



Ready for Kindergarten, Ready for College Campaign

**Testimony before the
JOINT HEARING ON ACCESS TO QUALITY CHILD CARE
Convened by:
SENATE STANDING COMMITTEE ON CHILDREN AND FAMILIES
ASSEMBLY STANDING COMMITTEE ON CHILDREN AND FAMILIES
ASSEMBLY LEGISLATIVE TASK FORCE ON WOMEN'S ISSUES**

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on Behalf of the Schuyler Center for Analysis and Advocacy, the Center for
Children's Initiatives and the Ready for Kindergarten, Ready for College Campaign**

On behalf of the Schuyler Center, our strategic partner, the Center for Children's Initiatives, and the Ready for Kindergarten, Ready for College Campaign, which we co-lead with the Alliance for Quality Education and Citizen Action of New York, I would like to thank the chairs and members of the respective committees for the opportunity to present testimony at this Joint Hearing on Access to Quality Child Care. We also want to specially thank members of the Legislative Women's Caucus, Assembly Legislative Taskforce on Women's Issues, Assembly Women of Color Subcommittee of the Black, Puerto Rican, Hispanic, Asian Legislative Caucus, Assemblymember Jaffee, and Senator Avella for fighting during budget to prevent even deeper cuts to child care subsidies than those ultimately imposed.

The Schuyler Center is a 145-year-old statewide, nonprofit, nonpartisan organization dedicated to providing policy analysis and advocacy in support of public systems that focus on people in need. The Schuyler Center often works in areas that fall between multiple systems including health, welfare, human services, and early care and learning. The Center for Children's Initiatives, a nonprofit based in New York City, champions the right of all children to start life with the best possible foundation of care, health and learning. Founded in 1982, CCI currently focuses on policy and advocacy to achieve that goal, working at the city, state and federal level. The Ready for Kindergarten, Ready for College Campaign champions investments in pre-K and child care to prepare children for success in school and beyond.

Thank you for holding this hearing – it is particularly timely given that the 2017-2018 New York State Budget released last month cut child care subsidies for low-income families by \$7 million, even though the program was already desperately underfunded – serving just 17% of families making less than 200% of poverty. The subsidy cut will likely lead to 900 more families joining the ranks of those families who are eligible, but unable to access this vital program. Cuts to the facilitated enrollment program will cause subsidy cuts to many more working families. At the same time, new federal regulations under the Child Care and Development Block Grant (CCDBG) Act of 2014 are set to go into effect this year; implementation will cost the State millions of dollars,

and could lead to more families losing their subsidies. The only new State investment in child care came in the form of a modest enhancement to the State's child and dependent tax credit for families making more than \$50,000. On average, this enhancement will put another \$187 per year in the pockets of middle class families with children in care – a help, for sure, but hardly a solution to what can only be called a statewide child care crisis.

Indeed, the shortage of affordable, quality child care affects nearly all New York families, all communities, all businesses, and it harms them in myriad ways. Today, I will highlight a few of these ways the child care crisis hurts New Yorkers, and offer a few suggested steps for the State to take toward addressing it.

The Child Care Crisis in New York State Causes Nearly All Families with Children Economic Stress and Instability, Hitting Low-Income Families and Women the Hardest

The shortage of quality, affordable child care is causing real hardships to New York families from all walks of life – middle class and working class, families of all races and ethnicities, families who live upstate, downstate, in our rural communities, cities and suburbs.

This should come as no surprise if you are familiar with the high costs of child care. New York State ranks among the most expensive states for child care in the nation.¹ The average cost for full-time center-based care is \$14,000 a year for an infant, and more than \$11,000 for a toddler, preschooler or school-age child. The average cost for family-provider full-time care for an infant is more than \$10,000 a year, and more than \$9,000 for older children.

For many New York families with young children, child care is their largest monthly bill. As a percentage of household income, full-time center-based care for one child would account for 54% of annual income for a single-parent family earning the median household income of approximately \$26,000. It would account for 14% of a married-couple family earning the median income of \$95,000. Notably, according to U.S. Department of Health and Human Services guidelines, child care that costs more than 7 to 10% of a family's income is unaffordable.²

If we start with the premise that 10% of household income is the most child care should cost a family, then New York families with two young children need to earn close to \$200,000 per year for child care to be affordable.

In short, child care is unaffordable for nearly all middle- and low-income New York families. And, for the 22% of New York children living below the federal poverty line (FPL) and 43% living below 200% of the FPL,³ the challenges posed by these high costs can be devastating. Low-income working parents are often faced with unbearable choices, for example choosing between leaving their children with unreliable caregivers or cutting their work hours, resulting in their reliance on welfare or a fall into poverty or even homelessness.⁴

Lack of affordable quality child care can leave women economically unstable for a lifetime.

Lack of affordable, quality child care also pushes many parents – overwhelmingly women – out of the workforce for longer periods of time. This not only sharply reduces family income for the period the caregiver is out of the workforce, the time off also lowers future earnings, and cuts into the caregiver's retirement savings. This leaves many women more economically unstable for their lifetime.⁵

Child care expenses are a leading contributor to family poverty.

A recent study undertaken by the Carsey School of Public Policy found that nationally, one-third of low-income families who pay for child care for their young children are pushed into poverty by their child care expenses.⁶ This is particularly common for families with three or more children, single parent families, families of color, or those headed by someone without a high school degree.

It is easy to visualize this scenario in New York State. Imagine a single parent raising two children under age five, and earning 200% of poverty, or \$40,320 annually. Modestly priced child care for two children could easily cost this family more than \$1,600 a month or more than \$19,000 a year. Notably, this family would receive no child care subsidies in almost every county in the state due to a shortage of subsidy funds.

Underinvestment in Child Care Weakens the Entire Early Learning System

New York families struggle not only to afford child care, but also to secure spots in affordable, quality programs in their communities. There is a shortage of child care providers because of inadequate investments in child care subsidies, in infrastructure, and in the early care and learning workforce. As a result, so called “child care deserts” have emerged throughout the state and country, most commonly in communities that are predominantly comprised of low-income families or families of color. Child care shortages are also common in rural communities. Many of us have learned the hard way that it is necessary to get yourself on a quality provider’s waitlist before telling friends you are expecting if you hope to secure a spot.⁷ These deserts will persist, and impact families across the income spectrum – those who qualify and receive subsidies, and those who do not – if we continue to underinvest in child care.

Lack of Access to Quality Child Care Contributes to Striking Disparities and Achievement Gaps that Last a Lifetime

It is now well understood that “[s]triking disparities” in children’s knowledge and abilities emerge well before Kindergarten. It is also established that “[t]hese differences are strongly associated with social and economic circumstances, and they are predictive of subsequent academic performance.”⁸

Research shows that **the achievement gap appears long before children reach Kindergarten**. It can become evident as early as age 9 months. **One out of three children in New York State start Kindergarten already behind in basic skills.**⁹ This school-readiness gap becomes an achievement gap that can persist throughout a child’s school career and beyond. As a result, low-income and other at-risk children are:

- 25% more likely to drop out of school;
- 40% more likely to become a teen parent;
- 50% more likely to be placed in special education;
- 60% more likely to never attend college; and
- 70% more likely to be arrested for a violent crime.¹⁰

The achievement gap also entrenches income inequality; quality early learning can help close the gap. New York leads the nation in income inequality. In 2013, the top 1 percent earned 45 times more than the bottom 99 percent in New York. In Manhattan, the top 1 percent earned 116 times

that of the 99 percent.¹¹ Quality pre-K and child care is one way to mitigate the harmful impacts of income inequality for low-income children, and set them up to bridge the income gap for the next generation.

It is also critical to recognize that access to quality child care and pre-K are companion investments that together are the bedrock of the State's efforts to ensure that every child is ready to succeed in school. Child care programs offer year-round services, serve babies and toddlers, and thus meet the needs of many working families for year-round, extended-day services. Quality child care and pre-K together boost school readiness and expand economic opportunities across New York by keeping children learning and parents earning.¹²

High-Quality Early Childhood Programs Bring Return on Investment; Economists Agree that it is One of the Most Effective Investments We Can Make

Prominent economists agree that “[i]nvesting in early childhood development yields a much higher return than most government-funded economic development initiatives.”¹³ A study released earlier this spring by Nobel laureate economist James Heckman demonstrates that every dollar spent on “high quality, birth-to-five programs for disadvantaged children” generates \$6.30 return over a child's lifetime.¹⁴ The high returns that quality early childhood programs can pay come in the form of higher educational attainment and labor earnings for both the children receiving the care and the parents.

Solutions

We do not purport to offer a comprehensive solution to New York State's child care crisis. What we can say with certainty is that the 2017-2018 NYS Budget only deepened the crisis. The \$7 million cut to child care subsidies means that another 900 plus families earning less than 200% of poverty will be deprived of subsidies this year, adding to the 83% of low-income families who already go without these subsidies. The cuts to facilitated enrollment will hurt many more working families. We can also say with certainty that the modest enhancement to the State's child and dependent tax credit for families making more than \$50,000 that was adopted in the budget will not resolve the crisis.

(That is not to say, however, that significantly strengthening the State's refundable tax credits, like the Child and Dependent Care Tax Credit, the Earned Income Tax Credit and the Empire State Child Credit, are not part of the solution. However, tax credits cannot be the entire solution because, for one thing, low- and middle-income families cannot wait until tax time to be reimbursed for thousands of dollars in child care expenses.)

Recommendations

Today, we recommend that the State take the following first steps toward addressing New York's child care crisis:

1. We support passage of Senate Bill 5929 and Assembly Bill 7726 to create a child care availability task force. We believe this is a critical part of the solution to the child care crisis because it calls for the collection of data that at present we do not have, including data showing the extent to which the crisis is driving parents out of the workforce, the impact the crisis is having on economic development in the state, and varying levels of quality of care throughout the state. For this task force to fulfill its mandate, it needs resources to hire a consultant or

other experts to collect the data and draft the report. In addition, we urge that representatives from the New York Economic Development Council, State Education Department, Department of Labor, and Department of Tax participate in the task force because economic development, education, workforce supports and tax reform are all essential to creating an early care and learning system that is affordable, high quality, and accessible to all.

2. The State should not wait for the task force to issue its report before investing more resources in successful programs that provide low-income working families access to quality child care programs. We know those programs are an essential part of the solution. The State should immediately direct a portion of the billions of dollars invested in economic development – much of which is funneled through the Regional Economic Development Councils – be invested in child care. As noted above, child care has one of the best returns on investment. Investments in child care should be made a priority of the NY Economic Development Council and all of the REDCs.

Thank you. We appreciate the opportunity to provide testimony and look forward to continuing to work with you to strengthen New York’s child care system and to build a strong New York.

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¹Child Care Aware of America, *Parents and the High Cost of Child Care* (2016). http://www.usa.childcareaware.org/wp-content/uploads/2016/12/CCA_High_Cost_Appendices_2016.pdf

²Child Care Aware of America, *Parents and the High Cost of Child Care* (2016). http://www.usa.childcareaware.org/wp-content/uploads/2016/12/CCA_High_Cost_Appendices_2016.pdf

³Kids Count Data Center. (2015). Children Below 200 Percent Poverty. <http://datacenter.kidscount.org/data/tables/47-children-below-200-percent-poverty?loc=34&loc=2#detailed/2/34/false/869,36,868,867,133/any/329,330>

⁴Center for Children’s Initiatives, *When Families Eligible for Child Care Subsidies Don’t Have One: A Case Study*. <http://www.CCIPolicy.org>

⁵Kristen Doerer, “How much does it cost to leave the workforce to care for a child? A lot more than you think.” *PBS News Hour*. June 21, 2016) <http://www.pbs.org/newshour/making-sense/how-much-does-it-cost-to-leave-the-workforce-to-care-for-a-child-a-lot-more-than-you-think/>

⁶Marybeth J. Mattingly and Christopher T. Wimer, *Child Care Expenses Push Many Families Into Poverty* (Carsey Research, National Fact Sheet #36. Spring 2017). <http://scholars.unh.edu/cgi/viewcontent.cgi?article=1303&context=carsey>

⁷Dionne Dobbins, Jessica Tercha, Michelle McCready, Anita Liu, *Child Care Deserts: Developing Solutions to Child Care Supply and Demand* (Child Care Aware of America. Sept. 2016). <http://usa.childcareaware.org/wp-content/uploads/2016/09/Child-Care-Deserts-Executive-Summary-v2.pdf>.

⁸Shonkoff & Phillips, *From Neurons to Neighborhoods: The Science of Early Childhood Development*, National Academy Press (2000).

⁹QUALITYstarsNY brochure, Early Childhood Advisory Council, New York State Council on Children and Families. http://ccf.ny.gov/ECAC/WG/Quality/Resources/ECAC_BrochureLowRes.pdf

¹⁰Ounce of Prevention Fund, <http://www.ounceofprevention.org/about/why-early-childhood-investments-work.php>.

¹¹<http://fiscalspolicy.org/nys-leads-nation-in-income-inequality>

¹²Betty Holcomb, *Too Many Children Still Waiting: Making Quality Early Learning Top Priority in 2017 Budget*. Ready for Kindergarten, Ready for College Campaign (Jan. 2017). http://www.scaany.org/wp-content/uploads/2017/01/Too_Many_Children_Still_Waiting-RKRC_Report_2017.pdf

¹³Rolnick A & Grunewald, R, *The Economics of Early Childhood Development as Seen by Two Fed Economists*, Federal Reserve Bank of Minneapolis, Community Investments (Fall 2007).

¹⁴Jorge Luis Garcia, James J. Heckman, Duncan Ermini Leaf and Maria Jose Prados, *The Lifecycle Benefits of an Influential Early Childhood Program* (HEEO Working Paper. Dec. 2016) (and accompanying summaries, fact sheets and toolkits). <https://heckmanequation.org/>