Child Care

Subsidies

Child care must be viewed as both a human service issue and a workforce issue because the availability of affordable, reliable child care benefits not only working parents for whom it is essential, but also the businesses for which they work. Employers benefit from accessible and reliable child care through less employee absenteeism and increased productivity. For many working families, child care often means the difference between employment and public assistance. Policymakers in New York State recognize this fact and have made significant investments in child care in recent years, but there is still much to be done

The State's Child Care Block Grant, through which the State provides child care subsidies for eligible families, has given the State and localities flexibility in the allocation of child care funds to meet the needs of working families. The total appropriations for the block grant include a transfer of funds from the Temporary Assistance to Needy Families (TANF) Block Grant. Since SFY 1999-2000, the Legislature has used this transfer mechanism to secure over $170 million in additional funds for child care above the Executive's proposed budget requests.

In the Executive Budget for State Fiscal Year (SFY) 2005-06, the Governor does not provide for a direct transfer of TANF funds for child care purposes. Ostensibly, such action would mean the loss of $375 million in child care assistance. Instead, the Governor proposes the creation of a Flexible Fund for Family Services, supported by $1 billion in TANF funds, to allow counties the ability to direct funding to a wide array of programs and services that best serve the needs of their communities. Child care assistance is among the many services for which funds included in the new Flexible Fund for Family Services may be used. Consequently, the total amount that would ultimately be transferred from TANF to the Child Care Block Grant would be dependent on county option. Under this scenario, child care dollars would be forced to compete against other district needs. Moreover, whether the State would ever finally maximize the use of TANF funding for child care purposes, as permitted by federal law and as has been advanced by child care advocates, would also depend on county choice. It would seem that valued child care funds are in a rather precarious position under the Governor's proposal.

In the proposed SFY 2005-06, the Governor also authorizes the Office of Temporary and Disability Assistance (OTDA), in conjunction with the Department of Labor (DOL) and the Office of Children and Family Services (OCFS), to finance a study of the funding and reimbursement issues presented by welfare reform, including those related to child care. There is much about the administration of the current child care block grant that warrants review. County by county data on changes in the number of children, median family incomes, and children of child care age, as well as data that supports existing formulas for the distribution of child care subsidies at the State and local district levels should be collected and analyzed. The result of this exercise should be a revised methodology for the allocation of child care subsidies that reflects today's reality.

One statewide operation in particular that requires review is the formula for determining how much a family must contribute to the cost of care. State regulations governing child care subsidy distribution guarantee child care subsidies to families receiving public assistance. If funds are available, low-income families who are not on public assistance can then become eligible for child care services under the State's block grant. To reach more families, districts – at their option - are permitted to charge these families a co-payment or family share, which is paid on a sliding fee scale based on income. As these fees are determined through a discretionary formula by each social services district, the result is a wide range of co-payments. In some counties, the required co-payments are so high that the cost of subsidized care becomes unaffordable for many working families. Consequently, these families are forced to refuse subsidized care and to seek unregulated or unlicensed care. New York City recognized this problem and capped co-payments at ten percent of family income. We must ensure that working families throughout the State have access to safe, quality child care that not only meets the developmental needs of their children, but also allows them to increase their earnings and to continue on the path to self-sufficiency.

Capital Needs

Currently, there are over 27,000 children on waiting lists for subsidized child care maintained by local social services districts and child care providers. With the push for greater job creation and higher wages coupled with projected growth in public assistance caseloads, the demand for child care in the State will only increase. To meet this demand, the State not only needs to review funding for child care subsidies, but also child care capacity. In SFY 1999-2000 and 2000-01, the Assembly secured appropriations that together totaled $30 million to establish the Child Care Facilities Development Program to create, to renovate and to rehabilitate child care facilities. The Governor, once again, makes no commitment to the expansion of child care capacity in the Executive Budget for SFY 2005-06.

New York should be at the forefront of new, groundbreaking initiatives that assist working families in their efforts to find safe, affordable child care. The Assembly has consistently worked toward a State child care infrastructure that empowers working families, supports employees and businesses, and promotes safe and healthy child development. A sustained commitment to affordable, available, quality child care for those who need it, and the effective administration of those resources, should be viewed as a government obligation. It is the right thing to do.