

Policy Solutions for a More Sustainable Future for Family Child Care in **New York**

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FAMILY CHILD CARE IS ESSENTIAL TO A THRIVING NEW YORK

Family child care (FCC) – paid child care within the home of a licensed professional – offers children high-quality early care and education in an intimate, relationship-rich, and culturally responsive environment. New York State’s more than 10,000 home-based family child care programs account for more than 30 percent of licensed child care capacity, making family child care an essential part of supporting the state’s children, families, communities, and economy.¹

In preparation for the launch of the Thriving Providers Project (TPP), All Our Kin analyzed New York’s family child care policy landscape and conducted several interviews and focus groups with educators in our network. The issues and policy solutions featured in this brief were developed based on our analysis and the input of educators.

THE CHALLENGE

Despite their essential role in communities across the state, low revenues and high operating costs mean that many family child care educators struggle to sustain their businesses and their own families. At the same time, parents simply cannot afford to pay more. We need additional public support to enable family child care educators to continue serving their communities for the long run.

KEY RECOMMENDATIONS FOR A MORE SUSTAINABLE FUTURE

Economists and child care experts agree that child care is a public good. It’s time we treat it like one.

Below are three recommendations for how public funds can be used to make family child care more sustainable and accessible to families in need of care. These recommendations are designed to be implemented by city or state agencies or through partnerships with community-based organizations with close ties to the family child care community.

1

Increase revenue for educators. FCC educators earn significantly less than state and city minimum wages, leaving half of educators at or below 200 percent of the federal poverty level.² And parents cannot afford to pay more to fill in the gap. Policymakers can address this financial vulnerability by:

- a. **Reinforcing educator wages with direct, unconditional wage supplements** modeled after TPP and grants used by many states during the pandemic. This would reduce the gap between revenues and the cost of care for all educators and staff and allow them to take home a living wage.
- b. **Streamlining access to rate increases and to differential rates for specialized care, such as care for children with special needs or after-hours care**, so that educators are adequately compensated for the additional time, materials, and effort that they require.
- c. **Shifting the state’s Child Care Assistance Program (CCAP) rate-setting methodology to reflect the true cost of care**³, ensuring sustainable revenues for those caring for the most vulnerable children.

Thriving Providers Project (TPP)

TPP, a [Home Grown](#) initiative, aims to improve the economic stability of home-based child care providers across the country with direct cash payments, which in turn will improve the availability of care and the quality of experiences for children and their families. Providing direct cash payments has [proven to be an effective model](#), allowing providers to more easily cover basic costs like food, healthcare, housing or utilities and creating a positive ripple effect not only for the child care providers but also for the families and communities they serve. Project outcomes and learning will inform policy reforms to early childhood payment and compensation approaches. In New York, All Our Kin has partnered with TPP to provide direct cash payments of \$1,000 a month for 18 months to 50 newly licensed, home-based child care providers in New York City.

2

Minimize the cost and complexity of the licensing process. Family child care is an industry marked by long licensing processes and high startup costs, often leading educators to take on debt. Policymakers can help reduce this barrier by:

- a. **Making licensing support publicly available to all** by providing staff and resources to guide prospective educators through the licensing process and collaborating with staffed family child care networks, such as All Our Kin.
- b. **Creating startup grants of at least \$5,000 for those wishing to begin a family child care business.** FCC educators often face barriers to obtaining the startup funding they need to make foundational investments in their businesses, including purchasing essential materials and making home improvements that create a safe, nurturing environment. To address this, All Our Kin recommends making publicly funded startup grants available to educators as they work through the licensing process.
- c. **Incorporating CCAP enrollment into the family child care licensing process.** It can take months between when educators receive their licenses and when they are able to receive essential CCAP payments. Reducing this lag time would give FCC businesses a quicker path to revenue and sustainability and ease the burden on families who often have to pay out of pocket while waiting for approvals. It would also reduce paperwork burden and redundancy, giving educators more time to focus on their work with children.

3

Invest in shared services that make family child care a long-term, sustainable career. Often self-employed, many FCC educators lack access to shared services like employer-sponsored healthcare or retirement plans that other professionals can rely on. For example, 18 percent of FCC educators lack health insurance,⁴ an uninsured rate more than triple the New York State Average.⁵ Policymakers can address this critical lack of access and support the next generation of FCC educators by:

- a. **Fully funding health and retirement plans for family child care educators and staff,** ensuring that no one has to sacrifice their long-term health and well-being to support their community.
- b. **Expanding access to subsidized professional development opportunities like free Child Development Associate (CDA) and other credit-bearing programs,** reducing some of the costs associated with ongoing career development.
- c. **Funding Shared Services Networks to buy bulk subscriptions** to software and other materials and offering them at free or reduced cost to family child care educators, supporting them in their capacity as independent business owners.

About All Our Kin

All Our Kin is a national nonprofit organization that trains, supports and sustains family child care educators. Through All Our Kin's programming, educators build sustainable child care businesses, parents have access to stable, high-quality child care, and children gain the educational foundation that lays the groundwork for success in school and life.



For more information please visit www.allourkin.org or contact All Our Kin's NY Policy Director, Steven Morales, at policy@allourkin.org.

1 "Child Care Facts and Figures 2023." NYS Office of Children and Family Services. Published 1/2024. <https://ocfs.ny.gov/programs/childcare/assets/docs/factsheets/2023-DCCS-Fact-Sheet.pdf>

2 Melodia, Lauren. *High Calling, Low Wages: Home-Based Early Care and Education Providers in New York City*. The New School, Center for New York City Affairs, September 2023.

3 For All Our Kin, "true cost of care" means a reimbursement model that accounts for all of an educator's expenses — including materials, food, rent, insurance, thriving wages and benefits, and other necessary components of a high-quality child care program — in calculating CCAP payments.

4 Melodia, Lauren. *High Calling, Low Wages: Home-Based Early Care and Education Providers in New York City*. The New School, Center for New York City Affairs, September 2023.

5 NYS Comptroller Tom DiNapoli. "Health Insurance Coverage in New York State." August 2023.