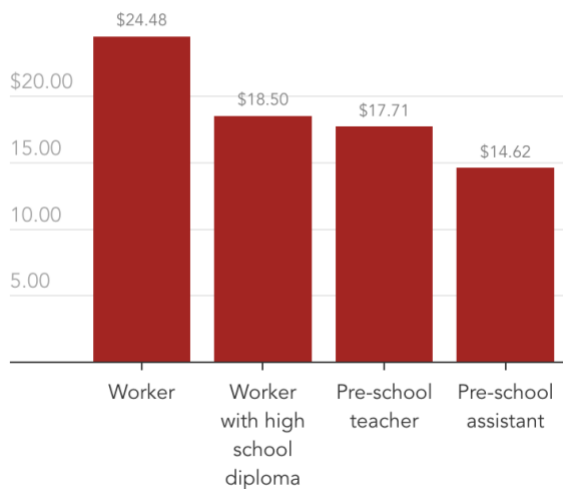
² Occupational Employment Statistics, 2021. Bureau of Labor Statistics.

wage for a pre-school teacher is approximately 28 percent lower and for an assistant pre-school teacher is approximately 40 percent lower than median hourly wages for all workers in the state.³

Meanwhile, family childcare providers, who run their own small businesses out of their homes to offer primarily full-day childcare, are paid even less.⁴ The most recently available data on family childcare providers comes from the American Community Survey 2019 survey. In 2019, family childcare providers were reporting annual business earnings after expenses that were 15 percent lower than center-based childcare workers’ annual wages in the state.⁵ It’s also important to note that these center-based childcare workers tend to work less than full-time, and family childcare workers tend to work more than 40 hours per week. Therefore, not only were family childcare providers making less annually, they were also making an estimated \$9.20 per hour in 2019. I estimate that family childcare providers continued to make less than the minimum wage through 2021 in their respective communities given this history of pay differentials and long hours.⁶

NYC Pre-school teachers with a bachelor's degree earn less than workers citywide with high-school diploma

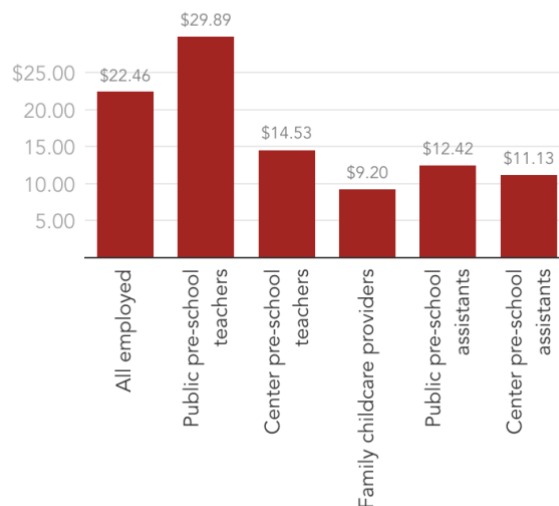
Hourly wage of median worker in group, 2021



Source: CNYCA analysis of Occupational Employment Statistics, 2021. Bureau of Labor Statistics.

The state's family childcare providers are the lowest paid in the sector

Hourly earnings of median worker in group, 2019



Source: CNYCA analysis of American Community Survey, 2019. U.S. Census Bureau.

³ CNYCA analysis of Occupational Employment Statistics, 2021. Bureau of Labor Statistics.

⁴ CNYCA analysis of Office of Children and Family Services, “Childcare Facts & Figures 2019,” accessed January 23, 2023, <https://ocfs.ny.gov/programs/childcare/assets/docs/factsheets/2019-DCCS-Fact-Sheet.pdf>; CNYCA analysis of Office of Children and Family Services, “Childcare Facts & Figures 2022,” accessed January 23, 2023, <https://ocfs.ny.gov/programs/childcare/assets/docs/factsheets/2022-DCCS-Fact-Sheet.pdf>

⁵ CNYCA analysis of American Community Survey 2019 5-year microdata, U.S. Census Bureau.

⁶ In 2021, the NYC minimum wage was \$15 per hour, the downstate suburban minimum wage was \$14 per hour, and the remainder of the State’s minimum wage was \$12.50 per hour. Fast food workers across the state were all making \$15 per hour by July 2021. If the dynamic where the median family childcare provider earned 8 percent less than the median childcare worker (excluding pre-school teachers and directors) holds, the median family childcare provider in New York City earned an estimated \$13.45 per hour in 2021, while the median family childcare provider in the state earned an estimated \$13.20 per hour in 2021. 2021 wage data is not available by county; it is possible that the median family childcare provider outside of the city and its suburbs made close to her regional minimum wage though this is unlikely given an analysis of 2019 American Community Survey data.

Some early childhood educators have reported leaving the industry for higher wages in fast food and other far less-demanding industries.⁹ People working in childcare can find better paying jobs without having to do additional training. Take for example that the median family childcare provider or center-based childcare worker has a high school diploma. In 2021, the median wage of people with a high school diploma in New York City was \$18.50 per hour, which is \$4 more per hour than for center-based childcare workers and almost a dollar more per hour than for pre-school teachers, who typically have a bachelor's degree or more.¹⁰

Childcare is a labor-intensive industry. State law requires specific ratios of educators to children. The industry simply doesn't function without its most important input – staff. Given the low wages in the industry, it is not a surprise that the childcare sector's capacity is in crisis. While many sectors faced challenges due to the government shut down of the economy, childcare has not bounced back. New York State's child day care services lost 27,400 jobs in April 2020 due to the pandemic and the government's shutdown of the economy.¹¹ Despite high demand today, as of November 2022 New York State and Bureau of Labor Statistics surveys estimate that the child day care services industry is only at 96% of its pre-pandemic level of jobs.¹² The capacity is probably lower than this estimate, because these surveys likely misses most family childcare providers. Furthermore, during this time period there has been a reshuffling of workers into after-school programs for children ages 5 and over and away from full-day services for younger children.¹³ When comparing the capacity of registered childcare facilities in New York at the end of 2022 to 2019 before the pandemic, the State system has lost over 7,000 seats for children under 5 and over 1,200 facilities. Family childcare providers were hit especially hard by the pandemic, with over 20 percent of them in the state (and 25 percent of them in the city) closing their businesses during the pandemic.¹⁴

There are numerous reasons family childcare providers faced the most extreme closure rates in the sector during the pandemic. Working longer hours than others in the sector, many family childcare providers were unable to navigate the pandemic relief programs made available to them. Fewer than half of childcare facilities across the sector received Paycheck Protection Program loans, and family childcare providers were the least likely in the sector to receive them.¹⁵ While the State later established a stabilization grant program in 2021 that resulted in better uptake rates by providers across the industry (including better uptake rates for family childcare providers), this stabilization may have come too late for family childcare providers, who are the lowest paid workers in the sector running their own facilities and, therefore, most vulnerable to cash flow disruptions.

⁹ Fast food workers across New York State have received minimum wage increases earlier than other industries. For example, in New York City, fast food workers received their increase to a \$15 minimum wage a year earlier than other workers (in 2018). Outside of New York City, fast food workers received their increase to a \$15 minimum wage after July 1, 2021, while workers in other industries did not obtain the increase to \$15 per hour until after December 31, 2021. The remainder of the state has a minimum wage of \$14.20 per hour for workers not employed in fast food.

¹⁰ CNYCA analysis of American Community Survey 2019 5-year microdata.

¹¹ CNYCA analysis of Current Employment Statistics, Bureau of Labor Statistics, accessed January 22, 2023, <https://beta.bls.gov/dataViewer/view/timeseries/SMU36000006562440001>.

¹² CNYCA analysis of Current Employment Statistics, Bureau of Labor Statistics.

¹³ CNYCA analysis of Office of Children and Family Services, "Childcare Facts & Figures 2019;" CNYCA analysis of Office of Children and Family Services, "Childcare Facts & Figures 2022."

¹⁴ CNYCA analysis of Office of Children and Family Services, "Childcare Facts & Figures 2019;" CNYCA analysis of Office of Children and Family Services, "Childcare Facts & Figures 2022."

¹⁵ "Rebuilding Our Future: Child Care Closures in New York During the Pandemic" (The Children's Agenda, August 2022), <https://thechildrensagenda.org/publications/rebuilding-our-future-child-care-closures-in-new-york-during-the-pandemic/>.

In order to maintain – much less expand – capacity and improve quality, early childhood educators need to be paid more. And the State is a critical partner in making this possible. Compared to other sectors, like fast food, childcare facilities are less able to increase wages to retain and recruit workers for a few reasons. First, it is hard for facilities to raise their rates to clients because of market pressures to keep childcare affordable for working families. Second, it is hard for them to increase revenue by serving more children, because State regulations require specific ratios of educators to children, which is important for delivering quality care. Third, those who are providing care through contracts with the Department of Education or vouchers paid by the State, have contracts to provide services at a set rate and must navigate extensive bureaucratic processes to amend those contracts. If the State Legislature raises the minimum wage this year—which would directly benefit childcare workers, other low wage workers, and facilitate a significant reduction in poverty, how exactly will centers and family childcare providers get additional resources to pay even a minimum wage increase?

Last year, the State Legislature and Governor made historic investments in the childcare sector – to expand eligibility to more families and increase the reimbursement rate for State vouchers to providers. And yet, rather than spending the past year celebrating these victories, there have been multiple problems: a slow roll-out of the expanded eligibility due to agency backlogs, delayed payments to providers at centers and voucher increases to family-based childcare facilities leading to more facility closures. The complex bureaucracy that supports this network of providers simply has not been able to serve the sector. Early childhood educators and the children and parents they serve are paying the cost.

There are three things the Legislature should prioritize this year to stabilize the early childhood education workforce. First, the State needs to adopt a different methodology to determine the rate of pay at which it pays providers to care for subsidized families using vouchers. Federal law allows states to establish an alternative reimbursement methodology than the market-rate methodology, which is the methodology New York State currently uses. The market-rate methodology undervalues care work and makes the State complicit in this undervaluation. Evaluating current wages of center- and family-based providers, it is clear that the current methodology results in workers in the industry taking the cut. Enacting legislation that would commit New York State to transition to a new provider reimbursement methodology by 2025, one that is based on the true cost of care, can put New York on a path to pay childcare workers a living wage.

However, while it is important to legislate that the reimbursement methodology must change, the State Legislature must enact an emergency stop gap while these and other implementation issues are resolved. One simple and effective way to do this, which Washington, DC City Council has provided a model for and is currently implementing, is to establish a short-term workforce compensation fund to raise all childcare workers' pay by at least \$12,500 per year.¹⁶ These payments delivered directly to workers, not through a grant application process, will be effective at retaining workers, who may be contemplating leaving for higher wages in other occupations. This emergency wage increase to childcare workers would effectively eliminate much of the disparities in income I mentioned earlier. It would translate to pre-school teachers in the city and state making a median hourly wage of \$23.50—within striking distance the NYC median hourly wage.¹⁷ And it would guarantee that center-based assistant pre-school teachers earn about \$20 per hour, which is what the upstate minimum wage would be by January 2026 if it were indexed to inflation and labor productivity along with a catch-up provision as called for in the Raise the

¹⁶ Weil, Julie Zauzmer, "D.C. government will send \$10,000 checks to the city's day-care workers," Washington Post, February 1, 2022.

¹⁷ CNYCA analysis of Occupational Employment Statistics.

Wage Act (S. 1978).^{18,19} This emergency workforce compensation fund would also help to boost wages in and stabilize the center-based sector, where the majority of New York City’s Pre-K program is provisioned (and while local unions work to improve upon the City’s 2019 salary parity agreement between center- and public school early childhood educators).²⁰

Third, the State Legislature must pass legislation to automatically pass on rate increases to providers. Facilities that accept vouchers are currently required to go through a lengthy application process to receive the increased market rates calculated by the Office of Children and Family Services (OCFS). This means that important steps the Legislature has already taken to increase the subsidy rates for providers has still not been passed on to many providers, which has undoubtedly compromised providers’ ability to accept children from subsidized families or stay in business. New York State’s network of 17,000 providers – and potentially more, as the State looks to increase capacity – needs few bureaucratic hurdles to provide public support.

Combining an automatic increase to all family childcare providers to the 80th percentile of the 2022 State reimbursement rate, which was legislated last year but not delivered to many providers due to the current bureaucratic process, alongside the \$12,500 emergency compensation for family childcare providers will make a significant impact in stabilizing the family-based sector of the system, which is critical. Family childcare providers currently serve two-thirds of the families who receive vouchers for subsidized care. Moreover, they are the most flexible part of the current system – with the ability to care for children of all ages and during non-traditional hours. Earlier I estimated that these essential workers make less than assistant pre-school teachers. It is important to remember, that family childcare providers are not assistants: they are administrators, teachers, and childcare workers all combined in one role. It is essential that the State Legislature center these workers in their efforts to address the multiple crises in the State’s childcare system.

Together, these three initiatives can boost income for family childcare providers and wages for early childhood educators, which will stabilize the system as it exists now and create the possibility of growing it to meet the demands of the future. Increasing the pay to childcare workers across all settings will improve quality, by reducing turnover of staff. It will also increase the possibility for providers to increase their flexibility to meet the needs of working families. All of this will, in turn, benefit all New Yorkers, by establishing a childcare sector that can support increased labor force participation, especially of working moms.²¹

Thank you.

¹⁸ The NYC and downstate suburb minimum wage would be \$21.25 on January 1, 2026 if the Raise the Wage Act (S.1978) is enacted.

¹⁹ “NY State Senate Bill S1978,” NY State Senate, January 17, 2023,

<https://www.nysenate.gov/legislation/bills/2023/s1978>.; CNYCA analysis of Occupational Employment Statistics.

²⁰ James Parrott, “The Road to and from Salary Parity in New York City in Early Childhood Education” (Center for New York City Affairs, January 2020), <http://www.centernyc.org/salary-parity-in-nyc>.

²¹ James Parrott, “Wage Increases Would Quicken Lagging New York’s Recovery” (Center for NYC Affairs, November 2022), <http://www.centernyc.org/reports-briefs/for-child-care-providers-and-home-health-care-workers-especially>.