



Testimony of

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Before the New York State Senate
Children and Families Committee

Challenges Facing the Child Care Community

December 12, 2011

Good morning. My name is Moira Flavin and I am the Policy Associate for Early Childhood Education, Education and Youth Services at Citizens' Committee for Children of New York, Inc. (CCC). CCC is a 68-year old, independent child advocacy organization dedicated to ensuring that every New York child is healthy, housed, educated and safe.

CCC would like to thank Senator Savino and the members of the Children and Families Committee for holding this hearing regarding challenges facing the child care community in New York State in the coming year. This hearing is particularly timely given the upcoming state budget process, New York City's EarlyLearn RFP, and the shortage of funds to maintain capacity, let alone enhance quality, at a time when low- income, working New Yorkers need access to subsidized child care more than ever.

Child care plays a critical role in preparing young children for success in school and in allowing parents to support their families by participating in the workforce. New York's subsidized child care system is vital for low- income working parents, especially during this time of economic hardship. The need to serve as many income-eligible children in high quality early learning environments often results in a tension between increasing/maintaining the system's capacity and enhancing/maintaining the quality of care provided. Though the tension may exist, we cannot sacrifice one for the other.

New York must have a child care system that provides high-quality care to as many income-eligible children as possible. While limited budgets have led advocates, legislators, policymakers and budget-crunchers to focus on maintaining as much of the system as possible, New York's child care system has never had enough capacity to provide child care for the families in need. Thus, our goal must remain to increase the system's capacity so that all income-eligible children can be served in high quality programs. Early childhood education has been proven to benefit children's cognitive, emotional, and social well-being.¹ The return on investment of quality early childhood education has been estimated to be \$1.80-\$17.07 per child.²

CCC appreciates the efforts the State administration and State legislators have made to protect the quality and capacity of the child care system. We appreciate the Legislature's ongoing commitment to keeping funding for the State's Child Care Block Grant (CCBG) outside of the Flexible Fund for Family Services (FFFS) and helping to ensure that TANF surplus funds were used to maintain CCBG funding levels. CCC also appreciates the careful and deliberate attention the State has paid to eliminating child care subsidy fraud.

CCC is especially grateful for the work that went into developing and submitting New York State's application for the federal Race to the Top Early Learning Challenge Grant. We applaud the State's stated goals: to increase the number of high-quality early learning and development

¹ Public Policy Forum. Matrix of Early Childhood Education Outcomes <http://www.publicpolicyforum.org/Matrix.htm> 2007.

² Proven Benefits of Early Childhood Interventions. RAND. 2005. http://www.rand.org/pubs/research_briefs/RB9145/index1.html

programs, to close the achievement gap, and to improve the quality of the early childhood workforce.

In addition to supporting the statewide implementation of QualityStarsNY, which will allow for consistent measuring of service quality, CCC is especially pleased that New York State's proposal includes mechanisms by which service providers can improve the quality of their practice. The State plan would also develop and utilize high quality early learning and development standards, invest in building an early learning data system, and focus on helping service providers to better engage and support families, as well as comprehensively assess and address children's needs. With these plans, it is clear that ultimately beneficiaries of the resources garnered through the Early Learning Challenge Grant would be the children and families across the state that rely on early childhood education services. We remain hopeful that the federal government will award New York State one of these invaluable grants.

CCC also appreciates the State's commitment to QualityStarsNY, which if fully implemented would allow for consistent measuring of service quality so that parents are able to make informed decisions about child care. While rating and monitoring child care programs using a tiered system is important progress, CCC urges the State to also commit resources to technical assistance and quality improvement so that parents in communities with fewer child care options have access to quality services.

While CCC applauds the efforts the State has made to try to maintain funding levels and to enhance quality, CCC is deeply troubled by the instability of the child care system in New York. While child care is a lifeline for many struggling families, the State's subsidized child care system is currently in crisis. In short, there is insufficient federal, state, and county funding invested and available for quality child care for all income-eligible and TANF-eligible children.

CCC is well aware of the budgetary challenges New York State has faced since the economic downturn. New York State allocated approximately \$800 million for the Child Care Subsidy program this fiscal year, most of which was distributed amongst the local social service districts. Notably, a substantial portion of this funding is dollars from the federal Child Care Development Block Grant (CCDBG), federal Social Services Block Grant, and TANF. There is very little state general operating support in the state's child care system. In fact, since SFY08-09, the State share has been \$137 million, while the federal share has been \$599 million (plus an additional \$42 million in ARRA funding in SFY 09-10 and 10-11.)

While CCC is grateful that the State's Child Care Block Grant funding has remained constant over the past three years, the costs of care have increased tremendously. Child care costs have increased due to a number of factors, including: the increase in the number of families entitled to child care due to greater numbers of public assistance recipients during this period of economic hardship; the increased cost of health insurance for child care and Head Start staff; the increased cost for quality care; the increased number of families exercising their parental choice to secure more regulated care (rather than informal care); and the increased cost of care associated with the bi-annual market rate adjustments.

CCC appreciates the challenges the State is facing, given the decreases in federal funding. First, the loss of \$42 million in federal ARRA funding had a profound budgetary impact on this struggling system. Further the State's decrease in federal CCDBG funds, as a result of the young child factor, has led NY's federal allocation to decrease from \$313 million in SFY06-07 to \$300 million in SFY11-12.

CCC understands that New York State has been able to maintain its Child Care Block Grant level, despite the decreased federal CCDBG allocation, by transferring TANF surplus dollars (approximately \$37 million over each of the past three years). CCC is deeply concerned about the impact of the elimination of the federal TANF Contingency Fund on the state's child care allocation in SFY 12-13.

While the costs of child care have increased, state and federal funds have not. CCC urges New York State to increase its support and commitment to the families and children served by the Child Care Subsidy program, in order to offset the decline in federal funding. **It is imperative that regardless of these funding challenges, New York's Child Care Block Grant funding level must at a minimum remain constant when the SFY12-13 Budget is adopted and should in fact be increased to ensure equitable State support for this struggling system.**

In addition to our concerns about state funding for subsidies, CCC is concerned about the quality and safety of child care programs and providers. QualityStarsNY and initiatives within New York's Race to the Top Early Learning Challenge Grant application are good steps toward addressing quality. CCC also believes that addressing quality (and safety) requires establishing more requirements for the informal child care providers who currently receive government funds to provide care, but do not get cleared through the State Central Registry (SCR) for child abuse/neglect history nor fingerprinted for a criminal record check. CCC urges the Legislature to amend the Social Service law to require these minimal checks before parents leave their children in state-subsidized informal child care arrangements.

New York City

New York City's child care system has been in crisis for some time, moving from addressing one budget hole to the next. While state and federal funding have remained relatively flat, the costs of care have increased significantly. In addition to the City's ten rounds of budget cuts, the City's child care system almost always runs a deficit due to increasing costs from the market rate increases, rising health care costs, rising costs of rent, and the increased number of families entitled to child care due to their receipt of public assistance. Meanwhile, according to the Administration for Children's Services (ACS), only 27% of income-eligible children receive child care. This is despite the fact that child care is a boost to the economy, enabling parents to work and employing child care providers, and most importantly, a critical component to preparing young children for academic and social success.

ACS has been addressing their child care budget deficit in numerous ways that have impacted the system, including increasing parent fees two times; cost-allocating UPK funds in a way that reduced funding to providers; closing several direct lease child care sites; ensuring 5-year olds

attend kindergarten rather than contracted child care centers; and paying programs for enrollment rather than capacity.

Last spring, the City planned to address the deficit by taking child care away from nearly 17,000 children of low-income working parents, for a savings of approximately \$119 million. In response to this devastating proposal, CCC and other child care advocates formed the Emergency Coalition to Save Child Care. These efforts secured \$82 million for the current city fiscal year, \$53 million of which is only for the current fiscal year. In addition, it is unclear at this time how ACS will be using the \$29 million of funding that was baselined for child care as part of last year's City budget negotiations.

Furthermore, the City issued an RFP for its contracted child care system, referred to as EarlyLearn NYC. EarlyLearn is a model of child care aimed at improving the quality of care for our youngest New Yorkers. Unfortunately, the EarlyLearn rates and model plus the loss of one-year funds for child care would lead to a loss of close to 10,000 slots in NYC's child care system.³ This loss of capacity is untenable in a City so desperately in need of child care services.

CCC supports the vision of EarlyLearn. We have long wanted to see NYC's system enhanced through improving quality, providing full day care, increasing rates, stabilizing funding, aligning capacity with need, increasing staffing ratios, putting social workers in classrooms, serving more special needs children in integrated settings, aging down the system to serve infants and toddlers, and providing more opportunities for subsidized children to learn alongside private pay children. Notably, all of these components are key features of EarlyLearn NYC.

However, we have serious concerns about the level of funding for EarlyLearn, as it is insufficient to support the model as it is outlined in the RFP. Specifically, we are concerned that the rates do not appear to be sufficient to cover the costs of care because of a) the elimination of the Central Insurance Plan such that health insurance must now be paid for by programs rather than by the City centrally; b) the facilities costs, which used to be negotiated and budgeted individually for each program based on lease costs; and c) the 6.7% provider match required in the RFP. Furthermore, the significant reduction of capacity (almost 10,000 slots) is slated to leave some communities, especially those not targeted as high need, with a significant reduction in their ability to provide child care to eligible children.

CCC hopes that the New York State Legislature can be a key partner in securing the funds ACS needs to fund the vision of EarlyLearn while maintaining (and eventually increasing) the system's capacity to serve children from low-income working families.

³ The loss of child care capacity in FY13 would be 8,300 compared to FY12 (at a cost of \$82 million). The loss of capacity in FY13 would be 9,400 child care slots if we compare to FY11 (at a cost of \$92 million.) This is separate and apart from the 7,700 ACS school age vouchers that are funded with one year Council funds and not part of Early Learn.

After School

CCC would be remiss were we not to mention the crisis pertaining to after school programs. While NYC's children ages 0-4 can be served in child care, Head Start and UPK settings, children ages 5-13, in Kindergarten through middle school, often need after school settings so that their parents can participate in the work force.

First, ACS currently provides school age child care vouchers to thousands of children, 7700 of which are funded by the one-year City Council funds included in the City's current FY12 budget, but not included in the FY13 budget. In addition, New York City has also released an RFP for its Out of School Time (OST) program, which unfortunately reduces both the funding and capacity of the OST program. This RFP and funding cut would reduce the City's OST system to approximately 29,000 slots (down from a height of approximately 55,000 slots just a few years ago) at time when other after school programs have also received federal, state and city cuts. This is also unacceptable.

Conclusion

Quality child care is an investment in the future of our children. New York City's subsidized child care system is in crisis and currently only serves a fraction of the income-eligible children. Moreover, NYC's system stands to lose 10,000 slots under the new EarlyLearn contracts due to begin in October 2012. At the State level, the crisis is just as dire. The State relies heavily on federal funding in order to provide funding to the counties for child care, and only contributes a small share of state funds in comparison. However, federal funding for the Child Care Development Fund has decreased and the amount of TANF funding is uncertain. In order to meet the needs of as many eligible children and families as possible, particularly in these difficult economic times, CCC urges the State to increase its investment in child care services to offset decreases in federal funding. In addition, CCC recommends the State do the following:

- Work closely with the City to maintain the system's capacity under EarlyLearn, so that no child loses services and low-income families are able to stay engaged in the workforce.
- Provide ongoing technical assistance and support for providers to improve their practice under QualityStarsNY.
- Allow local districts flexibility in how they utilize UPK funding, including to support full-day UPK.
- Maintain child care outside the FFFS.
- Amend the Social Services Law to require SCR clearances and/or fingerprinting of informal child care providers.
- Ensure the State Child Care Block Grant is sufficiently funded.

Subsidized child care is an invaluable resource for low-income children and families, and an investment in New York's future. CCC appreciates the opportunity to testify in this hearing and to highlight some of the steps necessary to ensure that more of New York's children have access to quality child care.