Overview

“Investing in early care and education (ECE) yields positive benefits for everyone: children can be cared for in nurturing educational environments that will help them begin school ready to learn and grow into productive citizens; parents can go to work with the peace of mind that their children are in good hands and be even more productive employees as a result; and employers reap the rewards of more productive employees—both now and in the future.” – The Century Foundation

Child Care is still perceived by the public as baby sitting, however, decades of research has indicated that quality child care settings are beneficial with helping our youngest children develop age appropriate social, cognitive and emotional skills and should be viewed as the first stage of education. Only through significant financial investments at the Federal, State and local levels will communities be able to obtain affordable and quality care for our families and children. The Challenge:

Changes in the Federal Child Care and Development Block Grant of 2014 (CCDBG) will have extraordinary impacts statewide as well as in Onondaga County. It is important to understand the implications of the new law and proactively develop a plan for sustaining a strong child care infrastructure in Onondaga County. Specifically, a plan is needed to prevent two potentially negative by-products of the changes in CCDBG:

1) Large numbers of working families potentially losing much needed childcare subsidies which allow families to work and have affordable childcare.

2) Child care centers could find CCDBG’s new rules and regulations, as well as the rising minimum wage, too challenging and opt to shut down at a time when more high quality slots, not fewer slots are needed.
Below is a description of the Federal and State changes as well as a discussion of potential options to consider locally. Statewide, it is estimated that the costs of implementing the CCDBG will be well over $90 million (excluding additional money for child care subsidies). Child care experts estimate that the local impact could be as much as $750,000 (excluding subsidies) to implement CCDBG changes. Ideally, New York State will include significant investments in child care in the 2017-18 budget to preserve and strengthen the child care safety net. State and local child care advocates are already advocating with the Governor that new dollars are included in the child care system.

**Federal Factor**

**Child Care and Development Block Grant Act of 2014 (CCDBG)**

This new law contains important and much-needed improvements to the program, including increased access to child care assistance for more families; the establishment of new health and safety requirements for child care providers; and expanded requirements to improve the quality of child care. However, the Federal government did not increase appropriation levels but requires states utilizing these funds to implement the following new requirements.

- **Federal criminal background checks for all child care staff members are required.** With regards to centers, contract employees and any staff who might have unsupervised access to children must be checked. Currently, New York conducts state criminal background checks only for registered and licensed providers, not for legally exempt enrolled providers. The federal criminal background checks are more expensive, will need to be completed for all new and existing child care staff members, and must be **repeated every five years.** (N.Y.S. annual cost $24 - $28 million)

- **New training requirements** that are more substantial than those required under current New York licensing law and include on-going training requirements for **legally exempt enrolled providers.** Currently, legally exempt enrolled providers receive an enhanced rate for completion of 10 hours of training, however very few complete the training. (N.Y.S. annual cost $28 million)

- **Annual unannounced inspections of all child care programs including legally exempt enrolled providers.** Currently, New York conducts annual inspections of only **50% of registered providers and 20% of legally exempt enrolled providers.** (N.Y.S. annual cost $34 million)
• The costs of the requirements listed above are estimated at approximately $90 million statewide. Most of these activities will have to be completed by the State or subcontracted with local Child Care Resource and Referral agencies.

• Requiring a tiered quality rating system. The current $3 million N.Y.S. investment in QualitystarsNY supports only 376 programs statewide.

• Establishing a 12-month eligibility re-determination period and allowing for a graduated phase-out of care for parents who have exceeded state income eligibility at the time of re-determination (up to three months). While this will greatly help parents and provides continuity of care for children, there is substantial cost associated with moving from a 6-month to a 12 month eligibility period. This cost is to be shared between the Federal, State and County governments.

All provisions of the Act must be implemented by October 1, 2018.

State of New York

a. Statewide Implications of the Federal CCDBG Act of 2014

The implementation of the Federal CCDBG Act of 2014 falls under the responsibility of the State Office of Children and Family Services (OCFS). The current NYS Budget (April 1, 2016 – March 31, 2017) provided no additional funds to implement the Act. During the time period when this budget was being negotiated in Albany, OCFS submitted a request to the Federal Administration for Children and Families for a waiver to allow the State more time to implement the required features of the Act. On June 15, 2016, OCFS was notified that certain extensions on time frames were granted but the Act deadline for full implementation of October 1, 2018 is still in place.

Timeline:

1. October 1, 2016 to September 30, 2017
   a. Health and Safety Training Provisions are in effect
   b. Homeless children must be provided child care
   c. Providers offering care during non-traditional hours, Saturdays and Sundays must be paid an enhanced rate
2. October 1, 2017 to September 30, 2018
   a. 12-month eligibility and graduated phase out of subsidy eligibility
   b. Annual inspections for all Licensed Providers, Exempt Providers
   c. New Professional Development Requirements-Mandatory pre-service orientation and ongoing health and safety training, for all child care staff in ten topic areas.
   d. New Payment Practices and Timeliness of Payments requirements, such as, providers being paid within 21 days of invoicing and being paid for enrollment vs. attendance.

The NYS Budget (April 1, 2017 – March 31, 2018) is in the drafting phase. OCFS has indicated that its budget will remain flat, therefore, funds necessary to implement the mandates in the Act may be unavailable.

b. Market Rate and Adjustments

OCFS issued new child care market rate effective June 1, 2016. This rate determines the cap for what child care providers can be reimbursed for children whose care is subsidized. These rates are in place for a two year period. Rates are determined by a sampling of child care providers throughout the state. Rates are therefore retrospective. As the minimum wage increases, the rates will not reflect the true cost associated with mandated wage increases.

Child Care providers have the ability to charge private pay parents more than the market rate cap. Child Care programs that employ staff will likely have to increase parent fees by 7% annually to keep pace with increasing minimum wages. Since subsidies will not increase as fast as the minimum wage, more of the burden will be passed off to private pay families, who will be increasingly unable to afford care. In the past, programs typically increased rates by 1% to 4% annually, if at all.
c. Parents and the High Cost of Child Care

In New York, every family type using regulated child care can expect to pay over 10% of their income for every type of child care. A single parent can expect to pay over 54% of his or her income for just one child in center-based care and nearly all (99.6%) of it for two children. The cost of a year of infant care in a center is nearly double (94% greater) the cost of a year of tuition at a public college, the widest gap of any state. Compared to other states when it comes to child care costs in 2015, NY is ranked as the #1 least affordable state for center-based care for 4 year-olds, and the 3rd least affordable state for center-based infant care.

In Onondaga County, the income per capita is $28,596, which includes all adults and children. The median household income is $53,593. (US Census – 2014)
### Average Cost of Child Care in Onondaga County

<table>
<thead>
<tr>
<th></th>
<th>Center Care</th>
<th>Group/Family Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Annual Cost of Infant Care</td>
<td>$14,144</td>
<td>$10,140</td>
</tr>
<tr>
<td>Annual Cost of Care for an Infant and a 4-year-old</td>
<td>$25,844</td>
<td>$19,916</td>
</tr>
</tbody>
</table>

*Source: Child Care Award of America

### Infant Cost in Center vs. Public College Tuition: $14,144 vs. 7,292*

In the case of tuition, there are grants, loans and tax credits available to eligible families. The only equivalents available to offset child care costs and child care subsidies, available only to low income families and the Child and Dependent Care Tax Credit. The tax credit has a $3,000 dollar limit for care of each child.

### Percent of Income based on Onondaga County’s Median Income

<table>
<thead>
<tr>
<th></th>
<th>Center Care</th>
<th>Group/Family Care</th>
</tr>
</thead>
<tbody>
<tr>
<td>Infant Care for Married Family</td>
<td>15.18%</td>
<td>10.88%</td>
</tr>
<tr>
<td>Two Children for Married Families</td>
<td>27.74%</td>
<td>21.38%</td>
</tr>
<tr>
<td>Infant Care for Single Parent</td>
<td>54.53%</td>
<td>39.09%</td>
</tr>
<tr>
<td>Two Children for Single Parent</td>
<td>99.64%</td>
<td>76.79%</td>
</tr>
<tr>
<td>Married Family with Two Children at the Poverty Line</td>
<td>106.57%</td>
<td>82.13%</td>
</tr>
</tbody>
</table>

*Source: Child Care Award of America
**d. Minimum Wage Increases**

Increasing the minimum wage will help both the low income worker, who utilizes day care subsidies, as well as, the vast majority of child care workers who earn close to minimum wage. However, from the child care provider perspective, market rates and fees charged to parents will not keep up with annual 7% increase to wages over a five year period. Many parents who pay out-of-pocket for child care and who are already struggling to pay child care costs would be unable to afford tuition cost increases of up to 7% per year. Since October 2015, 90 child care centers, including 3 in Onondaga, have closed statewide, many due to financial circumstances. Also, in Onondaga County, 15 Family/Group providers have closed in less than a year.

As to impact the minimum wage will have on low income parents the chart below illustrates the changes in the parent share, as household income increases. (Note: FY2017 and beyond – 200% of poverty are estimates based on increased made over the last five years)

**Estimated Impact of Increased Minimum Wage on Child Care Subsidy for a Single Mother with 2 Children**

<table>
<thead>
<tr>
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<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Minimum Hourly Wage</td>
<td>$9.00</td>
<td>$9.70</td>
<td>$10.40</td>
<td>$11.10</td>
<td>$11.80</td>
<td>$12.50</td>
</tr>
<tr>
<td>Annual: 37.5 hrs/week</td>
<td>$17,550</td>
<td>$18,915</td>
<td>$20,280</td>
<td>$21,645</td>
<td>$23,010</td>
<td>$24,375</td>
</tr>
<tr>
<td>200% of poverty (Family of 3)</td>
<td>$35,100</td>
<td>$37,830</td>
<td>$40,560</td>
<td>$43,290</td>
<td>$46,020</td>
<td>$48,750</td>
</tr>
<tr>
<td>Annual 35% Co-pay</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>$338.91</td>
<td>$1,604.03</td>
<td>$2,857.59</td>
</tr>
<tr>
<td>Weekly 35% co-pay</td>
<td>0</td>
<td>0</td>
<td>0</td>
<td>$6.52</td>
<td>$30.85</td>
<td>$54.95</td>
</tr>
</tbody>
</table>

Source: Child Care Solutions
Onondaga County

a. Child Care Subsidies

What types of child care does the County support?

Preventative Child Care – If it is determined by the Department of Children and Family Services that to keep a child safe it is necessary for the child to attend child care, the County will select the most appropriate day care option for the child and pay for care.

Temporary Assistance – When a client applies for Temporary Assistance and needs child care to fulfill their job search and employment requirements, the County must pay for child care per the choice of the parent. As long as the client is on Temporary Assistance, the County pays 100% of the cost of care.

Low Income Child Care – In general, families are eligible for financial assistance if they meet the state’s low income guidelines and need child care to work, look for work, or attend employment training. Eligibility is based on income, reasons for needing day care, and the child’s age and individual needs. In most cases, families receiving a child care subsidy can choose any legal child care provider.

NYS allows counties to set eligibility by choosing between income levels of 100% to 200% over the Federal Poverty level. In addition, the State allows counties to set the parent share from a range of 10% to 35%. Onondaga County has set the eligibility standard at 200% and the parent share at 35%. The parent is required to pay 35% on the amount remaining after subtracting the poverty level from the gross income. The parent has the choice to select the type of child care. It’s important to note that low-income child care is not an entitlement program. When the county’s allocation is committed, eligible families can be put on waiting lists until more money becomes available. No such waiting list currently exists in Onondaga County.
b. Current Funding Levels

Onondaga County has budgeted $20,326,032 for child care subsidies for 2017. This is a $716,324 increase over the 2016 allocation. This is a combination of federal, state and local funding. Since 2008, County leadership has annually supported increases in allocations to assist low-income households. In 2008, total funding was $13,444,516. Over nine years, federal dollars increased 24%, state dollars increased 122% and local dollars increased 177%.

This latest increase is to cover the additional costs associated with the eligibility time period changing from 6 to 12 months and to prevent the need to establish a waiting list. The eligibility change is effective October 2017.

In 2015, the monthly average child care subsidy was 3,840. The average cost per child per month was $401 for an annual cost of $4,812.

The current eligibility level of 200% of poverty allows the County to offer subsidies to more households. If this changes, or if the parent share decreases, the number of households the County can assist will decrease.
LOW INCOME DAY CARE ELIGIBILITY STANDARD
AND POVERTY LEVEL BY FAMILY SIZE (FY16 – FY17)
(200% OF THE POVERTY LEVEL)

<table>
<thead>
<tr>
<th>Household Size (6/1/16 - 5/31/17)</th>
<th>2</th>
<th>3</th>
<th>4</th>
<th>5</th>
<th>6</th>
<th>7</th>
<th>8</th>
</tr>
</thead>
<tbody>
<tr>
<td>200% of Poverty Level</td>
<td>$31,860</td>
<td>$40,180</td>
<td>$48,500</td>
<td>$56,820</td>
<td>$65,140</td>
<td>$73,460</td>
<td>$81,780</td>
</tr>
<tr>
<td>150% of Poverty Level</td>
<td>$23,895</td>
<td>$30,135</td>
<td>$36,373</td>
<td>$42,615</td>
<td>$48,855</td>
<td>$55,095</td>
<td>$61,335</td>
</tr>
<tr>
<td>138% of Poverty Level</td>
<td>$21,983</td>
<td>$27,724</td>
<td>$33,465</td>
<td>$39,205</td>
<td>$44,946</td>
<td>$50,687</td>
<td>$56,428</td>
</tr>
<tr>
<td>Poverty Level</td>
<td>$15,930</td>
<td>$20,090</td>
<td>$24,250</td>
<td>$28,410</td>
<td>$32,570</td>
<td>$36,730</td>
<td>$40,890</td>
</tr>
</tbody>
</table>

Source: Dept. of Health and Human Services (HHS)

The scenario below shows how a family of 3 with a household income of $17,550 is eligible for low income day care and how the family share is calculated.

**Scenario #1 (Current standards) Current minimum wage at $9.00:** Gross income of a family of 3 is $17,550, which is below the poverty level of $20,090. In cases where gross income is less than the poverty level, the parent weekly share is $1.00.

The scenario below shows how a family of 3 with a household income of $35,000 is eligible for low income day care and how the family share is calculated.

**Scenario #2 (Current standards)** Gross income of a family of 3 is $35,000, the parent share would be: $35,000 - $20,090 (poverty level, please see above) = $14,910 × 35% = $5,219/52 = $100.36 per week. **The parent weekly share is $100.36.**
The chart below illustrates that 56% of households pay $20 or less per week. Only 16% of households pay more than $75 per week. The average cost of center based care is $231 per week. Also, note that the information above is highlighting cases, not number of children. The average number of children per case is 1.5.

**Number of Cases Utilizing Child Care Subsidies and the Weekly Parent Share in Onondaga County (as of 1/31/16)**

Source: Onondaga County
Capacity in Onondaga County

What is the need?
Based on Council on Children & Families, the number of children likely to need care was determined by multiplying the number of children in age groups from Under 1 years old to 12 years old by the total number of available parents who are in the workforce in Onondaga County; for children ages 0-5 this was 66.6% and for children ages 6 – 12 this was 73.1% (U.S. Census Bureau, 2013). Approximately 36,500 children are in nursery schools, Pre-K, relatives/friends care or are latchkey children.

The chart below shows the number of slots and types of care available in the county.

Source: Council on Children & Families
Source: Child Care Solutions
d. Utilization of Subsidy Dollars

The chart below shows the types of care selected using County subsidies and the monthly average of children in each.

![Monthly Number of Children Served & Types of Care Used](chart1)

Source: Onondaga County - 2015

This chart illustrates the ages of children utilizing subsidized care.

![Monthly Number of Children Served By Age Group](chart2)

Source: Onondaga County - 2015
The following chart shows the types of child care programs supported by the County and the children using them on a monthly basis.

![Monthly Number of Children Served in Types of Care Supported by Onondaga County](source: Onondaga County - 2015)

### e. Workforce Development Institute (WDI) - Child Care Facilitated Enrollment Program

The Child Care Facilitated Enrollment Program was spearheaded by The Workforce Development Institute (WDI), a partner to the NYS AFL-CIO and Area Labor Federations, to provide workforce training and education services to regional and local unions. Funding for this program was included in this year’s NYS budget, however it is limited to only 8 Counties (Albany, Erie, Monroe, Onondaga, Oneida, Rensselaer, Schenectady and Saratoga).

WDI child care subsidies are funding working families in Albany and Saratoga Counties above 125% of the Federal Poverty Level (FPL), in Oneida and Schenectady Counties above 150% of the FPL, and in Rensselaer County above 160% of the FPL. Due to depleted funds, WDI is serving all poverty levels in Erie and Monroe Counties. WDI child care subsidies are being offered in Onondaga County to those above 200% of the FPL.
WDI began to serve Onondaga County residents as of September 21, 2015. To date, 51 families and 79 children have applied and been approved for subsidy payments through the WDI program. Onondaga County currently has 38 active WDI cases serving 62 children. Of these, 100% have incomes falling between 200% and 275% of the Federal Poverty Level (FPL). Average weekly Family Share for these cases is $164 and the average weekly child care subsidy paid is $178. The annual allocation is $500,000 or approximately 60 children per year can be served.

This program offers support to moderate-income working parents but the current funding level makes its scope limited. Lowering the eligibility level below 200% and/or lowering the parent share below 35% will put an additional strain on these already limited funds.

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