The True Cost of Child Care: Erie County NY

Phase Two: Final Report of a Collaborative Action Research Project

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ACKNOWLEDGEMENTS

In tribute to the dedication and compassion of Child Care Givers and Educators

With deep appreciation to Live Well Erie Emergency Child Care Task Force Co-Chairs Marie Cannon and Maria Whyte

Introduction

The true cost of child care in the title of this study refers to the actual monetary **costs** of providing the services of quality child care, as contrasted to the **price** that is paid for child care (the market rate), and contrasted to the **subsidy**, the public assistance that means-tested families receive for child care. Public subsidies, the primary form of public support for child care in the U.S., are determined as a percentile of market rates.

More fundamentally, however, the true costs of the existing child care system in Erie County, in New York and around the country, are much larger. They are the social and economic costs of persistent racial, gender and economic inequality; lack of access to child care services for many families; an entire sector of low-wage work; forfeiture of workforce participation among parents; and loss of the human potential that derives from quality early childhood development and education. These costs may be harder to measure—some are immeasurable—but they inform the growing consensus that America's child care system is not working for the families, workers, and providers directly involved, nor is it working for society and the economy as a whole.

This Phase Two of a collaborative action research report illuminates both kinds of costs: current operational monetary costs per child at the enterprise or institutional level, and indicators of broader social costs of the existing child care system itself in Erie County and New York State. Undertaken by Cornell ILR Buffalo Co-Lab and Erie County's Live Well Erie Emergency Child Care Task Force, the year-long project has provided vital empirical information for advocates, care providers, child care service organizations, and local government agencies, as well as to New York State elected officials through the 2022 budget debates and decisions.

The immediate goals of this project were:

- to determine the actual true cost of quality child care by modality in Erie County,
- to compare those actual costs with New York State Office of Child and Family Services (OCSF) market rate price of care,
- to compare with the NYS/Erie County Department of Social Services (DSS) subsidy rates,
- further, to compare what the actual true costs would be if all child care workers earned a living wage,
- and finally, to provide the data and analysis to County and State officials for consideration in public policy and budgets negotiations in 2022.

In both purpose and methodology, collaboration was central to this action research project. The widely representative and agile Live Well Erie Emergency Child Care Task Force and applied researchers of Cornell University ILR Buffalo Co-Lab worked as a team to compile reliable and valid information and to share the findings with public officials and stakeholders in a timely manner.

Proudly representing public institutions, ILR and Erie County staff approached and managed the project in the public interest. It was funded by Erie County, and supplemented by State funds allocated to ILR Buffalo Co-Lab with the support of WNY legislative representatives. The ILR research team included staff whose experience with advancing the local child care ecosystem dates back to the community collaboration that produced the 2006 report, Buffalo Child Care Means Business.

The methods employed in this True Cost project included a professional on-line survey of all 499 Erie County child care providers; four in-depth focus groups with providers by care modality that further examined costs, challenges, and opportunities for improving child care in Erie County; and compilation and analysis of public geographic and economic data on the local child care industry and workforce. The project was guided by a Steering Committee of core partners that met regularly, and an Advisory Committee of the entire Live Well Erie Emergency Child Care Task Force, which meets monthly.

Phase One of this report was a preliminary account presenting the data and information most directly related to comparing true costs with market rate and subsidies, including the gap between current wages and living wages for workers in the industry. That report was issued in early January 2022 and used throughout State budget talks to advocate for more adequate funding.

This final Phase Two report supplements that data and analysis with the latest public economic data available and additional updated contextual industry and workforce information statewide.

When COVID-19 shutdown much of the economy in March 2020, the "state of emergency" in everyday life was vastly more far-reaching than such a declaration of public action usually portends. Across the country, this dire emergency divided the workforce into "essential" and "nonessential" workers and exposed fundamental inequities and underlying functional problems in the economy as a whole. Suddenly, the "care economy" was of more urgent collective concern. Child care's role undergirding the entire economy became more obvious.

In this setting, Erie County took bold action, creating the Emergency Child Care Task Force within Live Well Erie, a strategic equity initiative launched in 2019. The Task Force, chaired by Marie Cannon, Commissioner of Department of Social Services, and Maria Whyte, Deputy County Executive, was made up of 57 members representing a diversity of institutional and family day care providers, local government and education officials, community health care leaders, child care support services, foundations, unions, employers, women's organizations, social service agencies, and child care activist organizations. The members represented decades of experience in the complex world of child care—expertise they shared with deep passion for a better system that works for all children, parents, the profession, and the economy. They set to work on concrete steps toward that vision.

Working closely with child care and education partners, Erie County was the first and only county in New York State to use U.S. CARES Act funding to support child care, providing funding directly to providers and expanding the amount and eligibility for child care subsidies. CARES funds were also used to create Virtual Learning Support Centers (VLCs) where children were supervised in a safe and healthy environment while engaged in the remote learning required by their school district. A remarkable total of 87 VLCs were set up with 28 school districts, including approximately 45 in the City of Buffalo, for which Erie County won a 2021 Achievement Award from the National Association of Counties; and Deputy County Executive Maria Whyte won a 2021 Excellence in Public Service Award, Honorary Mention in recognition of "her extraordinary work with the Emergency Childcare Task Force and reframing childcare as an important economic development issue on behalf of the people of Erie County."

The methodologies utilized in this action research project amplified the voices of child care providers and expanded the collaborative network for progressive policy change in New York State. Beyond the broad representation of the Emergency Child Care Task Force, the project benefited from the active involvement of NYS Assemblymember Monica Wallace and Erie County Legislator Lisa Chimera, Chair of the Health and Human Services Committee. Erie County's approach of quantifying the gap between market rate and true costs of care was appreciated by the New York State Association of Counties, and the study's findings were presented to their organization as well in legislative hearings during the NYS budget process. The Task Force supported public programs on child care policies and funding, and, in collaboration with the WNY Child Care Action Team and Empire State Campaign for Child Care, hosted legislative leaders including Senator Jabari Brisport in rallies in Buffalo.

Drawing on past collaborations at Cornell University, this project connected Tompkins County officials, a parent's organization, and experts to share research and policy insights with Erie County's initiatives. Cornell ILR Buffalo Co-Lab and the Worker Institute hosted a public webinar of national authorities and reform activists.

Phase One's primary findings of the glaring gaps between subsidies and true costs, and between current wages and living wages were publicly reported and also presented in a zoom forum with WNY's state legislative delegation. With a groundswell of public support, the New York State legislature substantially increased state funding for child care in the FY 2023 budget, doubling the FY 2022 amount over four years.

Still far from a universal and equitable system of child care as a public good, these grassroots and local government actions will prove critical in future progress at the local, state, and national levels. This report reveals serious systemic problems that require transformation and illustrates by example how local collaborative efforts are key to devising equitable and sustainable solutions.

Erie County as Study Area

Home to the state's second largest city of Buffalo, Erie County (EC) is situated on New York's western edge, adjacent to Lake Erie. After reaching a peak of just over 1.1 million residents in 1970, EC lost population for four consecutive decades, bottoming out at roughly 919,000 residents in 2010. Following that point, however, U.S. Census data recorded a net increase of almost 40,000 persons from 2010 to 2020, with the population projected to continue rising for at least the next decade.[1]

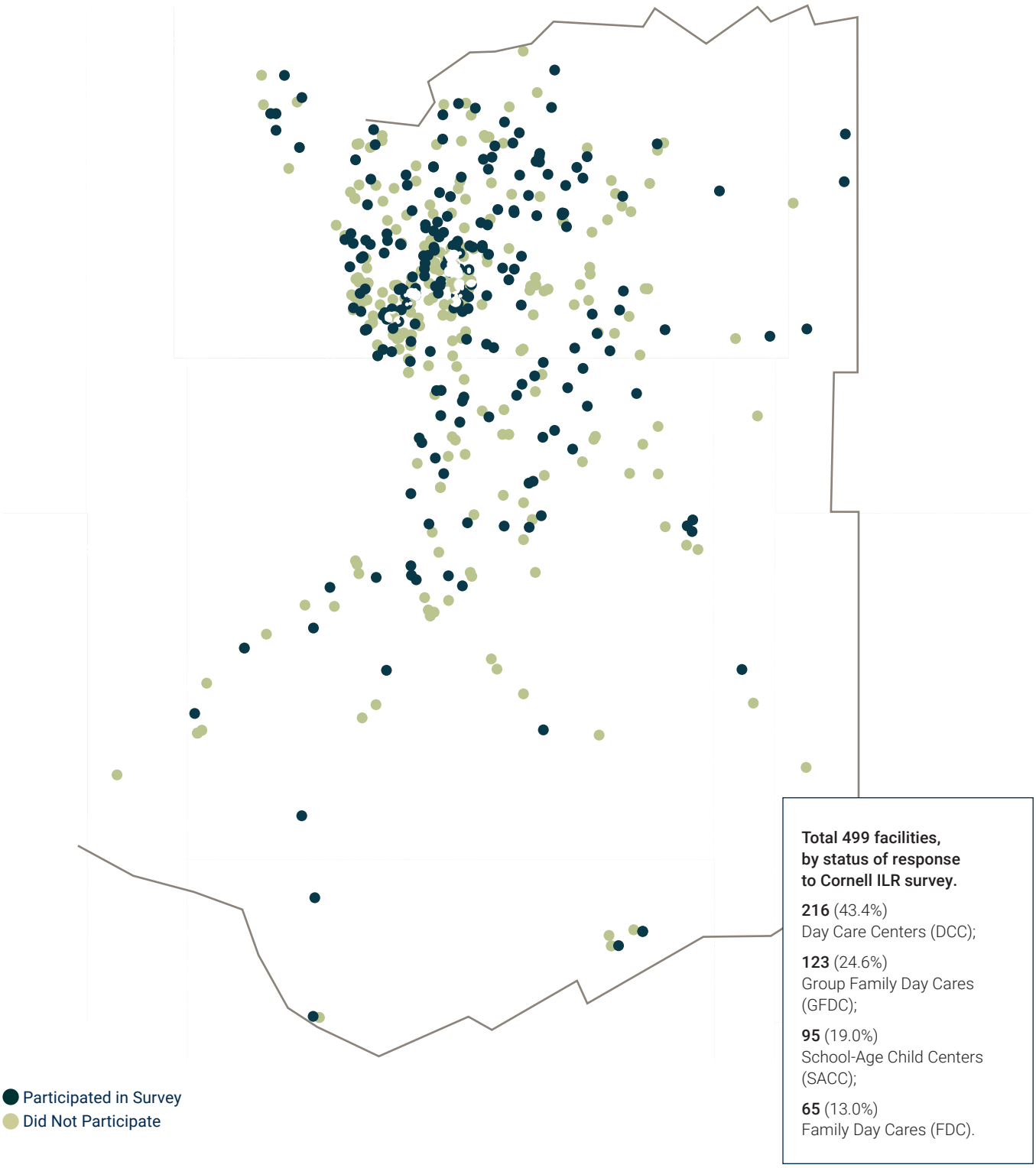
Erie County's recent growth and population change have not alleviated concerns over economic security. A 2020 study of housing cost-burden and tenant exploitation found that nearly half (48%) of households in Erie County meet federal government definitions of "low-income" after accounting for family size and family income.[2] Increases in housing costs have far outpaced inflation-adjusted increases in workers' wages in the Buffalo-Niagara region since at least 2012. Throughout most of the county, single-family home prices grew three to four-times faster than wages between 2012 and 2020, with most multi-family prices rising four- to six-times faster than local wages during that interval.[3]

As a household's affordability gap – measured by the differential rates at which wages and housing costs increase – widens over time, it loses the ability to pay for other necessities, including child care. Thus, the patterns taking shape in EC have implications for the extent to which working families with children will be able to afford child care in the future. Those trends compound the current problems of accessibility and affordability of quality care.

In this Phase Two Report, data on the child care industry and workforce are analyzed, where possible and relevant, for both Erie County and New York State in order to situate findings from Erie County in statewide patterns and trends.

FIGURE 1.

Geography of licensed child care providers in Erie County as of December 2021.



Industry Profile

Industry Profile of Child Care Establishments and Employment

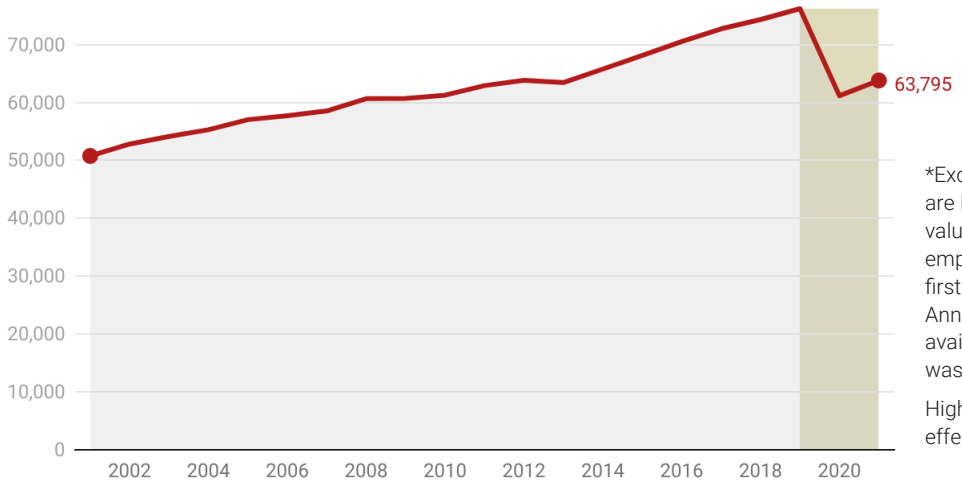
Prior to the COVID-19 pandemic, employment in Child Day Care Services establishments (North American Industrial Classification Code 6244) in New York State (NYS) was increasing at about 2.1% per year for roughly two decades. Specifically, according to the Bureau of Labor Statistics (BLS), in 2001 there were just under 51,000 employees working in approximately 4,000 child day care establishments across the state. By 2019, those numbers had grown to a high point of 76,200 workers in almost 6,020 establishments.

Although it is too early to say exactly how the pandemic will impact the NYS child care industry in the long-term, in the short run, much of the steady employment growth of the last decade was undone in equally rapid fashion by COVID-19 and ensuing economic crises. **Final BLS figures for 2020 reported just 61,166 workers in 5,929 child day care service establishments in that year – a year-over-year loss of more than 15,000 jobs (-20%), essentially erasing the last ten years of growth and putting the industry back to 2010 employment levels.** See Figure 2.

Year-end (annual average) data for 2021 are still not available at the time of this writing (May 2022), however child day care services employment levels in NYS for the first three quarters of 2021 have been released. In the first quarter of 2021, child care employment ticked up to roughly 63,500 jobs (up from the 2020 year-end tally of 61,166). By the second quarter, employment in the industry reached 64,674 jobs. However, the third quarter recorded a slight drop, to 63,210 jobs. Thus, the three-quarter average employment for the first nine months of 2021 was 63,795 jobs. **While the industry appears to be slowly regaining jobs lost to COVID-19, employment in NYS child care is still only at about 80% of pre-pandemic (2019) levels.**

FIGURE 2.

Employment in Child Day Care Services in New York State 2001-2021*



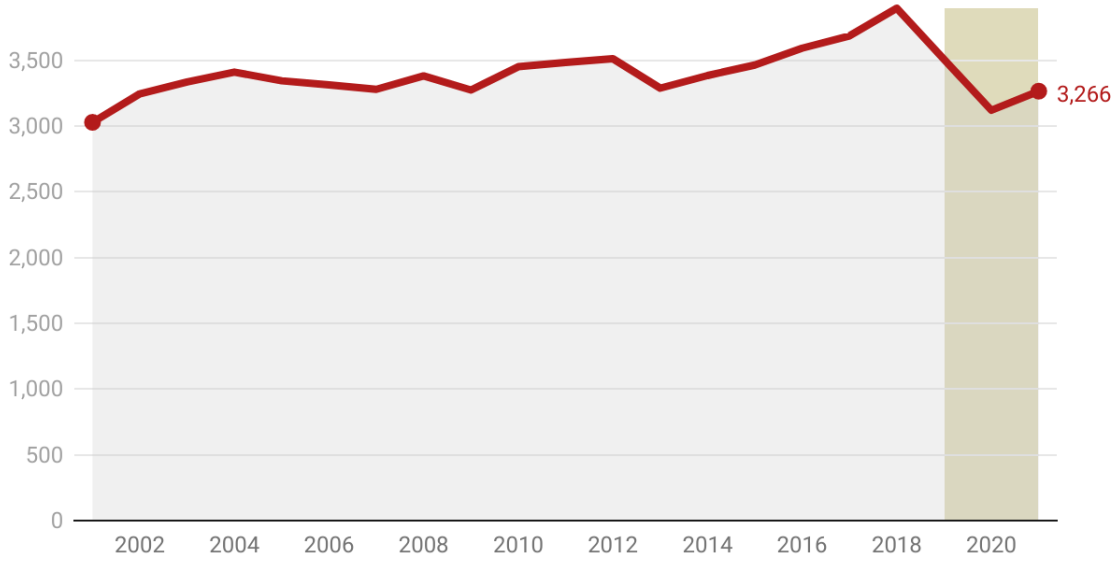
*Except for 2021, data reported are BLS annual averages. The value for 2021 is the average employment recorded during the first three quarters of the year. Annual average data were not available at the time this chart was created.

Highlighted area shows initial effects of the COVID-19 pandemic.

The situation in Erie County echoes the statewide trends described above, with two notable exceptions. First, whereas child care employment in NYS experienced steady growth for almost two consecutive decades, the number of jobs in child day care services in EC fluctuated up and down – staying between 3,000 and 3,500 – for almost a decade-and-a-half from 2001 through 2015. Then, beginning in 2015, employment in the industry rose quickly to a high point of 3,897 jobs in 2018. The second key difference between NYS and EC is that child care employment in the latter area began to fall *before the COVID-19 pandemic.* Namely, after reaching is peak of almost 3,900 employees in 2018, the number of child care jobs dropped by 10%, to just over 3,500 in 2019. The pandemic then exacerbated that initial downward pressure – the industry recorded a year-over-year loss of almost 400 more jobs from 2019 to 2020, an 11% drop. **While early data (three-quarter average) for 2021 are showing signs of partial recovery from COVID-19 – with about 140 jobs gained between 2020 and 2021 – the industry remains at about 80% of the peak employment levels it recorded in 2018.** See Figure 3.

FIGURE 3.

Employment in Child Day Care Services in Erie County 2001-2021*



*Except for 2021, data reported are BLS annual averages. The value for 2021 is the average employment recorded during the first three quarters of the year. Annual average data were not available at the time this chart was created.

Highlighted area shows initial effects of the COVID-19 pandemic.

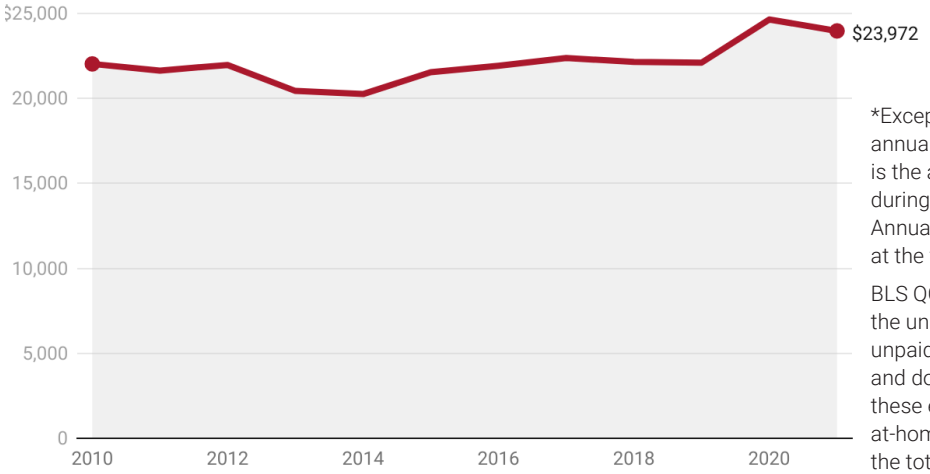
The preceding trends in child care employment in NYS and EC suggest that if care services were not already undersupplied before the pandemic, they almost certainly are now. A contracted and slow-to-recover child care workforce means fewer individuals providing care services, which, in turn, means that fewer children are receiving such services.

It is worth noting that one potential reason why the child care workforce is slow to recover jobs lost to COVID-19 (and, in EC's case, jobs lost in the year *before* the pandemic), despite fast-recovery and pressures to return to work in many other sectors, is the industry's shockingly low wages. While more will be said on wages in the next section, the BLS data queried in this subsection offer a quick glimpse into changes in annual average wages for employees in working in child day care services establishments.

Observe in Figure 4 below that, as was the case throughout the economy, average employee wages in EC child care experienced upward pressure during the pandemic, growing from $22,104 to $24,644 between 2019 and 2020 (after adjusting for inflation). However, data from the (average of the) first three quarters of 2021 show that mean wages are again falling, having dropped to $23,972 in 2021 dollars. The implication is that jobs gained over the past year pay below-average wages. By contrast, the average wage for all jobs in EC continued to inch up from 2020 through the third quarter of 2021 – clocking in at almost $58,300. Compared to that figure – again, the average annual wage for all jobs in EC – it is evident that child care in EC is low-wage work. **Average wages in the child care industry are just two-fifths of average wages in the countywide economy.**

FIGURE 4.

Annual Average Wages for Employees of Child Day Care Services Firms in Erie County, NY*



*Except for 2021, data reported are BLS annual averages. The value for 2021 is the average employment recorded during the first three quarters of the year. Annual average data were not available at the time this chart was created

BLS QCEW data exclude "proprietors, the unincorporated self-employed, unpaid family members, certain farm and domestic workers". For this project, these exclusions mean that most at-home providers are not included in the totals.

Licensed Child Care Provider Capacity

According to open data from the New York State Office of Child and Family Services (OCFS),[4] there were 15,068 licensed child care providers throughout the state as of early May 2022. OCFS records show that, combined, those providers are licensed to care for 643,601 total children. In EC, OCFS reports 484 providers that are licensed to care for 28,299 children. (Note: between November 2021 when the provider survey for this project was conducted and May 2022, the number of licensed EC providers represented in the OCFS dataset decreased from 499 to 484.) Of course, the prime question is: how well-matched is this supply of licensed care to demand?

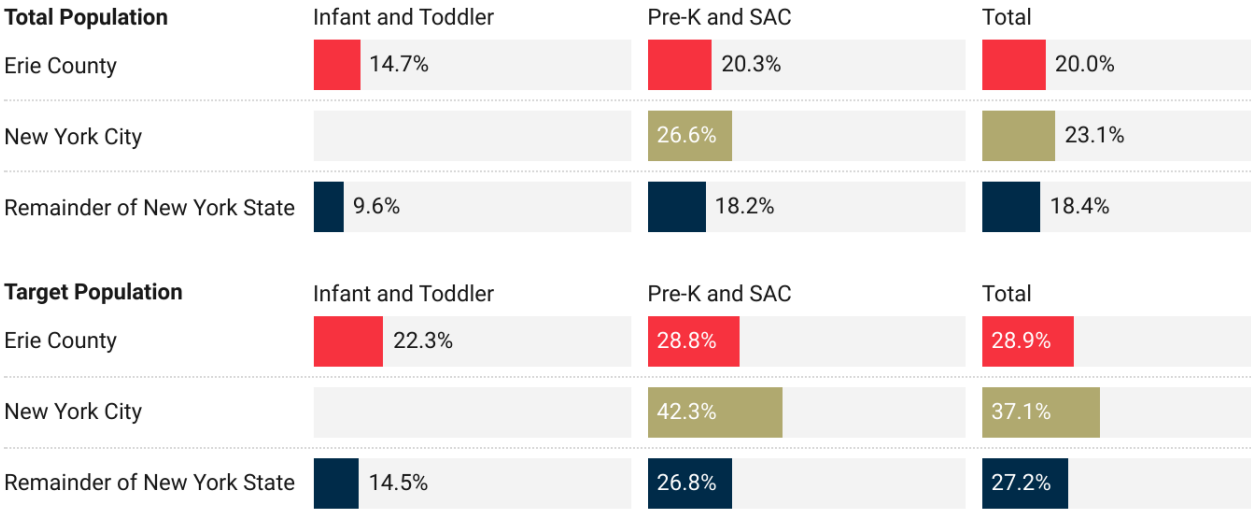
Answering that question is complicated by the fact that no data exist showing how many households demand, or wish to access, licensed child care services. To overcome this obstacle, prior research has compared the total capacity of licensed care facilities in a given location to the total population of children in the age groups served by those facilities.[5] This analysis adopts and also meaningfully extends that approach, by comparing licensed provider capacity not only to relevant total child populations, but to what is termed herein relevant "target" child populations. This report defines *target child populations* as all children who (a) are in the age ranges served by licensed providers (infant to 13-years-old[6]) and (b) live in households where all the adult members of the household are employed and working. Both populations – total and target – can be determined from person- and household-level records in the U.S. Census American Community Survey (ACS) Public Use Microdata Samples (PUMS) datasets.

Affirming findings from the Center for American Progress (CAP), **licensed care facilities in NYS only have enough capacity to serve one in five children in the overall population.** More precisely, recall that child care providers in NYS are licensed to accommodate 643,601 children between zero and 13 years of age. Across the state, there are roughly 3.14 million children in those age groups, meaning that the current supply of licensed child care only covers 20.5% of the total population. See Figure 5.

Zooming into the target population, there are 2.05 million children in NYS who live in households where all the adult members work. Thus, even for this subset of the total population, NYS is severely under-capacitated, able to accommodate just 31.4% of the target population. The following graph breaks these numbers down for three selected geographies: (1) Erie County, (2) New York City [Bronx, Kings, New York, Queens, and Richmond Counties], and (3) the remainder of the state (for lack of a better term, the rest of "upstate" New York). It further breaks the data out by two selected age groups: (i) infants and toddlers, age zero to three years, and (ii) pre-Kindergarten (pre-K) through school-aged children (SAC), age four to 13 years. Note that data on infant and toddler capacity for the five New York City Counties are not available in the OCFS public dataset.

FIGURE 5.

Percent of Total and Target* Child Populations that Can be Served by Licensed Child Care Providers in New York State, by selected geographic areas and child age groups



*The "target" population is defined as children living in households where all adult household members are employed and working.

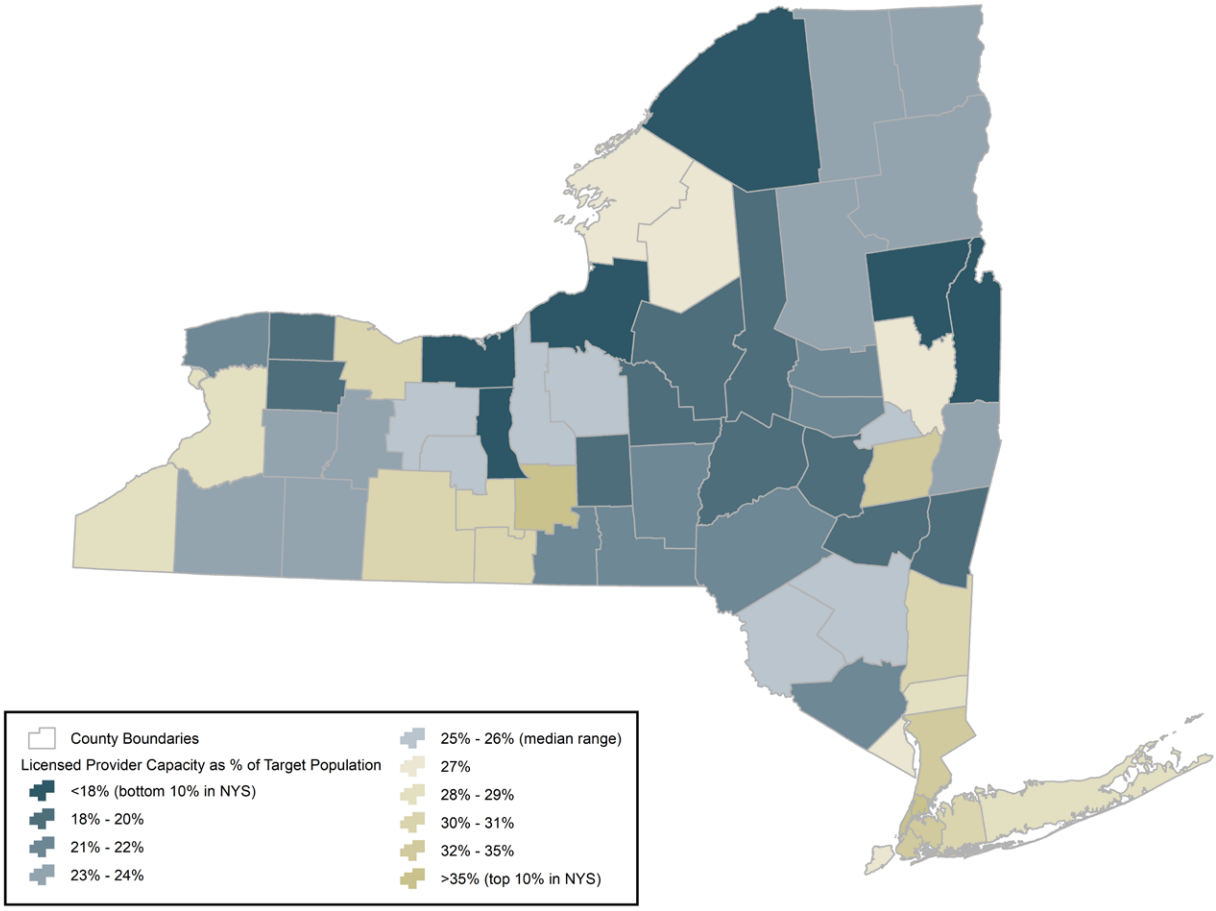
Infants and toddlers are defined as children under 5-years old. Pre-K and SAC (School-Aged Children) are defined as children between 5- and 13-years old. Capacity data for infants and toddlers in the five New York City counties are not available from the NYS OCFS.

Compared to NYS as a whole, which has enough capacity to serve 20.5% of the total child care population and 31.5% of the target population, EC's licensed care capacity appears somewhat low. Namely, **EC providers are licensed for enough slots to serve just 20% of the total population and 28.9% of the target population of children.** However, the preceding graph makes clear that the statewide mismatch between supply and demand is influenced by New York City (NYC), which has above-average levels of licensed care. Removing NYC from the analysis reveals that, relative to the rest of upstate, Erie County's paltry supply of licensed care (vis-à-vis potential demand) is actually in the upper end of the distribution.

Put another way, insufficient supply of licensed care is a statewide issue. The map below (Figure 6.) adds slightly more geographic precision to this claim, where county-level OCFS data on total capacity are merged with ACS PUMS data on the size of each area's target population. As intimated in the preceding graph, Erie County falls in the upper half of the distribution. Still, the County's providers only have license to accommodate fewer than three in ten children whose adult household members all work.

FIGURE 6.

Licensed Provider Capacity as Percent of Target Population



These findings strongly demonstrate that **licensed child care in Erie County is not – and is nowhere close to being – universally accessible.**

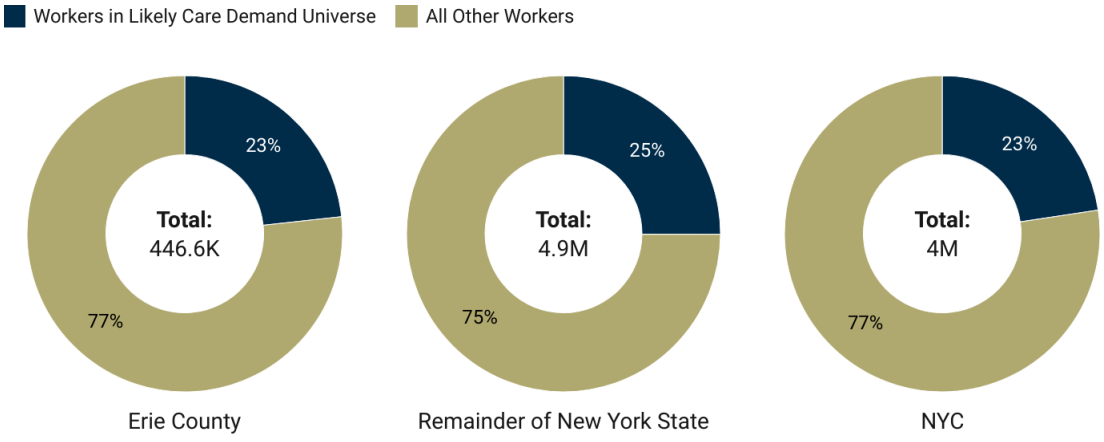
Brief Profile of Likely Child Care Demanders

In pursuit of equitable and universally accessible child care, the demand side of the equation is as important as the supply or capacity side. The likely child care demand in the analysis below is calculated using PUMS data, defining and identifying that segment of the population as workers who have one or more children of care age (zero to 13 years) and who live in a household where all the adult members of the home work.

Roughly 2.25 million workers throughout NYS fall into this population – nearly a quarter (24%) of statewide civilian employees. Figure 7 below breaks these numbers out by selected geography. Despite the coarseness of the spatial resolution involved, the graph shows that the size of the "likely care demand population" as a percentage of all workers is remarkably consistent across the state, with 23% of workers in EC and NYC, and 25% of workers in the remainder of upstate. Moreover, these figures are presumably undercounts of the actual care demand, given that many households with non-working adults still need child care services.

FIGURE 7.

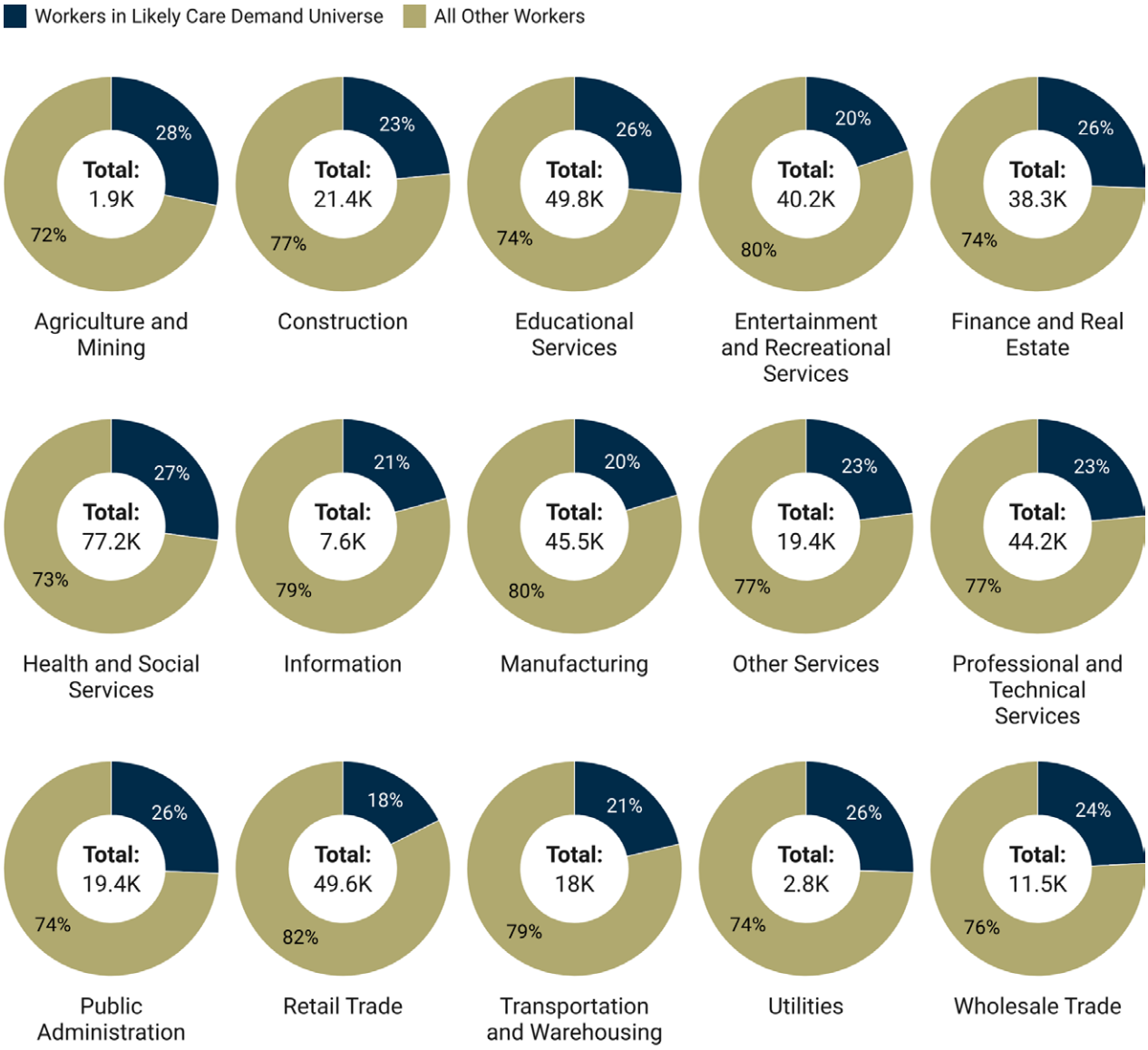
Likely Care Demand Population as a Percentage of the Civilian Workforce in New York State



The upshot is that, without child care, a massive chunk of economic activity in NYS and EC would quickly come to halt. As shown in the final pair of figures in this section below, there is not a single industry in EC from which working families with care-aged children are less than 18% of the workforce. Shown in Figure 8, the range is **between 18 and 28% of workers in all major economic industries in EC fall into the "likely child care demand universe." The County's leading employment sector – health and social services – is near the top at 27%.**

FIGURE 8.

Likely Care Demand Population in Erie County, by Industry



The occupational word cloud in Figure 9 drives home the point that child care affects all types of people. In Erie County, educators and health professionals are the most frequent types of individuals raising children in households where all the adults hold jobs; but that struggle is a widespread one. It affects people in all occupations, across all sectors. In other words, it is a struggle that unifies. It touches the working families that have to compete with one another for undersupplied care in the current system. It touches the providers that are currently racing to the bottom to supply care. And, perhaps most consequentially for transforming the existing system, it touches the economic actors – the firms and employers – who depend on working parents and guardians for a steady supply of labor in all sectors of the economy. At bottom, the widespread need for child care across the economy is evidence of **a mismatch between the distribution of child care costs, which are borne almost entirely by individual households, and child care benefits, which extend well beyond the families receiving care.**

FIGURE 9.


Technical writers
Dental assistants
Dishwashers
Word processors
Lodging managers
Graphic designers
Shipping clerks
Cafeteria attendants
Managers
Accountants and auditors
Computer support specialists
Radiologic technologists
Computer programmers
Occupational therapists
Security guards
Exercise trainers
Mechanical engineers
Carpet, floor, and tile installers
Information systems managers
Landscapers
Accountants and auditors
Printing press operators
Editors
First-line supervisors
Chief executives and legislators
Other agricultural workers
Manicurists
Food preparation workers
Computer support specialists
Information systems managers
Speech-language pathologists
Automotive body repairers
Maintenance and repair workers
Office clerks
Project management specialists
HVAC installers
Surface mining machine operators
Receptionists and information clerks
Nurse practitioners
Social workers
Cooks
Mechanics
Project management specialists
Marketing managers
Security guards
Childcare workers
Medical assistants
Tool operators and programmers
News analysts, reporters, and journalists
Fast food workers
Truck drivers
Construction equipment operators
Speech-language pathologists
Administrative assistants
Cleaners
Industrial engineers
Healthcare social workers
Janitors
Food servers
Medical and health services managers
Machinists
Industrial machinery mechanics
Firefighters
Construction managers
Claims and policy processing clerks
Web developers
Customer service representatives
Dietitians
Real estate brokers
Financial managers
Correctional officers
Childcare workers
Social workers
Construction laborers
Maids
Janitors and building cleaners
Computer systems analysts
Pharmacists
Licensed practical nurses
Flight attendants
Customer service representatives
Customer service representatives
Physicians
Bookkeeping
Cashiers
Lawyers
Retail salespersons
Counselors
Education Administrators
Clerks
Waiters and waitresses
Police officers
Registered nurses
Bartenders
Chefs
Elementary and middle school teachers
Paramedics
Carpenters
Maids
Pharmacists
Office clerks
Stockers
Architects
Accountants
Electricians
Exercise trainers
Janitors
Roofers
Personal care aides
Postsecondary teachers
Hairdressers
Laborers
Cooks
Secondary school teachers
Truck drivers
Nursing assistants
Desk clerks
Veterinarians
Accountants
Special education teachers
Physical therapists
Home health aides
Billing clerks
Underwriters
Insurance sales agents
Customer service representatives
Receptionists and information clerks
Material movers
Physician assistants
Teaching assistants
Automotive service technicians
Bill collectors
Janitors and building cleaners
Assemblers and fabricators
Customer service representatives
Cooks
Plumbers, pipefitters, and steamfitters
Clinical laboratory technologists
Bus drivers
Laborers and freight movers
Psychologists
Welding, soldering, and brazing workers
Preschool and kindergarten teachers
Real estate brokers
Cashiers
Accountants
Paralegals
Claims adjusters
Licensed practical nurses
Librarians and media collections specialists
Business operations specialists
Structural iron and steel workers
Bakers
Sales representatives
Personal care workers
Project managers
Compliance officers
Credit counselors
Respiratory therapists
Dental hygienists
Accountants
Sales representatives
Taxi drivers
Property managers
Painters and paperhangers
Masons and reinforcing iron workers
General managers
Chief executives and legislators
Retail salespersons
Business operations specialists
Financial advisors
Administrative support workers
Occupational therapists
Sales workers and truck drivers
Administrative assistants
Highway maintenance workers
Farmers and ranchers
Rehabilitation counselors
Sales representatives
Inspectors
Highway maintenance workers
Line installers and repairers
Mail carriers
Clergy
Administrative assistants
Management analysts
Statistical assistants
Detectives
Computer programmers
Producers and directors
Electrical engineers
Equipment operators
Registered nurses
Registered nurses
Tellers
Purchasing agents
Industry
Agriculture and Mining
Construction
Educational Services
Entertainment and Recreational Services
Finance and Real Estate
Health and Social Services
Information
Manufacturing
Professional and Technical Services
Public Administration
Retail Trade
Transportation and Warehousing

Occupational Profile

Occupational Profile of Child Care Workers

U.S. Census ACS PUMS occupational data reveal persons who self-identify as "Child Care Workers" to the Census Bureau when asked about their employment. There are 3,394 such persons represented in the most recent PUMS dataset for EC, roughly the same number as the BLS child care employment data summarized above. Of these self-identified child care workers, 84% state that they work for employers, while the remaining 16% identify as self-employed. This latter group is presumably where most Family Day Care (FDC) and Group Family Day Care (GFDC) providers are situated.

FIGURE 10.

Child Care Workers in Erie County, NY (2020)

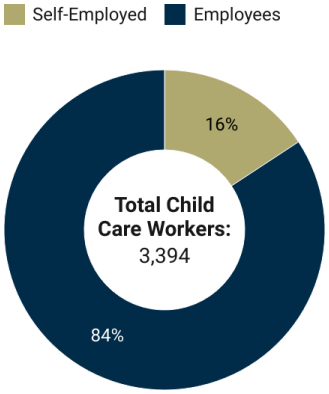
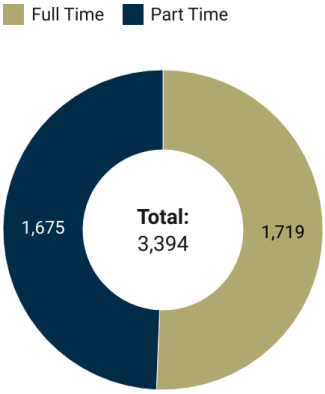


FIGURE 11.

Employment Status of Child Care Workers in Erie County, NY (2020)



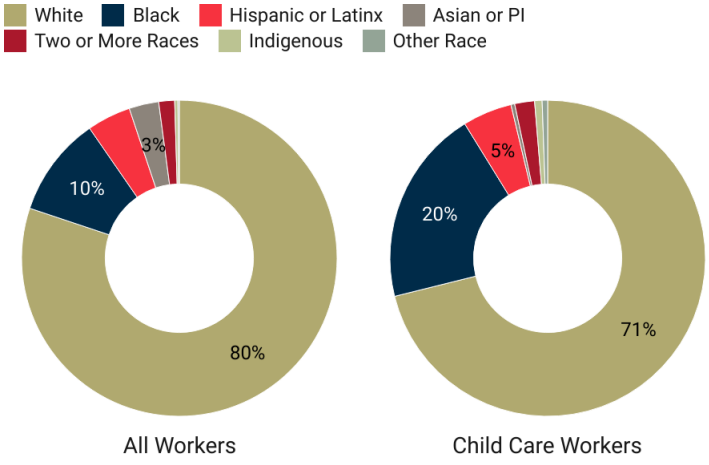
Just over half of EC child care workers report working at least 30 hours per week, which is taken to be "full-time work" for the purposes of this report. (Figure 11.) The proportion, nearly half, of child care workers who work part time even when there is a serious shortage of early care givers and educators is another sign of a labor market that is not working. Because wages and benefits are so low in this profession, it cannot attract full-time workers, leaving providers, especially family and group family facilities, to look to college students and others who can only work part-time to staff their enterprises. Like education in general, early child care educators also often work unpaid hours, expect to prepare lessons at home or go to trainings on their own time as "part of the job."

Further, under the current labor shortage of care givers, larger organizations serving more affluent families have an advantage in hiring full-time, highly qualified staff. Yet another example of how current inequality perpetuates and deepens economic, racial and gender inequality. For many providers, pressure to keep costs low may mean that workers are given only part-time work to remain ineligible for employer benefits. Or the flip side of that coin, workers may only be able to work part time in order to remain eligible for public benefits for health care, food stamps, housing or income assistance—ironically even for child care benefits. These public benefits are essential for low wage workers across the economy—workers earning well below family-sustaining wages. Current policies are a disincentive to earn a little more money but not enough to cover the loss of basic essential family supports. Employers and policy makers, including the Federal Reserve Bank, are beginning to grapple with this problem of the "benefits cliff."

With respect to race and ethnicity, roughly three of every ten child care workers identify with groups other than white, non-Hispanic/Latinx, compared to just two of ten workers countywide. Notably, child care workers are twice as likely (20%) as members of the broader EC workforce (10%) to identify as Black of African American. Stated alternatively, persons of color – especially Black persons – account for a disproportionately high share of EC's child care workforce.

FIGURE 12.

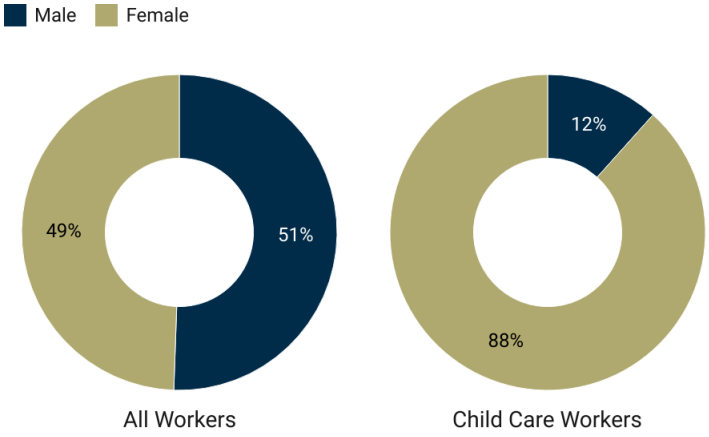
Race-Ethnicity of All (Left) and Child Care (Right) Workers in Erie County, NY (2020)



Next, reflecting the gendered nature of care work, child care workers in EC are predominantly women. (Figure 13.)Whereas the County's overall labor force is split relatively evenly between men and women, nearly nine out of every ten child care workers identify as women. **Child care is driven by women and persons of color, with women of color playing an especially outsized role in Erie County's care economy.**

FIGURE 13.

Gender of All (Left) and Child Care (Right) Workers in Erie County, NY (2020)



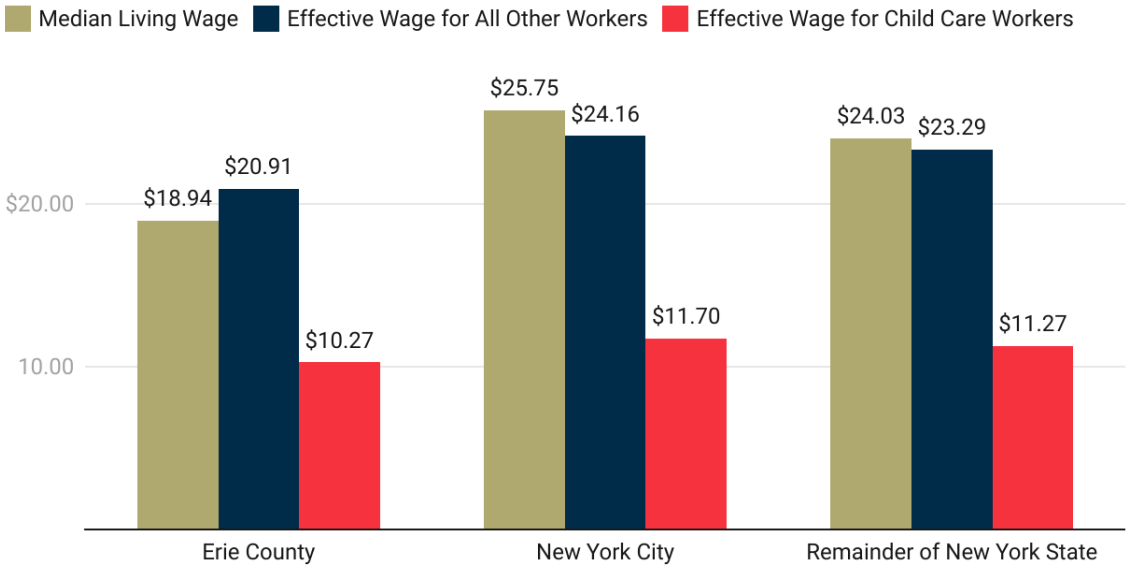
In addition to reporting their occupations and demographic characteristics, respondents to the ACS self-report the usual number of hours they work per week, the number of weeks they work per year, the total wages they earned during the past year, and whether they receive employer-provided health benefits. The first three of these values can be used to compute a worker's effective hourly wage, or the amount they receive per hour given the number of hours they work.[7]

As expanded on below in the Cornell Provider Survey Results, one consistent and persistent theme that emerged in focus groups with child care providers is that their work does not end when children leave for the day. Indeed, providers generally agreed that they work between 1,000 and 1,200 hours per year for which they are not compensated. For that reason, many providers report that they effectively earn less than New York State minimum wage, let alone a living or thriving wage.

ACS data support these claims. Figure 14 presents the median effective hourly wage for child care workers in EC, NYC, and the remainder of upstate NYS alongside median effective wages for all other workers (i.e., non-child care workers) in those three geographies. The graph also features, for each geography, a median *living wage* derived by assigning each worker represented in the PUMS dataset their location- and household-specific living wage from the MIT Living Wage Calculator, based on the number of adults, working adults, and children in their households.[8,9]

FIGURE 14.

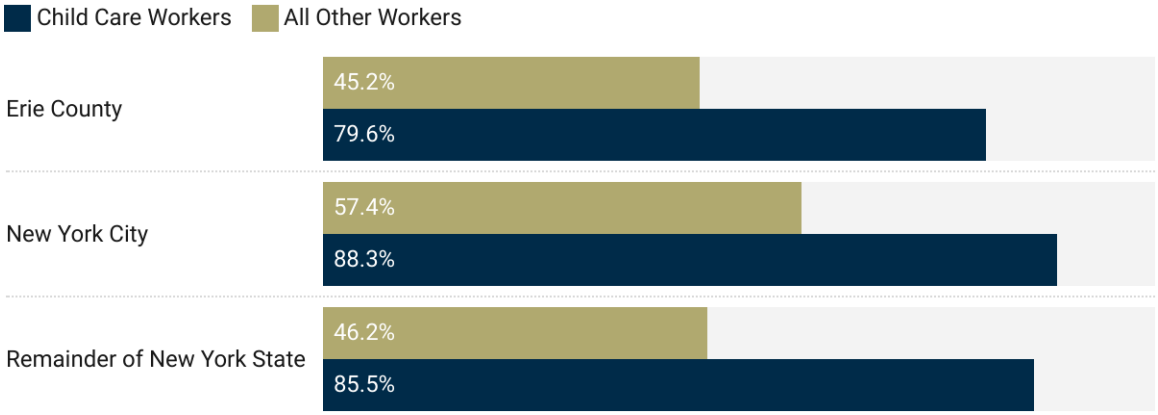
Median Effective Hourly Wages for Child Care Workers Relative to Median Living Wages, by Selected Geographies



In all three geographies across New York, the median effective wage for child care workers is less than half of the median effective wage for all other workers, and in all cases it falls below current minimum wage levels. Furthermore, in NYC and the rest of upstate, median child care wages are less than half of workers' median living wage (LW) based on their household characteristics (number of adults in the house, number of adults working, and number of children). In EC, median effective child care wages are nearly $9 per hour below the median LW that would cover local costs of living for many workers. In all, approximately four out of five child care workers in EC earn below their LW, compared to just 45% of all other members of the County's workforce.

FIGURE 15.

Percent of Workers who Earn Below their County's Living Wage*



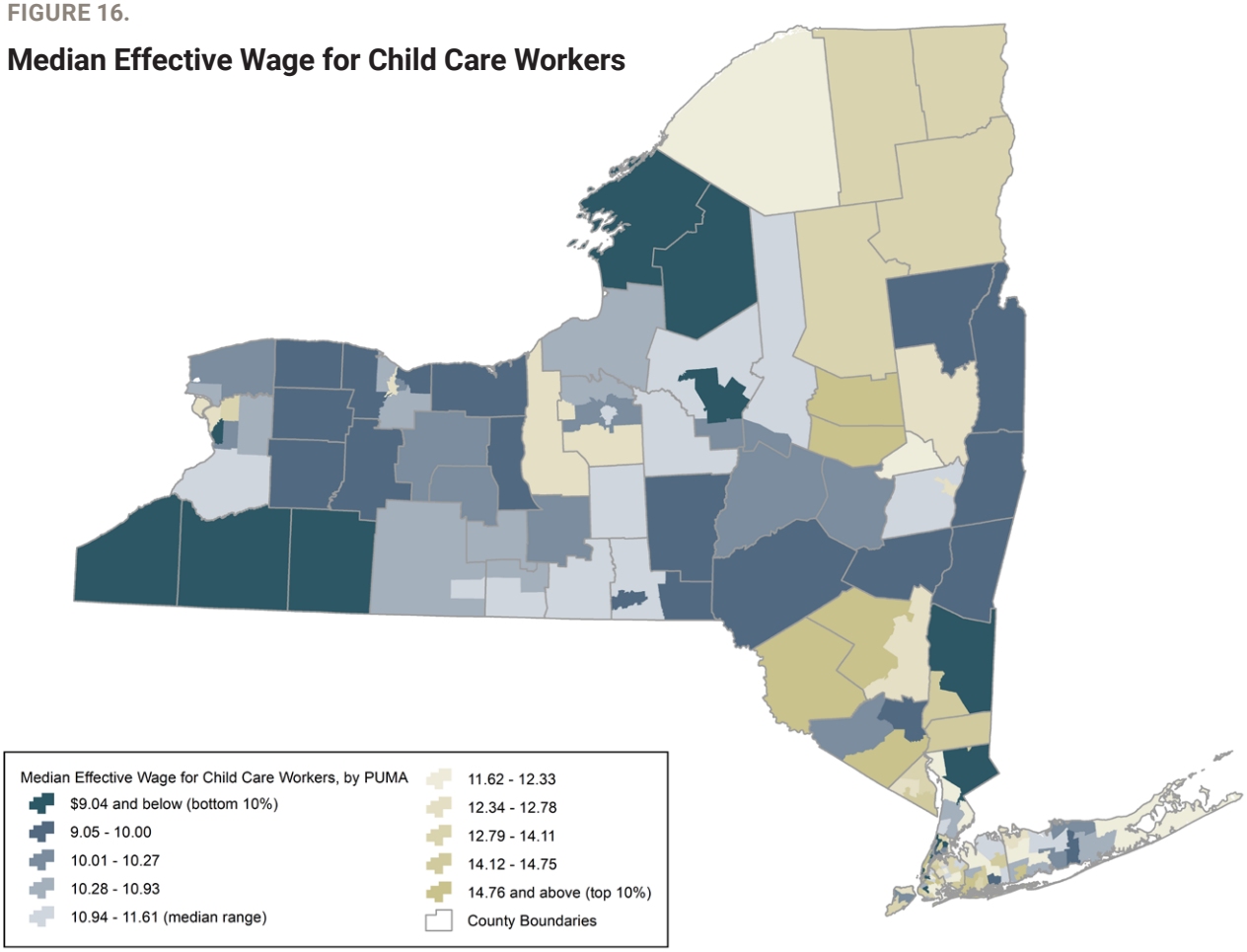
*Living wages are computed for each worker based on their individual household characteristics (# of adults, working adults, and children in household) using county-level estimates from MIT's Living Wage Calculator; effective hourly wages are computed using self-reported information on hours worked, weeks worked, and total earnings.

As shocking as that figure is—**80% of child care workers in Erie County earning below a living wage**—it is even worse in NYC and the rest of upstate. The reason for that outcome is that, according to the MIT LW Calculator, costs of living in EC are relatively low compared to much of NYS. Hence, the gap between median child care wages and the median LW appears somewhat smaller – though still appallingly large – than elsewhere in the state.

When data are geographically broken down to Public Use Microdata Areas (PUMA), inequality is strikingly evident within Erie County. As the following map reveals, **the median *effective wage* for child care workers in the East Buffalo PUMA is just $8.22 per hour.** After accounting for each child care worker's household characteristics (numbers of adults, adults working, and children) and consulting the MIT LW Calculator, **the median *living wage* for child care workers in East Buffalo is $26.51.** As such, the median effective wage is just 31% of the median living wage. That number (31%) is the eleventh worst ratio of median effective wage to median living wage of the 145 PUMAs in NYS. The observed median effective wage of $8.22 per hour in that location is likewise in the bottom 10% of the statewide distribution.

FIGURE 16.

Median Effective Wage for Child Care Workers

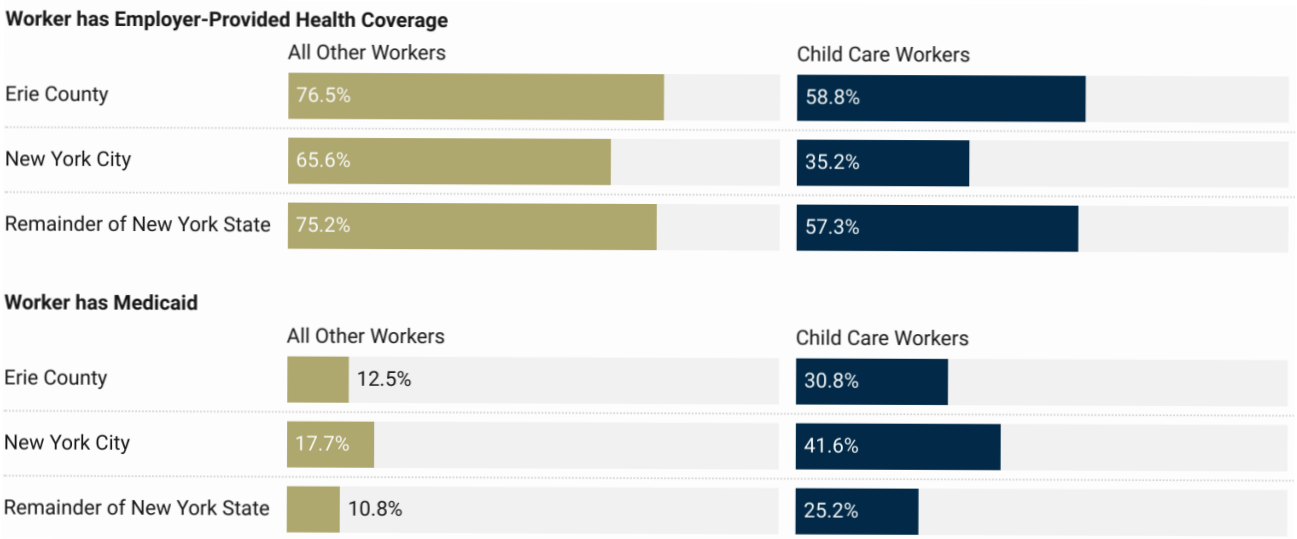


Corroborating earlier claims from the literature and expectations for this study, child care work in EC is low-wage, precarious, gendered, and racialized work—a conclusion that bears repeating. As noted above, because of the industry's extremely poor compensation levels, child care workers are much more likely than other members of the workforce to receive government benefits like Medicaid, Food Stamps, and public assistance income – and much less likely to receive workplace benefits like employer-provided health coverage.

Notably, as shown in Figure 17, workers in Erie County enjoy higher rates of employer-provided health coverage than those in either the region of NYC or the rest of upstate NY. Due in part to the role of unions in local economic history, more than three-fourths of the EC workforce has employer-provided health coverage. However, **less than 59% of child care workers receive health coverage through their employers, and 30.8% rely on Medicaid for health care.**

FIGURE 17.

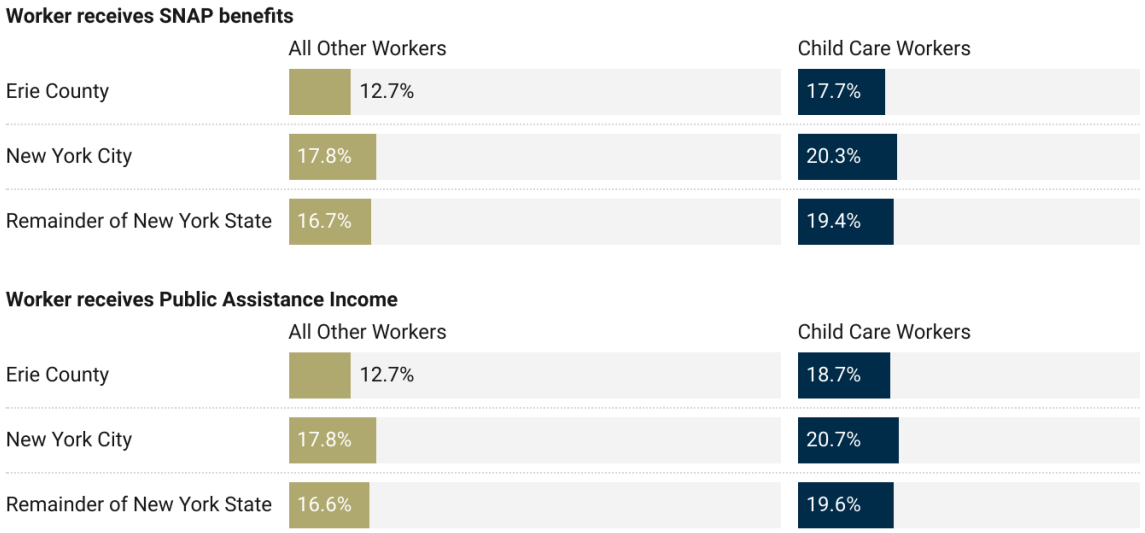
Selected Health Coverage Indicators for Child Care Workers



Similarly, as noted above, low wages in child care leave care givers and educators eligible for other anti-poverty benefits: In Erie County, **nearly 18% of child care workers receive SNAP (food stamp) benefits, while nearly 19% rely on public assistance income.** To avoid the consequences of the benefits cliff, child care providers report the use of gift certificates and other forms of nonmonetary payments in lieu of increased compensation.

FIGURE 18.

Selected Economic Indicators for Child Care Workers



Early child care and education is, to state the obvious, a critically important occupation. A profession that demands extraordinary dedication, compassion, skills and knowledge—one that literally shapes our future through the social and intellectual development of babies and children. Yet, like sister occupations in the care economy, it is grossly undervalued in the market-driven system of child care. Decades of experience and well-researched evidence have established beyond a reasonable doubt the public value of quality child care. To achieve universal and equitable quality child care will require reform that transforms the system into one that functions as a public good, not as an optional service for those who can afford it, performed by underpaid workers with little chance for family-sustaining wages or professional advancement.

Survey Results

Cornell Survey of Child Care Providers: Challenges and Costs of Care in Erie County

Secondary source economic data on the child care industry, summarized above, made it clear that child care work is underfunded in Erie County. Workers, on balance, earn low wages and most lack essential job-related benefits like employer-provided health coverage. That fact that the number of child care employees in the County has been falling is not coincidence. Upward pressure on wages in other traditionally low-paying industries (e.g., retail and food service) might be acting as a pull factor – pulling workers out of child care and into higher paying jobs. At the same time, financial strains on providers, made worse by the pandemic, are concurrently pushing workers out of the industry via temporary or permanent layoffs or business closures.[10]

In November 2021, the Cornell ILR research team, working with a professional survey organization, sent an on-line survey to all 499 Erie County licensed providers. Incentivized with a $25 gift certificate, providers completed the survey with a 46.9% rate, yielding 234 valid responses. Both the spatial distribution of respondents and the breakdown of responses by program type were well-matched to population totals. Moreover, the survey achieved better response rates than the New York State market survey in all program types.

The survey was designed to identify and quantify gaps in the current system: gaps between actual operating costs and NYS subsidy support; gaps between current wages and living wages; and equity gaps in access, affordability, and sustainability. Such numbers allow for an assessment of the existing, premier public sector program for making child care more accessible, which, in turn, can produce vital implications for conceiving of and implementing transformational changes to the prevailing system.

The survey was supplemented by four focus groups with EC child care providers, one for each care modality. In this analysis, survey results are also presented in terms of those four categories used by the NYS OCFS:

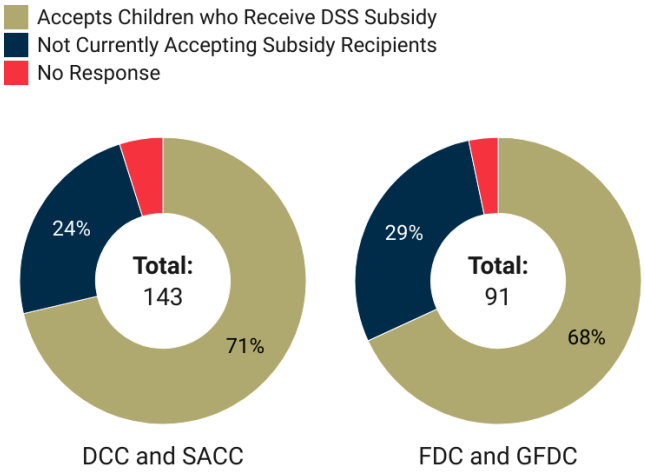
- Family Day Cares (FDCs)
- Group Family Day Cares (GFDCs)
- Day Care Centers (DCCs),
- School-Aged Child Care (SACC).

Moreover, because the subsidy is administered through the EC Department of Social Services, and providers therefore speak of "DSS subsidies," that term is also used in these survey results.

Altogether, **70% of responding providers noted that they accept and care for children who receive child care subsidies.** Countywide, DCC and SACC programs were slightly more likely than FDC and GFDC programs to indicate that they accept children who receive subsidies. (Figure 19.) However, children receiving subsidies make up a greater percentage of children served at FDC and GFDC facilities compared to DCC and SACC programs – the median share of DSS-subsidized children is 33% at FDC and GFDC facilities, but only 13% at DCC and SAC programs.

FIGURE 19.

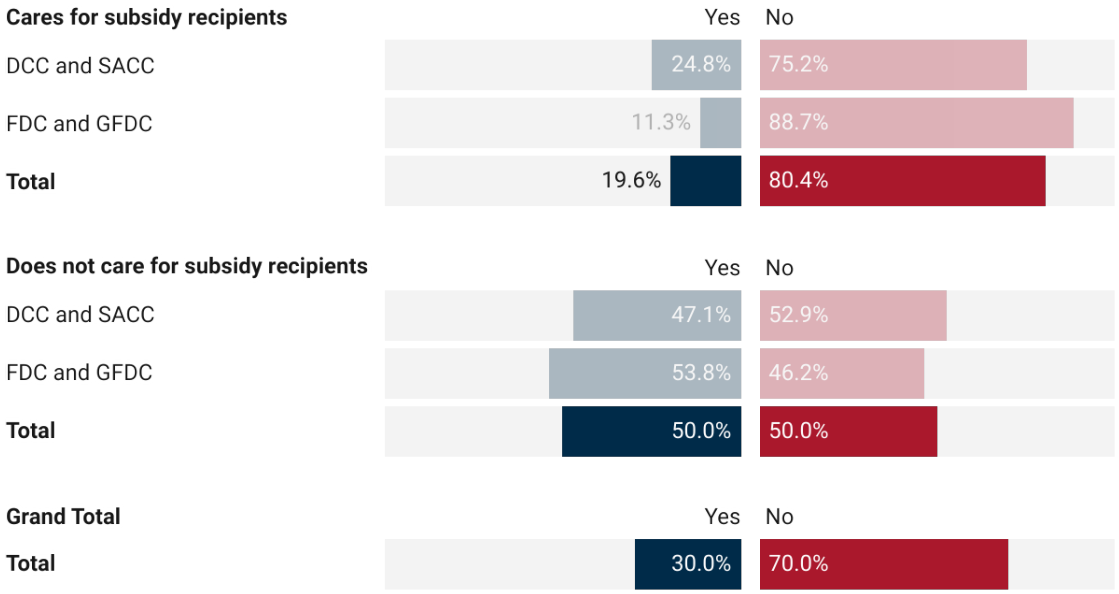
Erie County Child Care Providers by Program Type and Care for Children who Receive DSS Subsidies



As shown in Figure 20, seven out of every ten survey respondents also indicated that they currently do not make enough money to offer the level and quality of services they wish to provide. However, the situation is much more severe for DSS subsidy recipients. Over 80% of subsidized providers do not generate enough revenue to provide desired levels of care, compared to just 50% of their counterparts who rely more heavily on other funding sources (especially parent private pay). The implication is that the **facilities serving more financially disempowered children are themselves more financially disempowered.**

FIGURE 20.

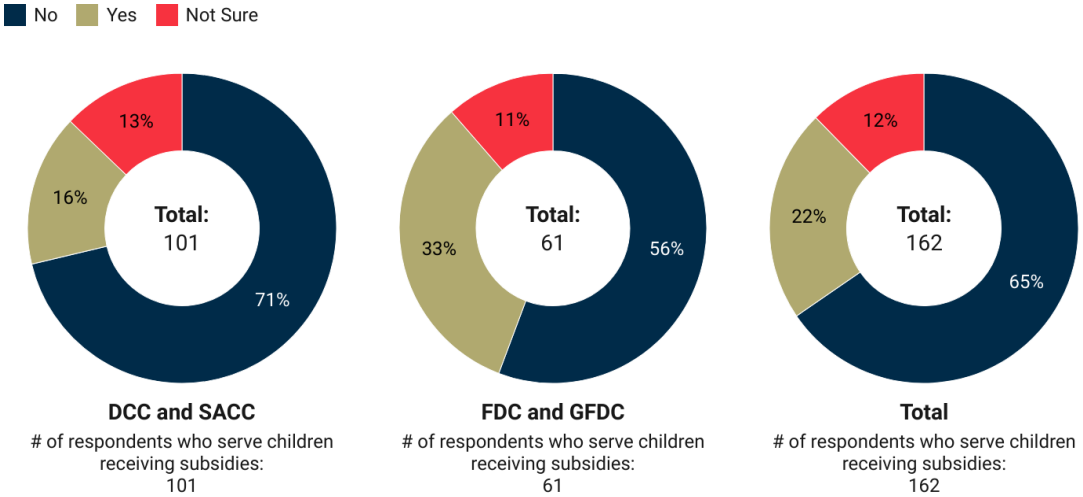
Is your child care business making enough money to provide the services you would like to provide?



Echoing the previous finding, roughly two-thirds of respondents who accept DSS subsidies agree that existing subsidy rates do not cover their current costs of care – suggesting that the rates are well below an amount that would allow providers to offer their desired levels of care.

FIGURE 21.

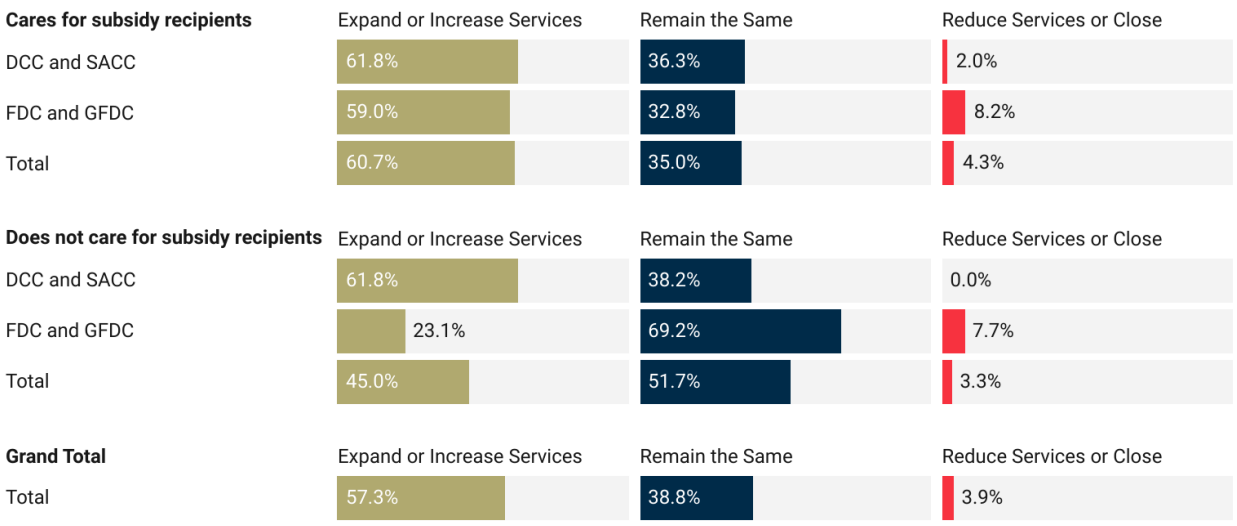
Does the current Erie County DSS child care subsidy fully cover your costs of providing care for the child(ren) receiving the subsidy?



One potential consequence of insufficient DSS subsidy rates is unrealized capacity. Whereas most providers (51.7%) who do not accept DSS subsidies wish to continue operating at their current scales over the next two years, more than three-fifths (60.7%) of subsidy recipients expressed a desire to expand or increase the services they currently offer.

FIGURE 22.

What are your goals for your child care business in the next two years?

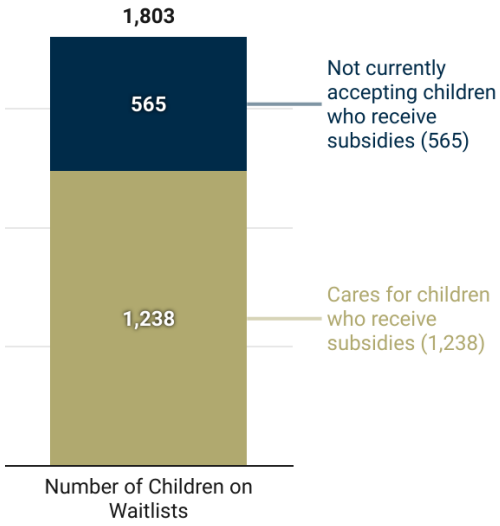


Unlocking the latent capacity described above might help to address at least some existing mismatch issues. Namely, 101 survey respondents (81.2% of which were DCC and SACC providers) reported having waitlists, with 1,803 total children represented on those lists (note: it is not possible to know how many children appear on multiple lists).

Roughly 69% of those 1,803 children are on waitlists at providers who accept DSS subsidies. Recall that such providers were much more likely than non-subsidy recipients to express a desire to expand. Nevertheless, most providers – including those with waitlists – are currently caring for fewer children than the number for which they are licensed. DCC and SACC providers who do not accept DSS subsidies have the highest median number of seemingly unused slots, at 13. However, focus groups revealed that at least some of this ostensible "excess capacity" is likely to be temporary, as providers are holding slots for families whose schedules and employment have been affected by the COVID-19 pandemic.

FIGURE 23.

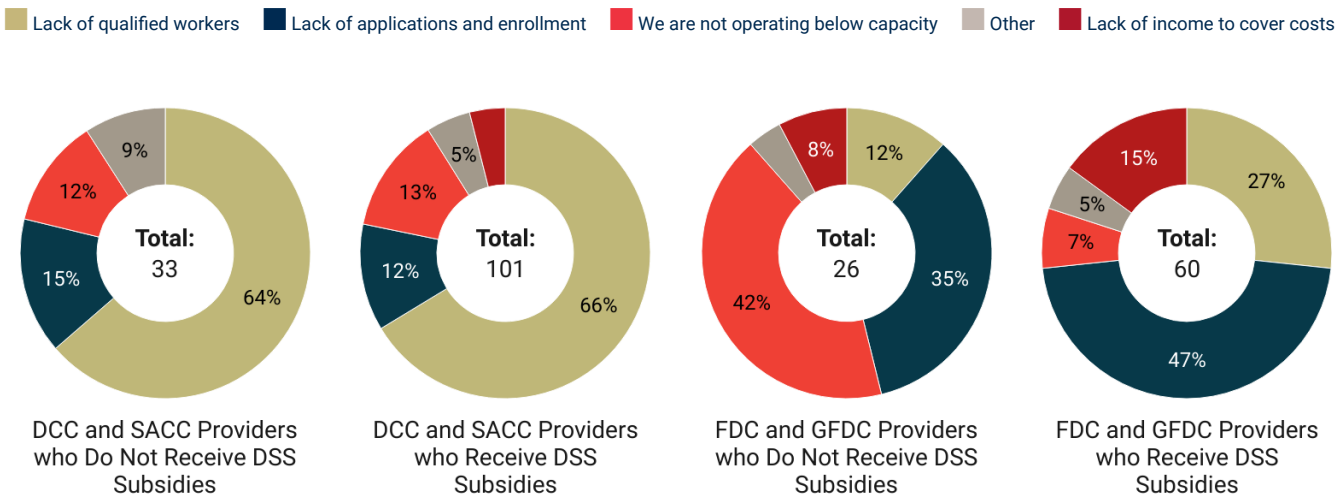
If you have a waitlist, how many children are on it currently?



Those child care providers who reported operating below capacity pointed to a lack of qualified workers as the main reason why. (Figure 24.) For FDC and GFDC providers, the plurality of non-subsidized respondents are not operating below capacity. Those that are, though, cite insufficient applications and enrollment—which is the same barrier facing FDC and GFDC providers who accept DSS subsidies, and who experienced lower enrollments during the pandemic.

FIGURE 24.

If you are operating below capacity, what is the primary reason?



To this point, survey data have shown that EC child care providers, on balance, are not making enough money to offer the quality and level of services they wish to offer – and that this tendency is especially true for providers who accept children on DSS subsidies. Along those lines, an important question is: into which areas would providers prioritize investment if they had sufficient funding?

Despite the difference between subsidy-accepting and non-subsidy-accepting providers observed thus far, median rankings of both groups of respondents were identical when asked to prioritize eight categories of investments. **Higher salaries and better benefits for current staff, additional staff, and capital improvements top the priority list.**

FIGURE 25.

Please rank from most important (1) to least important (8) the categories of spending you would prioritize with additional funding

Spending Category	Priority (1=Most Important)
Increase wages, benefits, offer staff development	1
More staff	2
Larger or renovate existing space	3
More outdoor space, new play area	4
Arts/crafts/toys/technology/field trips	5
Books	6
Baby equipment	7
Other	8

Consistent with the secondary BLS and U.S. Census ACS PUMS data summarized earlier, the providers who participated in the survey and focus groups collectively agree that resources are too scarce in their industry to offer salary and benefits packages that fairly and adequately compensate child care workers (including themselves). Poor compensation, in turn, makes it difficult for providers to attract and retain qualified staff. Simply, current prevailing wages for child care work in EC are a major barrier to expanding the size of the industry and enhancing the quality of care.

Mirroring the ACS and BLS data, survey respondents report that nearly seven of every ten workers at their establishments (67.6%) earn at or below $15/hour. Recall that ACS data suggested that nearly 80% of EC child care workers earn below a living wage. The ACS estimate is slightly higher than the information obtained from survey respondents, however that may be due to the fact that the child care workforce shrank by 11% between 2019 and 2020. At least some of that contraction is probably attributable to COVID-19. Because pandemic-related job losses have been concentrated at the low end of the pay scale, it is reasonable to expect that the recent losses in child care jobs in EC followed that pattern.

Accordingly, the slightly lower fraction of low-wage workers reported by survey respondents relative to ACS data is plausibly due, at least in part, to fewer sub-$15/hour earners in the workforce now compared to when the ACS data were collected. **The plurality of employees at DCC and SACC facilities earn $12.51-$15/hour; while the majority of FDC and GFDC providers earn at or below the 2021 year-end EC minimum wage of $12.50/hour.**

FIGURE 26.

Percent of Erie County Child Care Workers who are Paid at or Below $15 per hour

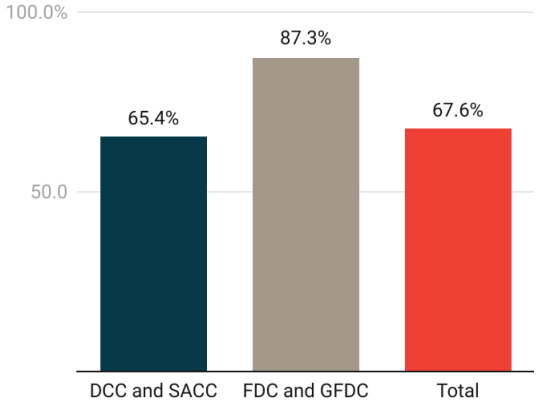
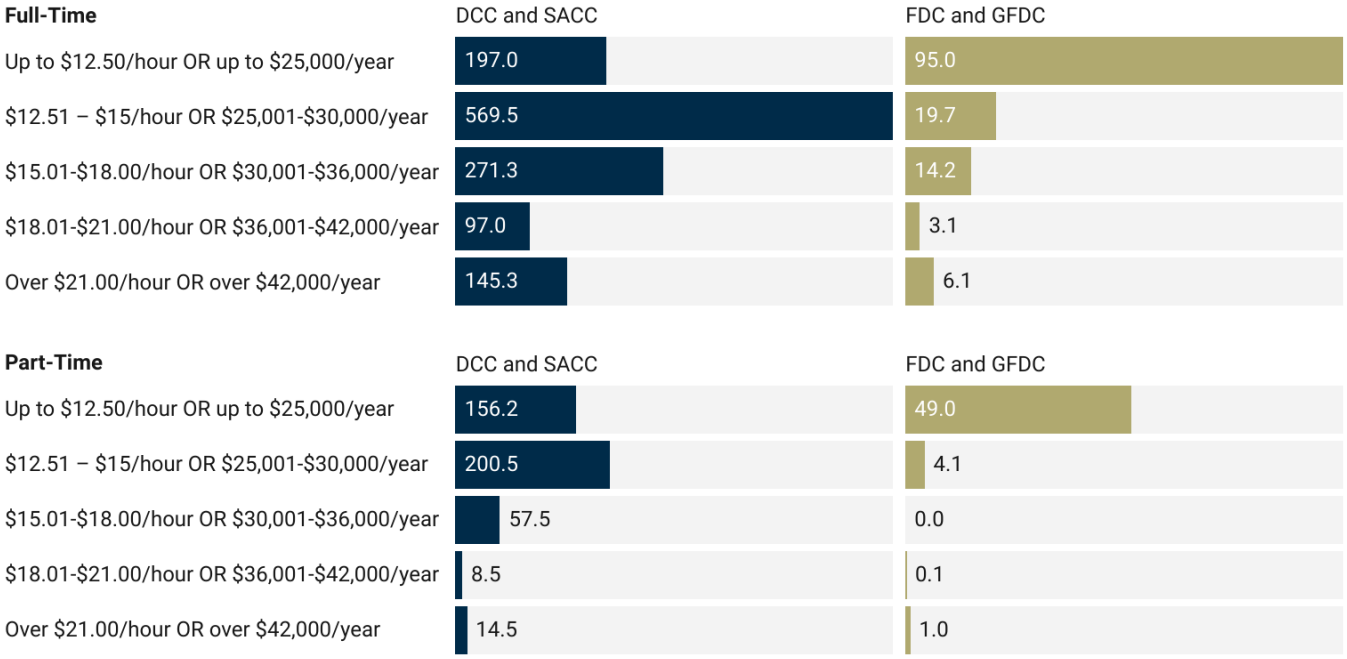


FIGURE 27.

How many employees working at your facility fall into each of the following pay ranges?



Full-time >= 30 or more hours per week; Part-time < 30 hours per week

Assuming that FDC and GFDC providers tend to be self-employed, while workers at DCC and SACC programs tend to be employed by others, data provided by survey respondents are quite consistent with data reported by self-identified child care workers in the ACS PUMS. Namely, recall that ACS data showed that 84% of child care workers work for employers, with the remaining 16% self-employed. Using the preceding logic – as well as the employment levels reported in the preceding figure – 89.9% of staff represented in the survey work for DCC or SACC programs, with the remaining 10.1% working at FDC and GFDC facilities. The relative correspondence between sample data and data from authoritative external sources implies that information on personnel and non-personnel costs provided by survey respondents should paint a realistic picture of the cost of child care in Erie County.

Approximately half of respondents were unable to provide complete data on their personnel and non-personnel costs. About 20% of those respondents who did supply complete data came from facilities that do not receive DSS subsidies. Thus, the analyses that follow are based on a subset of the survey sample: providers who receive DSS subsidies and who supplied usable cost data. Even despite missing data, though, cost estimates obtained from the self-reported survey data are highly compatible with statewide cost estimates from the Center for American Progress (CAP).[11] The table below presents average values, by provider types, for key cost variables.[12]

FIGURE 28.

Average Values of Key Cost of Care Variables for Erie County Child Care Providers, by Program Type

PROVIDER TYPE	DCC AND SACC	FDC AND GFDC
Personnel Costs as a Percent of Total Costs	64.2%	45.8%
Staff Members	14	4
Estimated Wages and Benefits (Annual)	$383,751	$85,183
Estimated Wages and Benefits per Staff Member	$28,692	$21,895
Estimated Non-Personnel Costs (Annual)	$259,370	$137,671
Estimated Total Costs (Annual)	$643,121	$222,855
Children Currently Serving	56	11

Not surprisingly, FDC and GFDC facilities, on average, have smaller staffs and serve fewer children than DCC and SACC programs, and their workers appear to earn lower average wages. Importantly, though, family providers report that non-personnel costs constitute a significantly higher share of their total costs (on average). This finding fits with anecdotal evidence obtained in two focus groups that were held with FDC and GFDC providers. The providers, who all operated out of their homes, stressed that they are essentially always "on duty" – cleaning, making repairs, shopping for supplies while running household errands – because they spend most of their time at, and stewarding, their home-workplaces.

Focus group participants uniformly agreed that they work 1,000 to 1,200 hours per year that go uncompensated, and that they are never able to fully "write off" their true expenses on their tax returns because their work-related expenses are so intermixed with their household expenses. When asked about their greatest costs, one provider responded: ***"My biggest cost is what I'm not getting by doing this job."*** Economists refer to this concept – what one could earn if they used their time and resources for some other purpose – as an *opportunity cost.* It was clear during the focus groups that FDC and GFDC providers are fully aware of their opportunity costs – suggesting that their tendency to report higher relative non-personnel costs than DCC and SACC providers might reflect an inherent accounting for these [non-monetary] costs in their survey responses.

One consistent theme to emerge in all four focus groups conducted by the researchers – but especially in the two that featured at-home providers – is that providers feel that they are unable to raise rates to desired levels because they will lose clients to lower-cost alternatives. As an extreme example, there is a near-universal fear among providers that federal funding for universal Pre-K will see most families with Pre-K-aged children opt out of the existing provider landscape in favor of public schools. Hence, providers feel pressure to "race to the bottom" – artificially keeping costs low by driving their costs (especially labor) down to unsustainable levels. These observations about the ways in which market pressures push providers to charge below-true-cost rates imply that **the existing, market-price-based DSS subsidy rate schedule does not reflect true costs of child care.**

The NYS DSS subsidy schedule for EC at the time of the survey is shown below. Each value represents the weekly subsidy payment that a provider would receive if a student in the given age group were to attend the provider's facility on a full-time basis for an entire week.

FIGURE 29.

Current NYS Child Care Market Subsidy Rates for Erie County

PROVIDER TYPE	DCC AND SACC	FDC AND GFDC
Infant	$280	$190
Toddler	$264	$185
Pre-K	$245	$180
School-Aged	$215	$175

Providers receive these subsidy amounts based on attendance, not enrollment. For example, if a DCC cares for one infant whose tuition is subsidized by DSS, then the provider is paid the full rate of $280 per week for that infant only if the infant attends the facility full-time for the whole week. If the infant is ill or otherwise unable to attend the facility for, say, three days during a single week, then the provider will only receive the daily subsidy rate ($59/day) for the two days that the child was in the provider's care. Thus, even though the provider's costs remain the same – staff, utilities, supplies, etc. – they are subsidized by only $118 (2 days x $59/day) rather than the weekly $280 rate they would normally receive.

This payment system based on attendance rather than enrollment means that providers essentially never receive the full value of the subsidy for any given child over the course of a year – a point that was made and reinforced with strong emphasis by all subsidy-accepting providers during the four focus groups. Therefore, applying the full

weekly subsidy rates to the number of subsidized children that each provider has will meaningfully *overstate* the amount of funding that a provider actually receives. The research team therefore adopts a conservative assumption that a provider receives, on average, 75% of the full subsidy value for each subsidized child in their care. Based on focus group conversations, even this assumption is likely to overstate a provider's actual amount of subsidy received. However, absent more exact figures, the 75% assumption allows for a useful starting point.

Toward that end, the description that follows shows the average dollar figure per child of child care for four values: 1 and 2 being calculations of NYS subsidy rates, 3 being survey-reported current actual costs per child, and 4 being actual current costs plus wage increases to better approach living wages.

Subsidy 1 applies current weekly NYS subsidy rates to the number of subsidized children self-reported by providers, adjusting for the ages of children served by the providers. It then multiples that total by 75% and divides by the number of children receiving subsidies. This is essentially the status quo.

Subsidy 2 assumes that providers receive full weekly rates for all subsidized children in their care. In other words, subsidy payment is made on enrollment rather than attendance and subsidized children are assumed to attend full-time on a year-round basis.

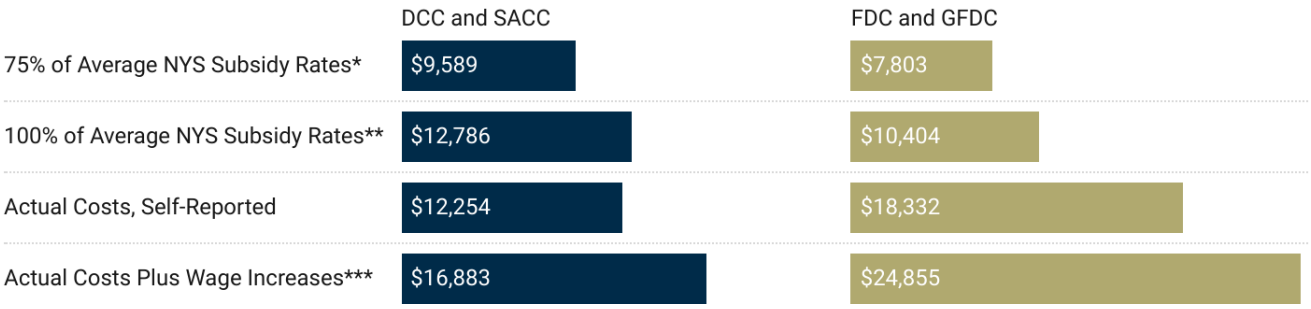
Actual Costs sums self-reported personnel and non-personnel costs and divides by the number of children currently in a provider's care. Because respondents were asked for the total number of children in their care – and not the number of full-time children – costs per child will appear artificially low for providers who care for relatively many part time children (i.e., the denominator in the ratio of total cost to number of children served will be higher).

Actual Costs Plus Wage Increases begins with the self-reported costs from Actual Costs and adds the cost of increasing the wages of all staff members, while holding all other costs (benefits and non-personnel costs) constant. The following wage increases were applied:

- Hourly wages for full-time (FT) staff were set to $25/hour, which is roughly what federal minimum wage would be if minimum wage continued to track with productivity as it had up until the 1960s. Hours for all FT staff were set to 40.[13]
- Hourly wages for part-time (PT) staff were set to $20/hour, which is the midpoint between the roughly $15/hour "living wage" for a single adult without children in EC[14] and the $25/hour rate described above. Hours for all PT staff were set to 20.

FIGURE 30.

Approximate Annual "Cost" Per Child of Child Care, Under Selected Calculations



*Based on self-reported classroom sizes and total number of DSS-subsidized children.
**Assumes that all DSS-subsidized children attend full-time, year-round, and providers receive full weekly rates for all subsidized children.
***Higher Staff Wages are set at $25/hr for FT workers and $20/hr PT. FT and PT were set at 2,080 and 1,040 hours per year, respectively.

The above graph reaffirms that NYS subsidy rates fall short of covering the costs of child care in EC. To better understand the typical gap between subsidy rates and costs of care, the research team computed the difference between the provider's estimated annual subsidy received per child per year (which the researchers set at 75% of the subsidy if all subsidized children received the full weekly rate), and the cost per child per year implicated in the provider's self-reported data. (In other words, for each provider, the researchers computed the difference between Subsidy 1 and Actual Costs as described above.) These provider-by-provider gaps are then expressed in weekly terms to indicate how much current subsidy rates fall short of covering provider costs. These values are contained in the table below.

FIGURE 31.

Gap Between 75% Average NYS Subsidy Rate and Actual Cost of Care

PROVIDER TYPE	TYPICAL WEEKLY GAP PER CHILD	APPROXIMATE GAP PER CHILD PER MONTH	APPROXIMATE GAP PER CHILD PER YEAR
DCC and SACC	$53	$230	$2,756
FDC and GFDC	$107	$464	$5,564

The data suggest that, on average, subsidies fall short of covering costs of care by $53 per child for DCC and SACC providers, and $107 per child for FDC and GFDC providers. However, recall that most providers who accept DSS-subsidized children (61%) indicated that they hope to expand – and more than 80% of such providers stated that their current financial constraints are preventing them from providing the quality of services and/or the quality working environment for their employees that they wish to offer. Accordingly, it is useful to think about gaps not just between *existing* subsidy rates and costs of care for current services, but also between subsidy rates and the costs of *raising quality* in the industry (both of care and for child care workers).

Actual Costs Plus Wage Increases is a measured first step for enhancing quality in the child care industry: raising workers' wages (while holding all else constant). In general, fairer compensation is tied to worker happiness and productivity, and higher wages are associated with lower worker turnover. Providers recognize these relationships. Attracting and retaining quality staff was cited by providers as a major barrier to fulfilling their ambitions; and paying staff fairer wages was, on balance, the highest priority of survey respondents, as noted earlier. This modest, conservative, proposal simulates provider costs if full-time workers were paid $25/hour for 40 hours/week of work and part-time employees were paid $20/hour for 20 hours/week. According to the most recent BLS Employer Cost for Employee Compensation survey (for June 2021), the national average wage in the Educational and Health Services industry is $28.26/hour for FT employees and $22.76 for PT employees. In that respect, the wage rates used in the proposed increase are slightly below the national industry-wide average. These wages should therefore be considered a floor rather than a ceiling. Ideally, efforts to raise wages in child care will aim higher and include additional funding for employee benefits.

Using the same methodology, Figure 32 shows by how much current subsidy rates fall short of covering costs in this hypothetical, hoped-for scenario of Actual Costs Plus Wage Increases. **Implementing these compensation increases, which would allow providers to begin addressing their #1 priority of raising staff wages, would require increases in weekly subsidy rates of around $140 per child for DCC and SACC providers and $240 per child for FDC and GFDC providers.**

FIGURE 32.

Gap Between 75% Average NYS Subsidy Rate and Actual Cost Plus Wage Increases

PROVIDER TYPE	TYPICAL WEEKLY GAP PER CHILD	APPROXIMATE GAP PER CHILD PER MONTH	APPROXIMATE GAP PER CHILD PER YEAR
DCC and SACC	$141	$611	$7,332
FDC and GFDC	$240	$1,040	$12,480

These numbers confirm what providers unanimously conveyed in four focus groups: the true cost of quality child care is steep – and rightly so, given how essential child care is to all other social and economic activity. After all, as the pandemic is continuing to show, if parents and guardians are not confident that their children can be cared for in a safe, enriching, and yet affordable environment, then they might leave the workforce altogether in favor of at-home caregiving. The more that workers (predominantly women) assess and potentially make this trade-off, the lower the labor force participation rate – and the more likely it becomes that employers in other sectors raise concerns of "labor shortages". Investing in quality child care is a critical investment into a better functioning, more equitable and democratic economy.

The inadequacy of means-tested subsidies as the primary public support for child care can be illustrated by identifying the scale of households in Erie County most likely to qualify for and need access to DSS subsidies in the current system. Using ACS PUMS data, this universe of "likely subsidy candidates" was identified using the following criteria:

- At least one adult member of the household receives one of the following public benefits: Medicaid, Food Stamps, or Public Assistance Income
- All adult members of the household work
- There is at least one child in the household of care age (between 0 and 13 years).

Households that simultaneously exhibit all three criteria were coded as "likely subsidy candidates". In all, 25,060 households in EC (6.8% of all households) fall in this universe. Data from Erie County's Emergency Child Care Task Force in January 2022 revealed that, at that time, there were 2,270 children receiving DSS subsidies throughout the County. Assuming that each of those subsidy recipients comes from a unique household – which is a conservative estimate, since it is more than possible that some subsidy recipients are siblings – the implication is **that DSS subsidies reach only one in eleven (9.1%) of "likely subsidy candidate" households in Erie County. As noted above, nationally, Center for American Progress researchers estimate that child care subsidies reach one in seven children.**

Collectively, then, the analyses in this subsection offer strong evidence that the prevailing public "fix" for making child care accessible to low-income families is both wildly under-scaled – reaching a small fraction of families in need – and far too small in magnitude to cover the true costs of providing quality care. In short, the public solution of means-tested subsidies upholds and reinforces the ills of the current market care system – the race to the bottom in wages and benefits, the antisocial competition that allows affluent families to access care while leaving low-wealth families behind – while merely making conditions marginally less worse for a small fraction of families and providers.

Policy Steps Forward

Child Care as a Public Good: Policy Steps Forward

Must it always require a national emergency?

Public funding for child care in the U.S. dates back to the Great Depression of the 1930s. As part of the Works Progress Administration, the federal government created over 3,000 Emergency Nursery Schools. Opened within public schools, these centers were designed to create a healthy educational environment for impoverished children and to provide jobs for unemployed teachers, nurses, cooks, and janitors at a time when unemployment was 25 percent.[i ii]

Support surged again as the country mobilized for World War II, when federal funds established free child care centers, especially in industrial areas like Buffalo, where women were desperately needed as workers in the massive factories cranking out airplanes, helicopters, engines, munition, even uniforms for the war. The end of the war was also, sadly, the end of federal funding, resulting in the closing of nearly 3000 child care centers and the loss of care for over 1.5 million children.[iii]

The anti-poverty, civil rights, and feminist movements of the 1960s gave rise to the next increase in federal funding with the establishment of Head Start as a preschool educational program still serving over a million children annually. Since then, federal funding has fundamentally taken the forms of limited grants to states or tax relief to parents, clearly inadequate to fund an equitable and sustainable system of quality child care.

Simply put, the U.S. has yet to permanently value early child care and education as a universal public good. The social benefits of quality child care are well known and unchallenged, backed by decades of experience and research. It is a mutual interest of working families, employers, communities, and of the nation as a whole.

Must we ask: Are today's crisis conditions enough of an emergency to reach for that goal? Or dare we ask the better questions: Can this country prioritize collective benefit, the common good, over entrenched systems that benefit a few while imposing the chronic emergency of day-in, day-out poverty and discrimination on many? And, where does the well-being of children rank in our social values?

This modest local action research project cannot answer those questions. However, it has provided clear evidence of the need for fundamental change, right here in New York State, to address the gross racial and economic inequality and inaccessibility endemic to the current system. It also sets an example of how collaborative grassroots advocacy can advance public policy, step by step, with hopes and demands for continued momentum toward universal care.

The U.S. federal system permits, if not necessitates, innovation at the state and local levels, and Erie County and New York elected representatives have a stake in innovation here in WNY. Mobilizing shared interests to advance local innovations and reform efforts will empower the broad movement for transformative change in national child care policy. It has been done before, and today, early child development and education in the U.S. is in a state of enduring emergency. It is our turn to fix it.

Steps forward in New York in 2022.

As the Steering Committee and the Emergency Child Care Task Force assessed the outcomes of the nearly year-long collaboration, they were unanimous that the action study project helped build alliances and advocacy for fundamental child care reform.

Other positive developments the Task Force and partners observed as a result of collaborative advocacy for increased funding proposals in the NYS budget included:

- greater voice to the problems of underfunded child care professionals
- better understanding of non-labor costs including insurance, food, administrative costs, etc.
- "softer ground" for switching to a cost of care model
- more honest discussions and growing consensus about how the system is broken
- more realistic conversations about fundamental change in the system of care.

Budgetary gains included:

- subsidy increase from the 69th to the 80th percentile of the market rate
- expanded eligibility for subsidies up from 200% to 300% of the federal poverty level
- increased capital funding for providers
- stabilization grant funding aimed especially at increased wages
- increase in Universal Pre-K funding
- increase in Facilitated Enrollment Program funding
- cap on family co-pays to 10% of income above the federal poverty level
- funds for child care centers on SUNY campuses
- early notification of county allocations of funds.

In the words of Emergency Task Force partners. . .

"The creation of the Task Force has provided an invaluable platform for us to continue the work, including addressing gaps; what wasn't included in the NYS budget is the ongoing root issue of child care being an undervalued/ underfunded service even though it is a necessary service that is integral to economically just and thriving communities."

"The hard data made it clear that the existing model for funding is inadequate and directly linked to the increasingly limited availability of child care. Although the state did not change the model, they dramatically increased the funding inside the existing model with specific attention to the wages paid to child care providers."

"It gave our legislators real numbers to present for funding."

"It helped to improve the subsidy to the 80 percentile market rate."

"Existing childcare workers in Erie County will get some temporary increase in their wages. More families in Erie County will be eligible for childcare subsidies Childcare providers that accept subsidy families will be reimbursed for their care at a higher rate."

Subsidy rates increase from 60th to 80th percentile of OCFS market rates.

FIGURE 33.

NYS Child Care Market Subsidy Rates for Erie County: 2021 – 2022 (Effective June 1, 2022)

Weekly rates per subsidized child (attending full-time)

AGE OF CHILD	DCC AND SACC 2021 SUBSIDY	DCC AND SACC 2022 SUBSIDY	FDC AND GFDC 2021 SUBSIDY	FDC AND GFDC 2022 SUBSIDY
Infant	$280	$340	$190	$300
Toddler	$264	$320	$185	$285
Pre-K	$245	$300	$180	$269
School-Aged	$215	$265	$175	$240

Day Care Center (DCC) | School-Age Child Centers (SACC) | Family Day Cares (FDC) | Group Family Day Cares (GFDC)

Average subsidy increases varied by care modality:

- The average increase in weekly subsidy per child in center-based care (DCC and SACC) is $55.25, an increase of between 21 and 23% (depending on age of child) over the 2021 rate, for an average increase of 22.0%.
- The average increase in weekly subsidy per child in family-based care (FDC and GFDC) is $91.00, an increase between 37 and 58% (depending on age of child) over the 2021 rate, for an average increase of 49.9%.

2022 subsidy increases begin to close the gaps between subsidy and actual current costs of care:

- For center-based care, increases exceeded the $53 gap required to cover current actual costs in all three younger age groups, being only slightly lower for children in school-age care.
- For family-based care, only the increase in infant care exceeded the $107 gap required to cover current actual costs.

Further analysis reveals that centers received on average 61% of the dollar amount of the weekly increase for family care facilities. Yet **center care received 104% of the $53/week needed to cover their actual costs, while family care received on average only 85% of the $107/week need to cover their actual costs.**

Nevertheless, it is striking that **family care subsidies increased an average of 49.9% while center-based care subsidies increased an average of 22.0%.** This differential seems **a significant step forward in reducing one aspect of the gross inequity found in the child care sector.**

Not having the OCFS 2021 market rate survey report makes it impossible to determine what accounts for the various amounts of 2022 subsidy increases. Those increases, favoring as they do family care modalities, suggest agreement with the Phase One survey and research findings of this True Cost of Care project that the gaps between subsidy rates and actual costs of care have been significantly larger for family care providers than for center-based care.

Equity steps forward—a long way yet to go for decent and sustainable wages for all.

Figure 34 compares the 2022 subsidy increases with the gaps between 2021 subsidy rates and actual current costs as well as actual costs plus living wages.

FIGURE 34.

NYS Child Care Market Subsidy Rate Increases for 2022 with 2021 Gaps

Weekly rates per subsidized child (attending full-time)

PROVIDER TYPE	2021 WEEKLY GAP WITH ACTUAL COSTS	2022 WEEKLY INCREASE (AVERAGE)	REMAINING GAP WITH LIVING WAGES
DCC and SACC	$53	$55	$86
FDC and GFDC	$107	$91	$149

For centers, this year's $55 weekly increase is 39% of the $141 needed to support living wages, remaining gap being $86.

For family-based care, the $91 weekly increase is 38% of the $240 needed to support living wages, remaining gap being $149.

This suggests a somewhat more level playing field for the next steps moving forward toward a system that supports a quality professional workforce earning family-sustaining wages.

Expanded eligibility for public support—subsidies help more families.

In addition to the increase in subsidy amount per child, eligibility for the subsidy will reach more families in 2022, as the annual household income for eligibility for the subsidy increased from 200% of the federal poverty level to 300%. That increase is substantial, for example: from $36,620 to $54,930 for a two-person household; from $55,500 to $83,250 for a household of four.

As is the case with means-tested public benefits more generally, these income limits are inherently arbitrary and create their own difficulties. That is particularly the case with subsidy support for child care because providers are prohibited by law from charging less for private pay than the rate of the public subsidy they accept. Therefore as subsidies go up to begin to cover actual costs of care, affordable accessibility may go down for some families with incomes just over the limits for subsidy support. This reality adds to the attraction of policies that aim for building a child care system that functions as a universal public good.

An effort for transformative change in the FY 2023 budgetary session was led by Senator Jabari Brisport and Assemblymember Andrew Hevesi, lead sponsors of a bill, the Universal Child Care Act, which proposed a transformative $5 billion investment, essentially promising free child care for all families. That bill was not passed and the total child care funding number was reduced to $3 billion in the process of budget negotiations with Governor Kathy Hochul, and further cut down to the final $1.3 billion excluding reprogrammed funds from prior years. The Governor's public commitment of $7 billion over four years is not binding and is dependent on future budgets.

Challenges remain.

Although Erie County's request to the State for $20 million for a pilot project specifically to raise child care wages was not successful, the County allocations for this year are expected to cover the increased subsidies for all qualified families. Low wages and the sufficiency of the child care workforce remain the top worries of providers and advocates alike, and while the changes this year in NYS are helpful, they may do little to address those concerns long term.

As this report and dozens before have documented, accessibility to care is grossly unequal and manifestly insufficient in New York as in the country. Right now in New York, American Rescue Plan Act (ARPA) funding and NYS Stabilization grants are available for investments in the child care infrastructure and the workforce. Some of these funds target areas of "child care deserts." Nevertheless, officials expect limited and inadequate slots for subsidy families. Neither the scale of investment nor the process for securing the funds give hope for significantly solving problems that are systemic.

Indeed, **regulatory and administrative challenges remain a barrier to effective policy implementation and a hidden cost to providers.** Local officials and the network of social service agencies charged with those duties express frustration in navigating the complexities of layered multifaceted local, state, and national policies. It is that much more difficult for providers, with **the burden being greatest on those small child care enterprises already struggling with the cruel irony that many of those providers are themselves the working poor.** And, as is the case for other low-wage workers, increased wages may have the unintended consequence of lowered family income as they lose eligibility for crucial public benefits such as healthcare or food stamps. Erie County's current project on this "benefits cliff" seeks to address this challenge to upward mobility.

It must be said, child care offered and consumed as a service in a market system is likely to remain unequal and unaffordable to many in this country marred as we are by

In the words of Emergency Task Force partners. . .

"Because the wage increase to childcare workers is not permanent, providers will not be able to successfully recruit new child care workers, which will result in some subsidy families not being able to find childcare."

"It really doesn't address the problem of funding child care workers."

"There is no commitment for future years."

"Total needed was $5 B+. Got $1.3B."

"Administering the increased wages will be a challenge because they are NOT permanent. The workers, the providers, and the Department of Social Services will all bear the burden of this challenge."

"OCFS lacks capacity and innovation and is mired in bureaucracy."

"NYS Budget Office sees its role as guard rather than facilitator."

"It didn't change state policy, but it did confirm for Erie County that it was on the right track to make many changes in its policy to support the providers and families."

historically high racial and economic inequality. Even some early education programs labeled "universal" are not available, let alone equal, for everyone. For example, increased State funding in this budget year for "Universal Pre-K" has meant for one relatively middle class Erie County community that they have 100 Pre-K slots this fall for 300 applicants—the winners were drawn by lottery. What happens to the families of the other 200 children left to buy what they can in the market? How "universal" is that?

From emergency to equitable sustainable quality child care as a public good.

As complex as child care issues are and as difficult as solutions to these broad problems have proven to be, there are encouraging signs. Recognition of child care as a critical industry is becoming more widespread, especially as employers in all sectors feel the pinch of labor shortage in a tight labor market. Long an ally, education professionals urge the incorporation of child care workers into that profession, and into the system of public education. Parents are being activated as they reach their limits of acceptance of the trade-offs they have to make to assure quality care and development of their children and still lead productive lives.

However, the road between recognizing a problem and finding solutions is often long. That has been especially true for child care. **The U.S. child care system sits on a historical foundation of unpaid labor—the labor of enslaved people, indentured servants, nannies, undocumented workers, and women restricted to domestic work by law or tradition.** To this day, of course, child care workers, like other domestic and care-giving service workers, are very disproportionately people of color and overwhelmingly women. It's *not by chance* that those are among the lowest paid occupations in the country. It's also *not acceptable* that those occupations, many of which require professional qualifications, are among the lowest paid occupations in the country.

With virtually no defenders of the child care status quo and growing consensus that the "broken system" needs to be rethought and transformed, this is the ideal time for strong democratic decision-making. This collaborative action research project provides an example of the effectiveness of generating and utilizing valid information to build consensus, develop strategies, and advance public policy. This Phase Two report of **the True Cost of Child Care project concludes with a challenge to public officials and other community leaders to be a part of an energized democratic process to create a child care system that works for all.** Now is the time for overdrive in the policy lane, and the wheels are already in motion.

The broad collaborative network developed through this project in Erie County has the potential to serve as a laboratory for innovative solutions at the local level and to provide leadership to the movement for state and federal funding necessary to achieve universal child care as a public good.

Innovation. Collaboration. Action.

Network partners identified many opportunities as steps forward for Erie County:

- Enhance collaboration and support for professional child care workforce training.
- Develop multiple sources for direct funding for increased wages.
- Create pooled insurance fund and other group benefit funds.
- Support the co-op model of enterprise development.
- Expand mental health services for providers and children in their care.
- Increase funding of supportive agencies to the child care field.
- Improve public data, information and advanced technology within the child care system.
- Update public administration processes, procedures, and information technology for providers and parents.
- Reform fee requirements for individual child care workers to level the playing field with multi-site providers.
- Connect the child care initiative with Erie County's Benefits Cliff Initiative.
- Explore specific partnerships and expand collaboration with employers and unions for building more equitable sustainable child care.
- Work closely with NYS Child Care Availability Task Force, Empire State Campaign for Child Care and other statewide and national advocacy efforts.
- Magnify support for federal policy reform with transformative funding increases.
- Continue the study of the County's child care workforce and industry to better understand strengths and weaknesses and to assess the effectiveness of policy changes and other innovations, with particular focus on whether or not increased funding results in wage increases sufficient to attract and retain the needed child care education workforce.
- Grow this collaborative network of diversely representative stakeholders in the child care system, pursuing expanded mutual interest action among child care professionals, employers, unions, public officials, community leaders, educators, parents—all of whom have ample reason to care about the future of early care and education of our children.

Broad-based community economic development requires a commitment to equity and democratic influence over the local economy. This project has demonstrated its potential for progress toward a better child care system. The remarkable determination and dedication of diverse partners make the work ahead possible.

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5 Jessen-Howard, Malik, and Falgout (2020).

6 "Child Care Regulations and Policies." https://ocfs.ny.gov/programs/childcare/regulations/

7 Unfortunately, this estimation procedure is not entirely straightforward. Up until 2019, PUMS data for number of weeks worked were reported in "bins" (e.g., 1-13 weeks, 14-26 weeks, … , 50-52 weeks). As such, it is not possible to identify the *precise* number of weeks worked for persons who responded to the ACS prior to 2019 (recall that the ACS data used in this report were collected over a five-year period from 2016 to 2020). To overcome this challenge, the research team drew on the "unbinned" data on weeks worked that were collected from respondents in 2019 and 2020. Specifically, starting in 2019, all workers who respond to the ACS are now asked to report the exact number of weeks they worked in the prior year. While the PUMS data provide these precise values for 2019 and 2020 respondents, they also – for consistency and compatibility with older data – continue to report each respondent's weeks worked "bin". The researchers therefore computed the average (precise) number of weeks worked for 2019 and 2020 respondents, by bin, and subsequently assigned that average or typical "bin" value to persons within that bin who responded to the PUMS prior to 2019. These values are as follows:

BIN #	WEEKS WORKED BIN	AVERAGE NUMBER OF WEEKS WORKED (ROUNDED) FOR WORKERS IN BIN (2019 RESPONDENTS ONLY)	STANDARD DEVIATION
1	1-13 weeks	6	3.7
2	14-26 weeks	21	4.0
3	27-39 weeks	33	3.3
4	40-47 weeks	42	2.4
5	48-49 weeks	48	0.4
6	50-52 weeks	52	0.2

A second complication arises in the way that income is recorded and hours worked are reported. Namely, some respondents report that they work for wages *and* have self-employment income. However, the ACS only collects one data point per worker on "hours worked". Accordingly, it is not possible to decipher how many self-reported hours might be dedicated to wage work versus self-employment. To address this issue, the research team relied on the PUMS variable "earned income" as opposed to "wage and salary income". Earned income is simply income earned from wages/salary *plus* income earned through self-employment. Both numbers are annualized. For workers who work only for wages (and do not have self-employment income), earned income is equal to wage and salary income. Adopting all of the preceding assumptions and analytical strategies, each worker's *effective (self-reported) hourly wage* was calculated as:

Annual Earned Income / (Number of Weeks Worked * Hours Worked per Week)

This value was computed for all noninstitutionalized persons 16 years or older who reported that they were in the labor force and earned income at the time they responded to the ACS. Note that self-reported hours worked may include or reflect uncompensated work time. It is not possible to identify these specific cases with certainty.

8 MIT Living Wage Calculator. "Counties and Metropolitan Statistical Areas in New York." https://livingwage.mit.edu/states/36/locations

9 Several Public Use Microdata Areas (PUMAs) in NYS group multiple counties. In such cases, living wages (LWs) were computed as the average LW in each of the counties contained in the PUMA grouping, given the individual worker's household characteristics.

10 Mohan (2022).

11 Search for New York State at: https://costofchildcare.org/

12 To begin painting that picture, the research team made the following simplifying assumptions:

- For each pay range on which data are available (see above), full time (FT) staff members in that range earn wages at the midpoint. Part time (PT) staff members earn one-half of that midpoint.
  - E.g., FT staff members in the >$25,000 to $30,000 range earn, on average, $27,500 per year; their PT counterparts earn $13,750
  - The <=$25,000 range is bottom-coded at $25,000 for FT; the >$42,000 range is top-coded at $50,000 for FT
- "Personnel" costs equal the sum of estimated salary expenses plus the estimated value of health benefits (respondents self-reported the number of employees receiving such benefits, if any, as well as the average monthly contribution per employee), retirement benefits, and paid leave.
- "Non-personnel" costs equal total personnel costs divided by a provider's self-reported share of personnel costs relative to total costs (respondents reported what percentage of their total costs are personnel costs).
- "Total" costs equal total personnel costs plus total non-personnel costs.

13 Low Wage Buffalo. https://blogs.cornell.edu/nyslivingwagemap/about/

14 MIT Living Wage Calculator.

i Lynn Matthew Burlbaw. "An Early Start: WPA Emergency Nursery Schools in Texas, 1934-1943." American Educational History Journal, Volume 36, Issue 1-2, 2009.

ii https://livingnewdeal.org/the-crisis-of-childcare/

iii Peter R. Pitegoff. "Child Care Enterprise, Community Development, and Work." The Georgetown Law Journal, Volume 81, 1993.

Appendix

Appendix 1. Notes on Data

To carry out the objectives of this project, the research team collected, synthesized, cleaned, and analyzed data from four sources:

- The latest (2016-20) Five-Year U.S. Census Bureau American Community Survey (ACS) Public Use Microdata Samples (PUMS);
- The Bureau of Labor Statistics (BLS) Quarterly Census of Employment and Wages (QCEW) (current through the third quarter of 2021 as of this writing);
- The New York State (NYS) Office of Child and Family Services (OCFS) open data list of licensed child care providers (last accessed on 9 May 2022); and
- A geographically and programmatically representative sample of 234 licensed child care providers in Erie County.

Concerning the former, ACS PUMS data provide rich information on a person's employment, occupation, demographic, socioeconomic, and household characteristics. To protect individual privacy, these detailed person-level records are anonymized and made available at geographic units of analysis called Public Use Microdata Areas (PUMAs). At present, there are 145 PUMAs across NYS drawn in ways that attempt to respect most major city and county boundaries, while preserving respondent anonymity.

Tapping into the richness of ACS PUMS data comes at the cost of currency. Because it takes substantial time to collect, process, clean, and publish all the data asked for by the American Community Survey, ACS PUMS data are always published on a delay. Moreover, to provide researchers with sufficient numbers of records to produce representative samples for statistical analyses at the PUMA level of analysis, the Census Bureau pools multiple years' worth of responses together and publishes PUMS data for five-year time periods.

The product of these observations is that the most recent PUMS data available at the time of this writing were collected from 2016-20 (that is, the data used herein come from the current Five-Year U.S. Census ACS PUMS data for 2016-20). Data were retrieved from IPUMS USA: Steven Ruggles, Sarah Flood, Sophia Foster, Ronald Goeken, Jose Pacas, Megan Schouweiler and Matthew Sobek. IPUMS USA: Version 11.0. Minneapolis, MN: IPUMS, 2021. https://doi.org/10.18128/D010.V11.0.

Running in the opposite direction of the PUMS data, the BLS QCEW offers currency without much context. Namely, the BLS provides frequently updated (quarterly and yearly) counts of the number of employees in a given industry (e.g., child day care services), as well as the number of establishments and annual average wages in that industry. Such data are useful for understanding how a given workforce changes in size over time – and, given the frequency with which they are updated, BLS data allow for initial observations regarding COVID-19's impact on the child care industry in Erie County through the third quarter of 2021.

As part of a statewide open public data initiative, NYS OCFS publishes regularly-updated lists of licensed child care providers. The current list includes both the geographic location of each licensed facility and that facility's total (licensed) capacity. Such data are critical for estimating the supply of licensed child care in EC and throughout New York State.

Whereas the former three sources represent secondary data maintained by public agencies, the fourth source is a survey (and supporting focus groups) of licensed EC child care providers. At the time the survey (winter of 2021) was undertaken, there were 499 licensed providers in EC – 188 (38%) of which were Family Day Care (FDC) or Group Family Day Care (GFDC), and 311 (62%) of which were Day Care Centers (DCC) or School-Aged Child Care (SACC) providers. In direct collaboration with the EC Child Care Task Force, the research team designed an Internet- (Qualtrics-) based survey instrument that was distributed to an email list furnished by the Task Force that included contact information for all licensed providers. The Task Force and its members sent multiple formal and informal reminders to providers asking them to complete the survey. Recipients of the survey invitation email were informed that they would each receive a $25 Target gift card for completing the survey. The communications and incentives used by the research team yielded 234 usable responses, for a response rate of 47%. The sample included 92 FDC and GFDC providers (39%) and 142 DCC and SACC providers (61%), essentially the exact proportional breakdown of provider types in the target population. Further, the sample was highly geographically representative, including respondents across EC's rural-to-urban gradient (see map below).

Drawing on these datasets, the researchers performed various descriptive statistical and exploratory spatial data analytical operations to generate a data-driven profile of the EC child care system, informed by the five claims (and corresponding research objectives) described above.

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Appendix 3. Principles for Universal Child Care

EMPIRE STATE CAMPAIGN FOR UNIVERSAL CHILD CARE

ESCCC Principles for Universal Child Care Vision - Adopted 11/30/21

The Empire State Campaign for Child Care (ESCCC) is committed to advocating for a bold, equitable and inclusive universal child care system in New York State within four years. As we move toward this goal, we commit to using our collective power to ensure that system reforms and funding reflect this vision, and prioritize the urgent needs of low income children and families. The vision of universal child care we are fighting to create would center the following key elements and guiding principles.

1. **All children are universally covered.** There is no means testing or income eligibility cut off and every child is guaranteed access to an accessible, quality child care program in the type of child care setting that their family chooses.
2. **Funding for child care is ample, predictable, consistent, and sustained long term.** The NYS government demonstrates its commitment to a universal system by filling any gaps in federal child care funding, and supporting identified improvements and enhancements.
3. **The system supports and properly funds, at true cost of care, a choice of modalities (center-based, family-child care (FCC), and Legally Exempt).** Funding levels are based on licensed capacity and enrollment, as well as quality and licensing standards. Methods for determining funding will be transparent and funds will be provided directly to providers on a schedule that reflects provider budgetary needs. Training and assistance ensures all providers are able to successfully utilize required systems, maintain quality standards, and promote their services to local families.
3. **The system promotes respect and just compensation for the child care workforce with compensation at parity with K-12, based on comparable experience and**

responsibilities, across age groups and settings. All providers are able to access professional pathways with value placed on hands-on experience and years in the field, as well as more traditional education criteria. Media campaigns consistently promote the workforce as professionals serving a critical health and education function; and the child care sector as key to the overall economy, the economic stability of families, and to the overall well-being and growth of children.

4**. Child care is available and accessible in all communities.** Expansion plans continue to address specific community needs and preferences, facilitate participation of FCC, prioritize racial equity, and address previously marginalized regions and communities. Innovative approaches are encouraged.

5**. All children, regardless of age or type of setting, have access to quality care.** Quality standards and funding mechanisms address, and actively work to reduce, discrimination based on race, gender, sexual preference, marital status, faith, geography, language and ability, and citizenship status; and encourage responsiveness to different languages, cultures and values. New resources and training for providers makes expulsion of children from the system rare or non-existent.

6. **System evaluation and reform is continuous and centered in quality and equity.** The system of evaluation ensures participation of providers and workforce representatives from different geographies and modalities; parents representing diverse races, genders and geographies as well as modality preference; those who have faced past barriers to access; policy experts, and legislators.

Appendix 4. Executive Summary of Phase One: Preliminary Findings, The True Cost of Child Care: Erie County

THE TRUE COST OF CHILD CARE: ERIE COUNTY NY

Executive Summary of Phase One: Primary Findings

December 2021

Background and Goals

This is an executive summary of findings of a study of the costs of child care in Erie County, NY, undertaken in Fall 2021 by a Cornell research team from the ILR School in Buffalo. An Action Research project, it was undertaken in collaboration with the Live Well Erie Emergency Child Care Task Force, child care providers and advocates, and Erie County and New York State public officials. The goals of the project are to determine the actual cost of quality child care by modality in Erie County; compare those costs to OCFS "market rate" price of care and with NYS/Erie County DSS subsidy rates; compare current costs with true costs if all child care workers earned a thriving wage and the system was equitable, economically sustainable, and universally accessible; and to provide the data and analysis to County and State officials for consideration in public policy and budget negotiations in 2022.

Methodology

This study utilized a three-pronged methodological approach:

- a professional on-line survey was conducted with all 499 Erie County licensed providers resulting in 234 valid responses, a remarkable 49%, yielding a margin of error of +/-4 %, and a sample well representative by geography and by modality;
- public geographic and economic data were expertly analyzed for understanding the economics and workforce of the local child care industry;
- four focus groups, composed of eight to twelve providers each, by child care modality, examined nuances of true costs, as well as the challenges and opportunities for improving child care in Erie County.

Child Care Industry and Workforce Overview

In Erie County, the number of jobs in child care grew for five years, from 2013-2018, before starting to fall in 2019. The industry's current workforce numbers from 3,100 to 3,300, when including self-employed. **That workforce is the lowest in over a decade, and recorded an 11% loss between 2019 and 2020 as child care workers leave the industry for jobs with increasing wages in retail and fast-food.** Average annual wages for full-time workers is just over $23,000, with median hourly wage of $10.38. Three-quarters of all child care workers earn less than $15/hour, compared to just one-third of all workers in Erie County. Many providers work unpaid hours, especially family and group family providers who report working between 1,000 and 1,200 hours per year for which they are not compensated. More than half of all child care workers lack employer health care, compared to one-quarter of the county-wide workforce. **Child care workers in Erie County are disproportionately women (88%) and people of color (35%), therefore their low wages and poor benefits exacerbate existing patterns of economic and racial inequality**. Given the foundational role that child care work plays in support of the entire workforce system, allowing these dynamics to play out uninterrupted has multiplying, and devastating, effects throughout society and the economy.

Survey Results: Costs of Care

Seven out of ten survey respondents indicated that they currently do not make enough money to offer the level and quality of services they wish to provide. That situation is more severe for DSS subsidy recipients: over 80% of subsidized providers report inadequate revenue compared with 50% of providers who do not care for subsidy children, meaning that the **facilities serving more financially disempowered children are themselves more financially disempowered**. Two-thirds of providers who accept DSS subsidies agree that existing subsidy rates do not cover their *current* costs of care. Yet, subsidized facilities report higher interest in expansion of services, an important source of unrealized capacity. When asked to rank eight categories of needed investment if they had sufficient funding, higher salaries and better benefits for current staff, additional staff, and capital improvements top the list.

Cornell University ILR Buffalo Co-Lab LiveWell Erie

Appendix 4. Executive Summary of Phase One: Preliminary Findings, The True Cost of Child Care: Erie County *continued*

The NYS Market Rate Survey, used to establish DSS subsidy rates is based on the *rates that providers charge parents and guardians*. Yet providers report being unable to raise their rates to desired levels because they will lose clients to lower cost alternatives or parents will drop out of the workforce to care for children themselves. These market pressures push providers to charge below-true-cost rates, assuring that the subsidy rate schedule does not reflect the true costs of child care. Further, unlike private payer practices, providers receive *subsidies based on attendance, not on enrollment*.

Costs of Care The graph to the left reports the costs of care under four scenarios:

1) **current conditions with 75% subsidy rate**
2) **current conditions with 100% subsidy rate**
3) **self-reported actual costs**
4) **costs with higher wages and 100% subsidy rate.**

The top chart to the right reports the approximate gap between current subsidy rates and current costs of care.
The bottom chart to the right reports the approximate gap between current subsidy rates and costs of care if all workers earned $25/hour for full-time and $20/hour for part-time work. This scenario would allow providers to begin implementing their number one priority of raising staff wages, and could begin to address worker shortages in child care.

Provider Type	Weekly Gap Per Child	Monthly Gap Per Child	Annual Gap Per Child
DCC and SACC	$53	$230	$2,756
FDC and GFDC	$107	$464	$5,564

Provider Type	Weekly Gap Per Child	Monthly Gap Per Child	Annual Gap Per Child
DCC and SACC	$141	$611	$7,332
FDC and GFDC	$240	$1,040	$12,480

Focus Groups

The in-depth conversations of four focus groups provided highly valuable information about the true cost of high quality child care, focusing particularly on non-personnel costs. The concerns of providers in the focus groups mirrored findings of the survey, and also highlighted less obvious, more inequitable, or unreimbursed cost factors. Among the most prominent cost concerns was unpaid working time. Group and Family Day Care providers report working on average 25 hours a week uncompensated. As one caregiver observed, ***"My biggest cost is what I'm not getting by doing this job."***

The insufficiency of subsidies extend to the federal food subsidy which is inadequate to feed children fresh healthy food. For many facilities Insurance is the top non-personnel cost. Compliance costs, including antiquated and conflicting regulations, are another time consuming cost. Providers do not have sufficient funding for needed capital improvements. The child care industry's inability to meet daily short-term expenses means that its long term physical infrastructure is *crumbling*—sadly, a word also used for the condition of its workforce of dedicated, compassionate caregivers and educators.

Conclusion and Next Steps: Seeking (E)Quality in Child Care

Gross disparities between the needs for equitably accessible, quality child care and current funding models make it obvious that great public investment is urgently required. This report of primary findings is phase one of a continuing collaborative project to assure that Erie County's children, parents, caregivers and educators can thrive.

Investing in quality child care is a critical public investment into a better functioning, more equitable, democratic economy and society.


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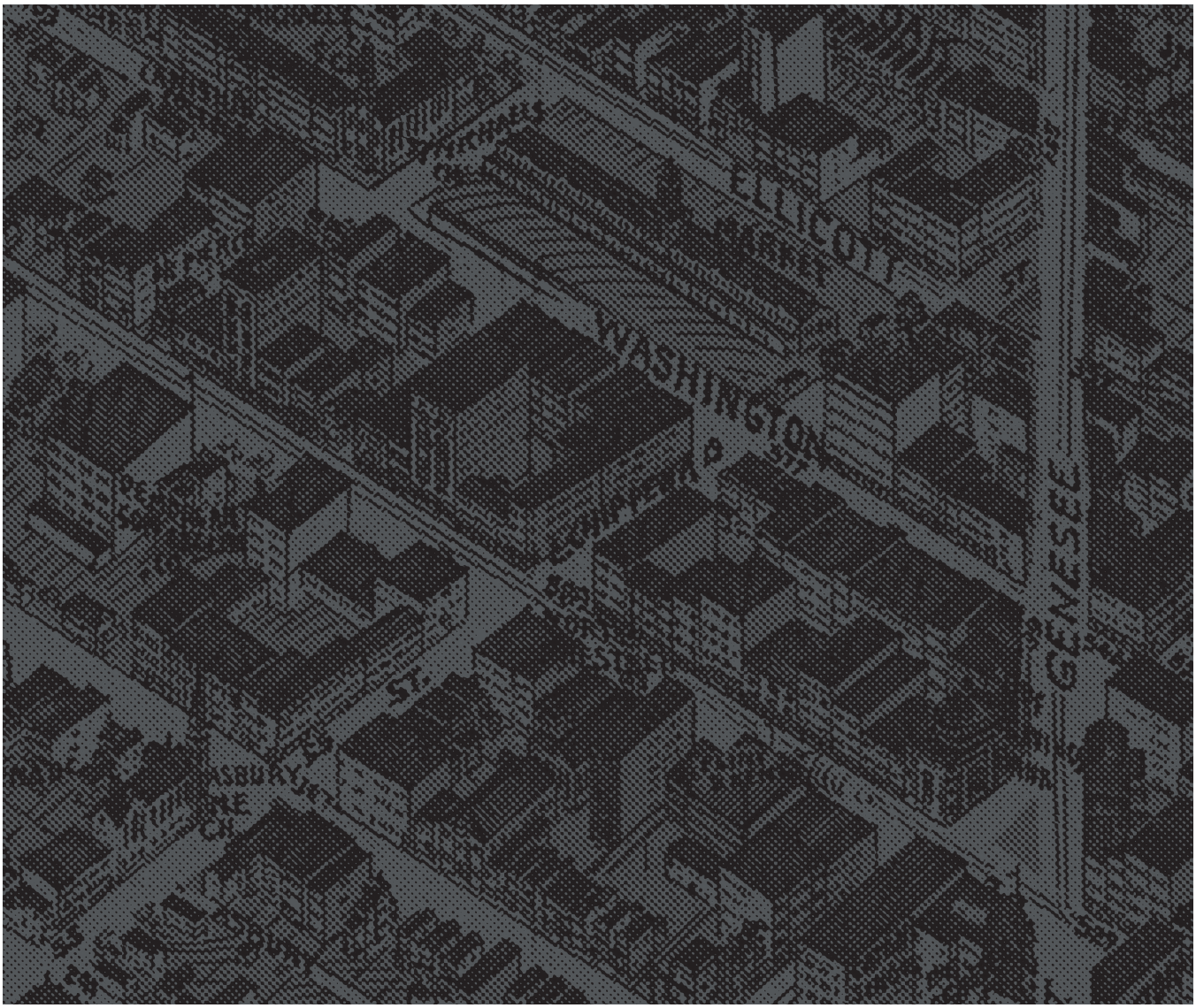

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