NOVEMBER 2025

Strengthening New York City's Family Child Care to Build a Resilient Future

EXECUTIVE SUMMARY

New York City stands at a crossroads. Family child care is the quiet backbone of our city's economy and fills critical gaps in our early learning system—often for working families seeking high-quality, neighborhood-based care that can also accommodate nontraditional hours. Nationally, child care challenges cost the economy an estimated $122 billion annually. Yet family child care businesses, led overwhelmingly by women of color, remain chronically underfunded, undervalued, and at risk of collapse.

For families, the price is equally steep. Because of a lack of affordability, families are leaving the city. According to an analysis by New York City's comptroller office, recent population losses in the city, or outmigration, have been concentrated among families with young children.[1]More than 80% of families with children under 5 cannot afford child care in New York City. [2] At the same time, the median earning for a family child care educator is only $10.61 per hour.[3] On top of this, providers face mounting costs and need to navigate complex regulations to get paid while continuing to nurture children and serve as anchors for the community. New York City's rapid expansion of pre-K initially excluded many family child care providers, causing instability, program closures, and financial strain across the sector. While efforts were made to be more inclusive through the 3K rollout, significant challenges remain, and many providers are still excluded from these contracts.[4]

Without decisive action and careful, participatory planning, we risk additional program closures, leaving working families stranded and our economy weaker. But with bold, targeted investment and a commitment to treating family child care as essential infrastructure, New York can lead the nation in building an early childhood system that is sustainable and resilient. It has been estimated that higher labor force participation in New York City and increased work hours for mothers could increase labor income by nearly $900 million.[1]

After a monumental mayoral election, we call on our city leadership, elected officials, and all New York City voters to remember the hard-working family child care providers who care for our children. As we expand access to early care options, Don't Leave Us Out Again. Read the full report.

[1] New York City Office of the Comptroller. (n.d.). Child care affordability and the benefits of universal provision. https://comptroller.nyc.gov/reports/child-care-affordability-and-the-benefits-of-universal-provision/
[2] Khan, R. (2023). From birth to age 12: The (un)affordability of child care and out-of-school care in New York City. Citizens Committee for Children of New York. Retrieved from https://cccnewyork.org/data-publications/from-birth-to-age-12-child-care-and-out-of-school-care/
[3] 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. Retrieved from https://www.centernyc.org/reports-briefs/high-calling-low-wages-home-based-early-care-and-education-providers-in-new-york-city
[4] Home Grown. (2025, May). "Inside-Outside" strategies for integrating home-based child care into public preschool: The NYC story. https://homegrownchildcare.org/wp-content/uploads/2025/05/HomeGrownInsideOutsidePreKStrategies-NYC.pdf

All Our Kin ECE ON THE MOVE SHARROCK STRATEGY GROUP

In Her Words: Irma's Story

Irma T., founder of *Little Hands Little Feets*, sees every day how gaps in the child care system force families into impossible choices. Parents often arrive at her program still waiting for subsidy approvals, and are left without secure care for their children in the meantime. As a dedicated early childhood educator and a longtime member of All Our Kin's network, Irma is a strong advocate for family child care. In her remarks to the next mayor of New York City, she called on city leaders to take meaningful action to support families and the providers who serve them.

> ***"We need more financial support to be able to provide the services that we provide. Sometimes families don't qualify, or they don't have enough documentation to be able to go through the process, and they are stuck. Stuck in a way where, 'I can't go to school because I don't have secure child care' [or] 'I cannot find work because I don't have child care.' And what I would say to the mayor: Provide services, help us provide services, so that these parents could find a way to support their own families."***

She also spoke to the broader system challenges that undermine families' ability to move forward:

> ***"The system right now is not working. It doesn't work. I definitely have parents that are going through the process, trying to work, trying to go to school, but they don't have the main thing, which is the child care. They don't know where to leave their children in a secure place. And that's where I come along."***

Irma's story underscores what's at stake: without stronger investment and support, families will remain trapped, unable to work or study, while providers like Irma shoulder the burden of keeping communities afloat. Throughout this report you will hear the voices of providers themselves woven throughout our policy recommendations. They need to be heard.

Home Grown partnered with All Our Kin in the Bronx to implement the Thriving Providers Project (TPP), which addresses compensation gaps by providing $1,000 in monthly direct cash transfers (DCTs) for 18 months to licensed providers. This pilot, which began in June 2024 and will end in December 2025, helped 50 providers, 21 (41%) of whom are newly licensed. In New York City and across the country, TPP evaluation participants report greater economic stability, improved well-being, and increased ability to invest in the quality of their care, creating a ripple effect that benefits children and families. The recently released Thriving Providers Project New York City Mid-Point Evaluation Report shares findings from the first nine months of data collected from this cohort. So far, evaluation participants have reported greater ability to meet their basic needs, along with increased economic stability and emotional well-being after receiving cash support. Cash was used to pay off debt, support payroll, pay to advertise their business, conduct maintenance and repairs, purchase classroom supplies and food, and cover bills. Additionally, when providers have the income they need to sustain their caregiving work, they also invest in increasing the quality of their services, by purchasing educational materials, maintaining safe and welcoming home environments, and enhancing learning experiences for the children in their care.

The insights gleaned from this research and the pilot evolved into a refined set of actionable recommendations for mayoral candidates aimed at strengthening family child care and building a more equitable child care system. Driven by engagement with providers, these ideas serve as a starting point for policy and system solutions that need to be further developed in collaboration with our partners in government. We hope you will join us in advancing meaningful solutions for New York City's family child care providers.

[5] New York City Office of the Comptroller. (n.d.). Child care affordability and the benefits of universal provision. https://comptroller.nyc.gov/reports/child-care-affordability-and-the-benefits-of-universal-provision/

Four Key Recommendations

Recommendation 1: Attract & Keep Family Child Care Businesses Open Across NYC

Starting and sustaining a home-based program has become so difficult that many prospective providers give up before opening, while too many existing businesses close under the weight of systemic barriers. The most pressing problem facing family child care is that in addition to low pay, the delays in receiving reimbursement and the structure of some contracts leaves them vulnerable to fluctuations in cash flow and enrollment. To meet families' needs and preferences, the City must make family child care a realistic, lasting option for educators. Increasing investment in these small businesses and improving the city-operated systems that support licensing will help attract and keep providers in business.

To do this, the City should:

- Provide early-stage start-up grants to help new FCC providers overcome initial barriers to entering the child care market.
- Streamline the licensing process to strengthen a customer service-oriented approach and reduce processing delays.
- Make hiring assistant teachers easier and launch a city-run substitute talent pool.
- Fund a group of licensing navigators and provider guides.

Recommendation 2: Provide Professional Pay to Family Child Care Educators

To truly stabilize the family child care sector, the City must commit to fair compensation, immediately work within its power to increase wages for the family child care workforce, and then partner with the State to work toward funding the true cost of care. Without higher pay, we will not retain or attract enough talent to adequately staff the child care needed to support New York City's economy. The City should:

- Redesign NYCPS contracting to include more family child care providers.
- Create a flexible pool of emergency funds to retain providers.
- Fund facilities maintenance and improvement for renters.
- Reduce costs for providers starting with utility relief and defraying insurance costs.
- Provide comprehensive health insurance and retirement benefits to all FCC educators and their staff.

Recommendation 3: Create an Accountable Governance Structure for Early Childhood that Works for Families & Providers

Too often, policy changes in early childhood education are designed and rolled out without sufficient input from the very providers who must implement them. New York City should adopt a more collaborative model of policymaking, one that brings providers in at the front end to help shape solutions. Through stakeholder outreach following our early findings on licensing and delayed payments, we found individual leaders eager to engage and receptive to administrative and systems-level fixes. However, efforts were hindered by limited coordination across agencies and a perception that interagency complications made problems insurmountable. New York City must build a more responsive, nimble, and accountable government apparatus for child care. To do this it should:

- Institutionalize a paid, permanent provider policy group and connected fellowship representing the full spectrum of provider voices.
- Adopt public trackers or other systems for transparency and accountability.
- Structure a mayoral or centralized authority with real power.

Recommendation 4. Invest in Innovation

New York City should invest in pilots and innovative strategies that provide immediate relief to family child care providers while also laying the foundation for long-term reforms. These efforts can simultaneously stabilize the workforce and address broader citywide challenges. One example that aligns well with other urgent city needs includes options to integrate FCC into affordable housing with pre-licensed spaces.

Timeline & Roadmap for Progress

The Mamdani administration has an opportunity to build a more equitable, sustainable, and innovative early childhood system by acting decisively in the first 100 days, advancing short-term goals in the first year, and setting a clear long-term vision for the next three to five years.

First 100 Days: Immediate Actions

- Commit to participatory policymaking by establishing a paid working group that includes the full spectrum of provider voices and empowers them to shape ECE policy across agencies. This structure should help the administration shape all critical early childhood policy to ensure it works for family child care.

- Take immediate steps to stabilize funding for family child care providers:

  1) Immediately usher in reforms to pay all child care providers, regardless of funding stream or type, by enrollment this would immediately begin to alleviate the unpredictability of funding that providers face and keep doors open. It should be followed by a broader set of policy changes that address the significant delays providers and agencies face for city contracts.

  2) Leverage the upcoming NYCPS contract cycle to redesign contracting as a more accessible, equitable, and responsive system—expanding participation, ensuring timely and transparent payments that reflect the true cost of care, and introducing innovations like enrollment-based funding and full buy-out contracts to stabilize and strengthen the family child care sector.

  3) Establish a flexible workforce stabilization fund to provide direct cash supports or emergency relief to existing providers facing income volatility.

- Address the talent and capacity crisis by launching a NYC substitute pool program. Request the State grant New York City the same regulatory flexibility as it's planning for its State pilot program to develop a central pool of assistant teachers that can work flexibly across child care programs and pay them an incentive bonus.

Short-Term Goals: One to Two Years

- Reduce operating costs through utility relief partnerships, pooled insurance purchasing, and targeted maintenance and improvement grants for providers who rent or live in public housing.
- Begin identifying sustainable funding mechanisms, including exploration of an early childhood endowment modeled on Connecticut's approach to fund a range of long-term reforms with a focus on compensation first.
- Launch start-up grants for new family child care providers to cover initial expenses and ease entry into the market. This could align with plans for expanded access.
- Streamline licensing and workforce approval processes by using journey mapping and user-centered design, and support providers with full-time licensing navigators as well as provider guides.
- Streamline payments by automatically enrolling licensed providers in CCAP and ensuring timely subsidy disbursements.
- Initiate a governance review to assess structural options for cross-agency coordination, including centralized departments, interagency task forces, or mayoral task forces with real authority.
- Create transparent accountability systems, including public dashboards tracking payments, licensing timelines, and waiting lists.

Long-Term Vision: Three to Five Years

- Achieve compensation parity in collaboration with the State by aligning family child care pay with elementary school teachers who hold the same training or credentials.
- Provide comprehensive benefits by providing paid health insurance and retirement coverage for all FCC educators and their staff through municipal unions.
- Invest in innovation and infrastructure, including housing-integrated child care spaces, pre-licensed family child care, and homeownership strategies that allow providers to lease-to-buy apartments—strengthening supply and stabilizing neighborhoods.
- Build a responsive governance structure that ensures accountability across agencies, centers provider voice in policymaking, and fosters collaboration between government, community organizations, and providers.

Moving Forward Together

With strong leadership, New York City can become a national model for building innovative and enduring child care infrastructure, one that values family child care and centers it as a vital part of the city's vibrant, diverse communities. We stand ready to collaborate on the implementation of these recommendations and to provide additional research, guidance, and field expertise. Together, we can ensure that family child care, an essential cornerstone of New York City's early childhood system, is fully supported in the next phase of building healthy, strong support for the city's families, children, and child care providers. Read the full report here.

Policy Recommendation Authors

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.

ECE on the Move is a New York City-based organization dedicated to advancing high-quality, equitable early childhood education. Through advocacy, community engagement, and provider support, ECE on the Move works to strengthen and expand access to family child care and early learning programs across the city.

Sharrock Strategy Group partners with mission-driven organizations, public agencies, and philanthropy to build capacity and accelerate impact. From concept to implementation, we provide facilitation, documentation and research, as well as policy and program design to help partners achieve transformative change. With 20+ years of cross-sector leadership, we bring deep expertise in early childhood, K–12, and higher education—and a practical understanding of policy and practice—to deliver tailored solutions.