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Introduction

Early care and education (ECE) received unprecedented action and historically high funding in the process of adopting New York State's budget for FY2023 earlier this year.

Key legislators joined advocates and child care providers for a major push toward establishing a system of universal ECE across the state. The need for expanded access to high-quality ECE had real momentum due to the disruptions caused by the Covid-19 pandemic that left working families struggling to find safe and affordable care and ECE providers struggling to keep their doors open. Business leaders, too, acknowledged the need for improved access to child care as a way to bring parents of younger children back into the workforce. An additional enabling factor was a positive revenue position due to a faster-than-expected rebound in State tax revenues and ample Federal Covid relief funds.

These efforts resulted in significant additional investments and policy changes designed to increase accessibility and affordability. Negotiations between Governor Kathy Hochul and State legislators yielded an agreement pledging \$7 billion over four years, with \$4 billion going to New York City. While this year's package has flaws and fell short of more ambitious goals, funding is at an historic level. The details of the funding and policy changes enacted in Albany this year are presented on pages 10-12.

The City, in turn, took up the charge. On June 28th, the City released its plan, "Accessible, Equitable, High-quality, Affordable, A Blueprint for Child Care & Early Childhood Education in New York City." The Blueprint focuses on, "equitable access to the affordable, high-quality programs that are essential to New York City's youngest children." It seeks to address several of the key issues that have been problematic for families and ECE providers. The Blueprint's goals are discussed on pages 12-13.³

In addition to discussing the wins and losses included in the State budget and the City's Blueprint, this report also describes the confluence of forces that brought about enhanced government action, identifies key potential stumbling blocks in implementing State measures at the local level, and examines further changes needed to strengthen New York City's ECE system.

¹ Findings from Survey on Child Care Among Business Decision Makers, HarrisX, 2022

https://robinhoodorg-wp-production.s3.amazonaws.com/uploads/2022/03/RH-HarrisX-Memo-Mar-8-2022_final.pdf ² Accessible, Equitable, High-quality, Affordable, A Blueprint for Child Care & Early Childhood Education in New York City NYC, 2022, p. 7.

https://www1.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Childcare-Plan.pdf

³ This report is being released immediately following the Mayor's child care blueprint announcement. The Center for New York City Affairs will be delving deeper into these proposals and implementation challenges in the months ahead and will provide a fuller discussion in forthcoming reporting.

Future reports from the Center for New York City Affairs will include an update on how the implementation has unfolded at both the State and City levels, discussion of any new funding developments, and further exploration of the workforce and compensation challenges.

The Forces Driving ECE Reform and Expansion in New York

A range of factors – some immediate, such as the effects of the Covid-19 pandemic, and some longstanding, including the chronic undervaluing and underfunding of child care – brought heightened attention to ECE in Albany this year.

The Covid-19 pandemic has highlighted the dual role played by ECE programs: providing nurturing care and learning opportunities for very young children *and* a safe place to stay while parents and other caregivers are working. The initial onset of the pandemic and subsequent waves of variants have wreaked havoc on everyone's lives, fundamentally disrupting work, school, and ECE schedules and making planning extremely difficult for families and providers alike. As programs shut down in response to government directives and/or due to health concerns, working families scrambled to find care.

The Covid-19 pandemic has highlighted the dual role played by ECE programs: providing nurturing care and learning opportunities for very young children *and* a safe place to stay while parents and other caregivers are working.

Many mothers with small children (and a smaller number of fathers) responded by reducing their work hours or leaving the workforce entirely.⁴ The burden of finding increasingly scarce child care in order to continue working outside the home during the pandemic's most dangerous periods fell disproportionately on low-income women and women of color.⁵ Meanwhile, parents withdrawing their children – and their tuition – from ECE programs resulted in providers laying off staff and closing their doors, some permanently.⁶ These program closures, in turn, laid bare the difficulties faced by many working families in finding safe, high-quality, local care.

⁴ Kashen, Julie; Glynn, SJ; Novello, A: How Covid-19 Sent Women's Workforce Progress Backward, Center for American Progress, 2020

https://www.americanprogress.org/article/covid-19-sent-womens-workforce-progress-backward/#:~:text=They%20found%20that%20in%20April,child%20age%2013%20to%2017.

⁵ Ibid.

⁶ Ewing-Nelson, Claire: One in Five Child Care Jobs Have been Lost Since February, and Women are Paying the Price National Women's Law Center, August 2020 https://nwlc.org/wp-content/uploads/2020/08/ChildCareWorkersFS.pdf

Even before Covid-19 hit New York City, ECE was scarce and expensive in many neighborhoods. Due to limited government investment and bureaucratic hurdles, only a small percentage of families with young children qualifies for and receives subsidized seats. Citizens' Committee for Children (CCC) reported that only 16 percent of infants and toddlers in New York City (23,000 children) who were income-eligible for subsidized care were enrolled in 2019.⁷ There are many reasons for this. While some parents may choose not to put very young children into care, others may not know they qualify for subsidies or be aware of local programs, are deterred by the cumbersome application process, or may be sitting on waitlists for vouchers or seats in subsidized programs. Families who do not qualify for subsidies are faced with costly private-pay options. CCC reports that ECE for infants and toddlers costs 31 percent (\$18,746 for center-based programs) or 17 percent (\$10,296 for home-based programs) of median household income for New York City families with young children.⁸ Not surprisingly, the cost burden was much higher for single-parent households, where costs comprised 54 percent (centers) or 30 percent (home-based programs) of median income.⁹

Ironically, while families are saddled with high costs, many early care and education providers struggle with low pay, minimal or no benefits, and little opportunity for advancement. In 2019, in New York State, early childhood educators with a bachelor's degree were paid 32.6 percent less than teachers in the public K-8 system. Among early educators, the poverty rate was 19.3 percent — much higher than for K-8 teachers (2.5 percent) and for New Yorkers in the general workforce (8.6 percent). These figures do not reflect the results of a salary parity agreement reached in 2019 that boosted compensation for some certified ECE teachers, discussed below.)

Ironically, while families are saddled with high costs, many early care and education providers struggle with low pay, minimal or no benefits, and little opportunity for advancement.

¹¹ Ibid.

⁷ Massive Needs Remain Unaddressed in New York's Child Care System. Citizens' Committee for Children, 2022, p. 2

https://s3.amazonaws.com/media.cccnewyork.org/2022/01/CCC-Early-Education-Massive-Needs_Remain-Infograp hic-January-2022-FINAL.pdf

⁸ Keeping Track of Children: 2022, Citizens' Committee for Children of New York, Inc., p. 44.

⁹ Ibid

¹⁰ Center for the Study of Child Care Employment, State Profiles: New York. 2020 https://cscce.berkeley.edu/workforce-index-2020/states/new-york/

Compensation is particularly low for family child care (FCC) providers who care for children in their homes. ¹² Each FCC lead has the dual role of small business owner and caregiver. Average annual earnings for FCC providers were \$27,500 in 2019 dollars for the 2015-19 period. Forty-three percent of self-employed providers relied on Medicaid, and 16 percent had no health insurance coverage. ¹³

Why are wages so low? For subsidized seats, low pay is a result of government funding that does not fully support the actual costs of running programs. For example, in New York, providers receiving public funding have been reimbursed at the 69th percentile of the market rate (determined through a survey). The increase to the 80th percentile for reimbursement with this State budget package is significant, but still falls short of 100 percent, a reimbursement rate that would pay programs more fully for their costs. (Also, many stakeholders would like to see a fundamental shift in calculating operating expenses beyond using the market rate survey process to ensure that reimbursement rates more accurately reflect costs.)

Along with this, home-based providers are reimbursed based on attendance, unlike child care centers that are paid based on enrollment.¹⁵ This ignores providers' many fixed costs, such as rent (which, in New York City, is often extremely high). Programs collecting tuition directly from parents can only charge so much before the costs become prohibitive for the local families they wish to serve – again, a mismatch between costs and reimbursement.

The low level of government investment should be seen in a broader context of devaluing the work of ECE providers – primarily women, including a large number of women of color. (In New York State, 96 percent of providers are female. In New York City, only 29 percent of ECE providers identify as white. ¹⁶) ECE has frequently been treated as group babysitting, rather than a vital educational service for young children and a fundamental support for their working parents.

As the Alliance for Early Success has argued, "Historically, our society has devalued 'care' and 'house work' as 'women's work' and in service of those more privileged, as work done by servants, maids, and earlier in our history, enslaved Black women. In short, the system we have built remains tied to the roots of systemic racism and sexism. And so, instead of allocating adequate public funding for child care and providing it as a public good to all families, we have

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¹² In New York, home-based providers include smaller programs where the owner is the sole caregiver (Family Day Care) and larger programs with more children and at least one additional teacher (Group Family Day Care). This report uses "Family Child Care" to represent both types of programs.

¹³ CNYCA analysis of 2015-19 American Community Survey data from IPUMS.

¹⁴ Because the rate increases were not made automatic and programs must apply, some providers will face delays or will feel too daunted by the process to apply.

¹⁵ During much of the period since the onset of Covid-19, NYC had a waiver from the State and was able to pay ECE home-based providers based on enrollment. This waiver has since expired, and the attendance reimbursement framework is back in effect. The City's new Blueprint seeks to address this problem.

¹⁶ New York State's Infant and Toddler Workforce, Raising New York, 2021, p. 6

decided to run this system on the backs of families and educators, especially economically vulnerable women and women of color."¹⁷

Government, at all levels, has not treated ECE as a fundamental resource that should be accessible to all families, like the K-12 system. Because of this, the system is fragmented and frequently segregated by socioeconomic class and race. Wealthy families pay significant tuition to highly trained providers for slots in coveted programs. Providers serving families with fewer resources end up struggling to survive, dependent on the State subsidy reimbursement rate and knowing that raising fees for private clients will result in losing families.

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New York City's Current ECE System

New York City's ECE system is complicated, with no one agency owning responsibility for all types and aspects of programming. Different agencies connect with providers for a variety of purposes:

- The **Department of Education** administers the Pre-K for All and 3-K for All programs based in schools, early childhood centers, and some home-based programs (for three-year-olds). The DOE also administers the subsidized system serving very young children whose families meet specific income and other qualifications. ¹⁸ This system includes both home-based and center-based programs.
- The **Administration for Children's Services** determines eligibility for low-income families seeking to qualify for a voucher so that they can select their own ECE provider, which may be a licensed provider (center or home-based program) or a family member/friend who is not licensed.¹⁹
- The **Human Resources Administration** disperses vouchers for those families receiving public assistance who request help with child care.²⁰

²⁰ Families receiving cash assistance are entitled to child care and will receive a voucher through HRA if they request one. Low-income families who are not receiving TANF and apply through the Administration for Children's

¹⁷ Build Stronger: A Child Care Policy Roadmap for Transforming Our Nation's Child Care System, Alliance for Early Success, 2020, p. 4.

¹⁸ Along with proof of income, proof of work schedule has been part of the eligibility process. If the Governor signs the legislation decoupling work hours from eligibility, parents may no longer need to show work schedule documentation.

¹⁹ For further explanation regarding non-licensed providers, see p. 8.

• The **Department of Health and Mental Hygiene** is responsible for licensing programs and ensuring that they meet regulatory standards.²¹ In the case of home-based programs, the DOH has taken on this responsibility through a contract with the NYS Office of Children and Family Services which has oversight authority.

Not surprisingly, this system can be difficult for both families and providers to navigate. A family applying for a seat in a subsidized program, for example, may not realize that vouchers are an option, and a parent on the ACS voucher waitlist may not know that they can also consider DOE-run ECE programs. Providers interact with different agencies depending on whether they are part of the DOE-contracted subsidized system or operate more independently. A recent report comparing ECE systems in five jurisdictions noted the need in New York City for a "single line of authority and management for the City's early childhood investments across agencies" similar to what is found in other places.²²

• The impact of UPK and 3PK

Over the past several years NYC has made important investments in early care and education with the launch of Pre-K For All and 3-K For All, the signature initiatives of the de Blasio administration. There is much to be celebrated in the establishment of free preschool programs for all four-year-olds and slots for at least some three-year-olds in all 32 of the City's community school districts.²³ Implementing these initiatives has been a massive undertaking, reshaping the entire ECE landscape. Pre-K For All scaled up quickly, starting with 51,000 seats in 2014 and offering over 70,000 slots within the next couple years.²⁴ The roll-out of 3-K For All, starting in 2017, has been slower, with a sequenced expansion that initially prioritized high-poverty neighborhoods.²⁵ Given the large number of seats required for both programs, the DOE has worked with schools and also many community-based organizations (CBOs) to open Pre-K For All and 3-K For All classrooms. The City has also placed a small number of 3-K For All participants in FCCs.

Services may be put on a waitlist if there is a backlog in eligibility screening and/or if the voucher budget has been exhausted for the current fiscal year.

²¹ Regulations span a wide range of areas, including everything from the number of exits required in the space to who can administer medication to the types of snacks offered by the program.

²² Early Childhood Systems Development: Essential Elements and Highlights from Five Cities. A Briefing Paper from Early Childhood Partners NYC (the funders' collaborative). 2021. Disseminated by High Impact Partnering (highimpactpartnering.com).

²³ Some community districts have slots for all 3-year-olds, while seats in other districts are more limited.

²⁴ NYC.gov announcement 2014:

https://www1.nyc.gov/office-of-the-mayor/news/425-14/new-york-city-launches-historic-expansion-pre-k-more-51-000-children#/0

²⁵ NYC.gov announcement 2017:

These initiatives brought dramatic changes and also resulted in unintended consequences for ECE providers. On the one hand, this expansion has meant that many additional families had, for the first time, a free, safe, stable option for school day/school year educational care for their children. On the other, however, separate systems have emerged between programs housed in school settings and those in CBOs.

ECE teachers in the DOE's school-based classrooms work a school day/school year schedule and receive compensation and benefits based on the United Federation of Teachers union contract with the City. Meanwhile, some CBO programs, originally set up to accommodate working parents by providing full-day care over 12 months, have maintained these longer hours. As a result, teachers serving in these Pre-K For All programs have continued to work longer daily hours than their school-based counterparts while also teaching over the course of the full year. Compounding the disparities, teachers at CBOs have actually been paid less than those who become DOE staff, and they generally have less generous benefits.

A significant labor agreement reached in 2019 has caused the City to raise starting salaries for certified teachers at CBOs to achieve parity with school settings. The agreement raised salaries by 40-43 percent and was widely celebrated. However, the agreement has limitations. For example, it does not address parity in compensation for ECE directors, special education teachers, on home-based providers. Additionally, while the DOE has a salary scale providing periodic salary increases based on credentials and ongoing experience, the 2019 agreement was focused on starting salaries and did not create a similar salary ladder for teachers in CBOs (who may work many years without getting a raise). Because of these disparities, teachers have continued to leave CBOs for school-based opportunities, and ECE center directors have struggled to hire and retain qualified staff. Such changes in staffing cause disruption in programs, negatively impacting relationships between families and providers.

With schools now directly serving many three- and four-year-olds, and with families taking advantage of this no-cost option, the population of children remaining in CBOs and FCCs has also changed, skewing more toward infants and toddlers. In the 2019-20 school year, 47 percent of four-year-olds (almost 32,000 children) who enrolled in Pre-K For All were based in schools.³⁰ This shift has been significant for both CBOs and home-based providers. Many FCCs previously served mixed age groups, including siblings.³¹

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²⁶ The agreement also included raises for other staff based on the human services COLA, not parity with the DOE system.

²⁷ Parrott, James, op cit p. 2.

²⁸ The City's budget for 2022-23 includes funding to address parity for ECE special education teachers.

²⁹ Parrott, James, op cit pp 18-22.

³⁰ Massive Needs Remain Unaddressed in New York's Child Care System, Citizens' Committee for Children, 2022, https://s3.amazonaws.com/media.cccnewvork.org/2022/01/CCC-Early-Education-Massive-Need

³¹ A small number of 3-year-olds have been placed in FCCs as part of 3-K For All. However, these are school day/school year seats, so reimbursement covers only that schedule, not the full day/full year care generally provided

ECE regulations require more staff members in settings with younger children. There are additional costs for supplies, such as diapers and formula. Also, as there are significant capital requirements for centers providing care to infants, this option is complicated and expensive.³² These factors combine to make the new reality for CBOs and FCCs that serve infants and toddlers exclusively not financially sustainable.

As the City has prioritized 4-K and 3-K For All school day/school year programming, extended-day/full year ECE seats have actually **declined**.³³ For the 2019-20 school year, only 13 percent of four-year-olds in the City's Universal Pre-K program got extended-day care throughout the year, while 87 percent were in school day/school year programs at schools or in centers.³⁴ But such school day/school year care is not sufficient for most working families, who must find supplementary programming during afternoons, school vacations, and summer months, and make sure that coverage is coordinated on a day-to-day basis.³⁵

When parents work beyond 9:00-5:00 Monday through Friday, it becomes even more difficult (and frequently impossible) to find convenient and reasonably priced options. Parents working in industries with nontraditional schedules, such as retail or construction, or who are themselves students, frequently try to stopgap this problem by turning to family and friends who are not licensed providers. (In such situations, when the family qualifies for a voucher, the ECE provider goes through a process that includes background checks and a review of health code requirements coordinated by the Bronx-based nonprofit organization WHEDco to become a legally exempt (LE) program.³⁶)

When parents work beyond 9:00-5:00 Monday through Friday, it becomes even more difficult (and frequently impossible) to find convenient and reasonably priced options.

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by FCCs. NYC Lacks Full Workday Year-Round Child Care Options for Working Parents, Citizens' Committee for Children, 2021,

https://s3.amazonaws.com/media.cccnewyork.org/2021/06/CCC-Extended-Day-Infographic-June-2021.pdf

³² Hurley, Kendra: How Universal Pre-K Drives Up Families' Infant-Care Costs, CityLab, 2019

³³ Massive Needs Remain Unaddressed in New York's Child Care System, Citizens' Committee for Children, 2022 https://s3.amazonaws.com/media.cccnewyork.org/2022/01/CCC-Early-Education-Massive-Needs_Remain-Infograp hic-January-2022-FINAL.pdf

³⁴ Massive Needs Remain Unaddressed in New York's Child Care System, Citizens' Committee for Children, 2022, https://s3.amazonaws.com/media.cccnewyork.org/2022/01/CCC-Early-Education-Massive-Need

³⁵ After school programs can be costly for families and may not correspond perfectly with the DOE calendar.

³⁶ Diana Perez, WHEDco, personal communication, 5.10.22.

• Emergency funding during Covid-19

The different rounds of Federal Covid relief provided significant funding for ECE providers.³⁷ Using this funding, New York State distributed \$900 million in "stabilization" grants to eligible ECE providers. These funds were used to meet a wide variety of costs, including: paying rent, supporting payroll, providing mental health services for staff and children, purchasing program supplies and PPE, and offering health training. Grants in New York City totaled over \$500 million.³⁸

Private funders also recognized the ECE crisis.³⁹ For example, the Low Income Investment Fund raised just under \$4.23 million for technical assistance and emergency grants that were distributed primarily to FCCs in New York City. This funding supported 399 grants to 331 providers. Grants ranged between \$3000-\$10,000 to pay for rent, utilities, materials, PPE, payroll, insurance, and program supplies.⁴⁰ The Low Income Investment Fund has also raised a new round of funding, just under \$1 million, that is focused on capital improvements for FCCs and centers and has already distributed almost \$800,000 to 10 programs.

• The specific concerns of home-based providers

Many families choose FCCs when seeking care for young children. In 2020, 54 percent of infants and toddlers, or 11,476 out of 21,370 children, in subsidized care in New York City were in home-based programs. ⁴¹ There are good reasons why. FCC providers often have similar racial and ethnic backgrounds to the families in their neighborhoods and offer an environment that mirrors the language and culture of parents seeking child care. Some home-based providers have also offered flexible schedules to care for children for extended days and to accommodate the schedules of parents who work outside 9:00-5:00 hours Monday to Friday and/or whose work schedules change from week to week (such as restaurant and retail workers).

Despite these attractive features, family child care providers have been hit particularly hard during the past several years. The effects of the implementation of Pre-K For All and 3-K For All have already been discussed. As 3-K For All continues to expand, the future for many

³⁷ The application process for funding through the Small Business Association was daunting for many providers who were fortunately able to receive emergency grants through NYS-distributed programs.

³⁸ NYS Website:

https://www.governor.ny.gov/news/governor-hochul-announces-success-child-care-stabilization-grant-initiative (2021)

³⁹ Many funders stepped in to support ECE programs, including the New York Community Trust, Robin Hood Foundation, Viking Global Foundation, and the funder's collaborative called Early Childhood Partners-NYC. The Open Society Institute supported the DOE in opening child care classrooms for children of first responders.

⁴⁰ Amy Shea, Low Income Investment Fund, personal communication, 5.26.22.

⁴¹ Citizens' Committee for Children, Keeping Track Online: https://data.cccnewyork.org/data/table/1316/enrollment-in-publicly-funded-care-for-children-under-5#1319/1539/99/a/a

home-based providers remains uncertain. ⁴² In addition, Covid-19 brought further turbulence and instability. As parents withdrew children from ECE programs due to health concerns, providers lost tuition from private pay clients. Home-based programs continued to be flexible, even as center-based programs in NYC were closed, and "local officials encouraged family child care programs operated out of providers' own homes to remain open for essential workers." ⁴³ Nevertheless, many programs closed permanently. Between 2019 and 2021, New York City lost 255 Family Day Care programs (22 percent of all such programs) and 333 Group Family Day Care programs (six percent). ⁴⁴

ECE and the State Budget: What's in - and What Isn't

Advocates and providers, who had long argued for making high-quality ECE more accessible and affordable, found allies in the State legislature who were eager to take ownership on this issue and pursue real policy and budget changes. Elected officials were well aware that working parents had faced significant challenges in finding care as programs closed due to the Covid-19 pandemic. Business leaders also acknowledged the need for working parents to have appropriate ECE as a means of bringing parents back into the workforce.⁴⁵

Advocates and providers, who had long argued for making high-quality ECE more accessible and affordable, found allies in the State legislature who were eager to take ownership on this issue and pursue real policy and budget changes.

The resulting pledged agreement for \$7 billion over four years (including \$4 billion for New York City) brought some desired changes, but did not go as far as many legislators and advocates had hoped.

⁴² And, even if an FCC provider has a contract to serve some 3-K For All participants, these are school day/school year seats and so reimbursement is more limited. NYC Lacks Full Workday Year-Round Child Care Options for Working Parents, Citizens' Committee for Children, 2021,

https://s3.amazonaws.com/media.cccnewyork.org/2021/06/CCC-Extended-Day-Infographic-June-2021.pdf ⁴³ Brender, Gregory, and Hurley, Kendra: Supporting New York City's Unsung Heroes, Day Care Council of NY, Inc., 2021

https://www.dccnyinc.org/wp-content/uploads/2021/10/Supporting-New-York-City_s-Unsung-Heroes-2021-final.pd f p. 2.

⁴⁴ Data from NYS Office of Children and Family Services, FOIL request response on 5.27.22.

⁴⁵ Findings from Survey on Child Care Among Business Decision Makers, HarrisX, 2022 https://robinhoodorg-wp-production.s3.amazonaws.com/uploads/2022/03/RH-HarrisX-Memo-Mar-8-2022 final.pdf

Budget enhancements for FY2023 included:

- Funding to expand the pool of families eligible for subsidies from those earning up to 200 percent of the Federal Poverty Limit (FPL) to those earning up to 300 percent (\$83,250 for a family of four). This is due to go into effect August 1st, 2022.
- Provider reimbursements raised to the 80th percentile of the market rate, up from the 69th percentile. (This went into effect June 1st.) Advocates and providers were hoping that the increases would be given automatically so that the enhanced reimbursement wouldn't be delayed and would reach all eligible providers, but this didn't happen. The State produced an "Attestation Form" as a simplified application for providers exclusively serving children with vouchers. The City is expected to release guidance for those serving children with vouchers and private pay clients.⁴⁶ At the time this report was published, it was not yet clear how and when the DOE would make adjustments in the rates of its contracted providers.
- \$343 million in stabilization grants, 75 percent of which was earmarked for provider compensation. The specific plan for distributing this funding is not yet finalized.

For FY23, the enhanced funding comes primarily from repurposed federal dollars, including the Child Care Development Fund and Temporary Aid to Needy Families. ⁴⁷ This raises questions about sustainability in future years as there is no dedicated funding stream to support these investments.

After the budget was finalized, the Assembly and the Senate also voted to decouple work hours from child care subsidies, meaning that subsidies would now be "accessible for the many parents who work variable and non-traditional hours, among them many immigrant parents." Additional legislation gives counties the option to extend recertification for families receiving subsidies to 24 months up from 12 months. At this report's publication, both pieces of legislation were waiting for the Governor's signature. 49

The State also approved two proposals from New York City Mayor Eric Adams, including \$25 million in tax credits for employers who develop space for ECE programs and \$25 million for businesses that subsidize ECE for employees.

⁴⁶ Shanna Midelton, personal communication, 6.13.22.

⁴⁷ Schuyler Center's Last Look at the NYS 2022-23 Budget, Schuyler Center for Analysis and Advocacy, Inc., 2022, p. 8.

⁴⁸ Ibid p 10

⁴⁹ Legislation requiring all counties to implement a 15 percent differential for families who need care during nontraditional hours or homeless did not move forward (currently the differential is between 5-15 percent).

Proposals that were not adopted, however, notably those from State Senators Jabari Brisport and Jessica Ramos and Assemblymembers Sarah Clark and Andrew Hevesi, would have set broader and more inclusive goals. This failure led to real disappointment for stakeholders, because:

- The families of undocumented children are excluded from receiving subsized care. 50
- The budget does not include a dedicated funding stream, such as a payroll tax suggested by Senator Ramos, leaving funding in future years potentially vulnerable.
- The reimbursement increase (to the 80th percentile from the 69th percentile) fell short of the 100th percentile included in the Senate's one-house bill. (The Assembly bill had a 90th percentile peg.)
- The level of funding allocated will likely not be sufficient to provide subsidized slots to the expanded pool of eligible families.
- Many stakeholders had sought major improvements in compensation for the ECE workforce, but funding for a minimum baseline salary of \$45,000 did not materialize.⁵¹

The Adams Administration and ECE

The Adams administration released its plan, "Accessible, Equitable, High-quality, Affordable, A Blueprint for Child Care & Early Childhood Education in New York City." on June 28th. The Blueprint's goals focus on accessibility, affordability, increased enrollment, program quality, and creating "oversight and accountability structures" for child care and early childhood education. ⁵² It includes efforts that the City has already begun as well as recommendations for future State-level changes. Key strategies include:

- Moving more quickly on voucher access and conducting outreach to low-income families in 17 high-poverty community districts.⁵³
- Expanding the number of seats in subsidized programs.⁵⁴
- Using funds allocated in the City's FY23 budget to expand access to subsidies to undocumented children.⁵⁵
- Reducing weekly fees for families receiving subsidized care. 56

⁵⁰ The NYC budget package for 2023-24 includes \$10 million for "undocumented families" so there will be some flexibility at the City level.

A minimum baseline salary across New York State is complicated because of the significant differences in cost of living in different regions. With more substantial funding, a salary scale for the different regions could be implemented (see discussion of potential federal funding on p. 16).

⁵² Accessible, Equitable, High-quality, Affordable, A Blueprint for Child Care & Early Childhood Education in New York City, New York City, 2022, p. 7.

https://www1.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Childcare-Plan.pdf

⁵³ Ibid p. 14.

⁵⁴ Ibid, p. 15.

⁵⁵ Ibid. p. 16.

⁵⁶ Ibid. p. 20.

- Increasing enrollment, including a focus on children in shelters and temporary housing.⁵⁷
- Creating a new portal to simplify the process for families applying for subsidized care.⁵⁸
- Partnering with CUNY's Professional Development Institute to expand professional development opportunities for the ECE workforce.⁵⁹

To address the fragmentation of the City's system, the Blueprint discusses the establishment of a new office in City Hall to coordinate ECE across the many City agencies currently involved and convening an ECE "Advisory Group" with a broad range of stakeholders.⁶⁰

The Blueprint references the two City-promoted tax initiatives that have been approved at the State level: \$25 million in tax credits for employers who develop space for ECE programs; and \$25 million for businesses that subsidize ECE for employees. These efforts acknowledge the need for more space specifically developed for very young children in care (discussed further below) as well as the effect scarcity of care has on the general workforce.⁶¹

The Administration also recently announced a new \$100 million "Child Care Quality and Innovation Initiative" in partnership with the Robin Hood Foundation to increase access to and quality of ECE programs. The Foundation will match \$50 million in City funding over the next four years. Specific allocations have yet to be determined, but funding could go toward a range of priorities, including expanding access for families with non-traditional work schedules and focusing on workforce development to improve quality and reduce turnover.

The initiative may also seek to address child care "deserts" – neighborhoods lacking enough seats to accommodate demand. (This spring, New York State issued a request for proposals for providers who can serve child care deserts; awards are expected in late June.)

The City's FY23 budget, adopted in early June after negotiations with the City Council, includes:

- \$46 million for contract enhancements for wage increases for special education and day care providers. (This includes raises for center-based ECE special education teachers who were left out of the 2019 salary parity agreement discussed above.)
- \$10 million for child care for undocumented families.
- \$9.2 million for low-income child care vouchers.

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⁵⁷ Ibid. p. 21.

⁵⁸ Ibid. p. 22.

⁵⁹ Ibid. p. 23-24.

⁶⁰ Ibid. pp. 26-27. https://www1.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Childcare-Plan.pdf

⁶¹ Findings from Survey on Child Care Among Business Decision Makers, HarrisX, 2022

 $https://robinhoodorg-wp-production.s 3. amazonaws.com/uploads/2022/03/RH-Harris X-Memo-Mar-8-2022_final.pdf \ https://www.robinhood.org/child-care-quality-and-innovation-initiative/$

⁶³ The Robin Hood Foundation is a funder of the Center for New York City Affairs in the areas of economic policy and early care and education.

Devil in the Details: Implementing ECE Reforms

State-level issues

Moving funds to the counties. The State budget significantly expanded income eligibility for child care subsidies. Implementation relies on distribution of the funds from the State Office of Children and Family Services (OCFS) to localities. OCFS has indicated its intention to move promptly,⁶⁴ and the notice of rule change is open for public comments until July 3rd.

Funding level for subsidies. The State budget assumed an uptake of 15 percent of families made newly eligible for these subsidies. Many stakeholders believe the State should have budgeted for at least 20 percent uptake in the first year. In New York City, there are approximately 72,000 children whose families are newly eligible for subsidies,⁶⁵ and the 15 percent uptake estimate would cover about 10,800 children. There are another 3,600 children who would be eligible if uptake hits 20 percent. If the 15 percent allocation proves too low, funding will run out at the local level. Families will be put on waitlists and/or counties may have the flexibility to narrow eligibility.⁶⁶ Either way, families that legislators sought to assist may not get subsidies. Based on what is learned about uptake in FY23, the State budget should allocate additional funds in future years.⁶⁷

Spending the \$343 million in stabilization grants. OCFS is also responsible for determining the parameters and distributing the \$343 million in stabilization grants for providers. It is critical that this process moves forward in a fair and efficient way. Many providers have been struggling financially as the pandemic has continued and cannot wait long for assistance. Programs are eager to know who will be eligible, how much they will receive, and when.

City-level issues

The fragmentation of the City's ECE system means that scaling up new efforts requires collaboration across many agencies. But as the establishment of Pre-K For All (and now 3-K for All) has made clear, widespread efforts can move forward when there is leadership at the City level. The State's ECE measures have created two salient issues where such leadership is needed immediately.

⁶⁴ Dede Hill, Schuyler Center for Analysis and Advocacy, personal communication, 5.25.22

⁶⁵ Citizens' Committee for Children of New York analysis of the U.S. Census Bureau, American Community Survey, Public Use Microdata Sample File, Combined 5-Year Estimates (2015-2019).

⁶⁶ Dede Hill, Schuyler Center for Analysis and Advocacy, personal communication, 4.29.22.

⁶⁷ Robust uptake will rely on local officials widely publicizing the new criteria so that newly-eligible families know they can apply and are helped to do so. Without a public education effort, it may appear that families are not interested.

• Determining eligibility

Many thousand more New York City families are becoming income-eligible for State-subsidized ECE. Now the City must keep up with these additional applications, creating a simpler path for applications and minimizing bureaucratic hurdles.

There are numerous complaints about the existing system of determining eligibility for seats in subsidized programs (administered by the DOE) and vouchers for low-income families (overseen by ACS). Many advocates and families believe the process is overly intrusive and bureaucratic. Applications are returned for small errors and must be resubmitted, causing delays. Delays in determining eligibility result in families losing out on benefits that are rightfully theirs. (For example, this spring ACS acknowledged a waitlist of 35,000 families seeking child care vouchers. The City has said the agency will move through the waitlist by September.)

Some advocates would like to see community-based agencies given a greater role in determining eligibility. Many families feel more comfortable giving financial information to the local agency that they know well, rather than to a centralized system that may feel intimidating and anonymous. There is precedent for this. Programs that have Head Start contracts directly with the Federal government are allowed to determine eligibility.⁶⁸ Additionally, some stakeholders have been critical of DOE's centralized system because they believe it has prioritized directing families to DOE school day/school year seats rather than looking holistically at each family's needs for care and considering full day/full year placements.⁶⁹

The City's Blueprint commits to moving quickly on vouchers⁷⁰ and describes a new application portal for families - a unified point of intake that would allow families to apply for subsidized care, including both a voucher and a seat in a subsidized program - in one place.⁷¹ This could simplify things for families, but only if there is sufficient capacity to process the applications.

If the Governor signs legislation to decouple work hours with subsidies, eligibility for care will no longer be linked to documentation of a specific work schedule. The City should seize this opportunity to streamline the application requirements and process. This was done for Medicaid eligibility after 9/11 and again during the pandemic in the interest of qualifying people efficiently.

⁶⁸ Gregory Brender, Day Care Council, Inc., personal communication 5.31.22

⁶⁹ Dr. Kara Ahmed, Deputy Chancellor of Early Childhood Education at the DOE, has indicated that the Adams administration intends to prioritize family choice in making placements. CUNY Professional Development Institute's Leadership Speaker Series with Dr. Kara Ahmed, 4/28/22.

⁷⁰ Accessible, Equitable, High-quality, Affordable, A Blueprint for Child Care & Early Childhood Education in New York City NYC, 2022, p. 14.

https://www1.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Childcare-Plan.pdf ⁷¹ Ibid, p. 22.

• Lack of center-based seats for infants and toddlers

The City's initiative to offer \$25 million in tax credits to develop new space for ECE programs may successfully engage businesses not previously involved with this sector. But this funding is limited. For comparison, an ambitious 2019 report from the City Comptroller's Office advocated for \$500 million over five years to support capital improvements and renovation of ECE facilities.⁷²

The City's initiative to offer \$25 million in tax credits to develop new space for ECE programs may successfully engage businesses not previously involved with this sector.

In order to substantially increase availability, the \$25 million would need to be matched with other efforts to incentivize building capacity in both centers and home-based programs. The City could start by focusing on specific employers, such as hospitals, to develop solutions, like identifying rent-free options for ECE programs for families in their workforce. Many of the specific situations that have allowed centers to care for very young children – such as rent-free space⁷³ – point to the need for a combination of creative strategies to reduce costs and significant investment to develop more substantial capacity.

Over the years, CNYCA's reporting has highlighted other ways that center-based programs have been able to serve infants and toddlers and remain financially viable. These include: incorporating different funding streams (including private pay clients); implementing Early Head Start programs that are generally well resourced; and being part of a larger organization that oversees multiple sites and can support common functions like staff recruitment. However, because the budget needs are robust, in general, multiple funding strategies have been required.⁷⁴

Next Steps in Reforming ECE

To strengthen and stabilize NYC's ECE system, the State and City must address a number of other fundamental issues. Each requires investment of public funds, and none will be easily resolved. But the outcome will be that children will benefit from high-quality programs, providers will earn a more secure living, and parents will be able to participate in the workforce in a more reliable and consistent manner.

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⁷² NYC Under 3: A Plan to Make Child Care Affordable for New York City Families, NYC Comptroller Scott M. Stringer, 2019, p. 6.

⁷³ Ibid., p. 1 and p. 4.

⁷⁴ Ibid, p.1.

• Compensation

Stakeholders sought, but failed to secure State budget funding for a minimum baseline ECE salary. Stabilization grants and reimbursement funds to programs will provide some relief but will not fundamentally change longer-term prospects for compensation for the ECE workforce.⁷⁵

Many believe that the current model of funding most early care and education programming is unsustainable and denies fair compensation to teachers, program directors, and FCC providers. Programs with creative leaders cobble together a range of public and private funding streams to survive. (Those relying solely on private pay clients were hit particularly hard during Covid-19 as parents removed their children, while contracted programs did continue to receive public funding.) Given that universal Pre-K for four year olds and now 3-K For All have upended the entire ECE landscape in NYC, many providers have struggled to fill seats. As discussed previously, serving infants and toddlers exclusively is a more expensive business model, and this will not be feasible for most programs.

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As mentioned above, in 2019, the City agreed to raise pay for certified ECE teachers in CBO programs. This was an historic agreement, reached in large part due to the efforts of DC 37 which had not previously been engaged with the early care and education workforce. The Subsequently, the City raised salaries for certified teachers not represented by unions. The Program directors, special education teachers, and home-based providers were not included in these efforts, and the initial agreement focused on starting pay and did not extend to a full career ladder or benefits. In late 2021, the union representing CBO ECE program directors, the Council of School Supervisors and Administrators, sued the NYC Department of Education over pay disparities of as much as \$61,000 between its members and directors in DOE programs.

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⁷⁵ The enacted FY 2023 State budget did include a substantial increase in wages for home care workers, including \$363 million in FY23, \$965 million in FY 2024 and about \$1.3 billion annually thereafter. NYS Division of the Budget, FY 2023 Enacted Budget Financial Plan, p. 30

⁷⁶ Parrott, James: The Road to and from Salary Parity in New York City: Nonprofits and Collective Bargaining in Early Childhood Education, Center for NYC Affairs, 2020, p. 1 https://static1.squarespace.com/static/53ee4f0be4b015b9c3690d84/t/5e222c2ab457e7527ddc6450/1579297836053/SalaryParity Parrott Jan2020 Jan17.pdf

⁷⁷ Veiga, Christina, "NYC boosts salaries for 1,500 non-union pre-K teachers in community-run programs" Chalkbeat, 11.18.19.

⁷⁸ Veiga, Christina, "Low pay for some NYC preschool directors is 'discriminatory,' lawsuit claims," Chalkbeat, 12.2.21.

different efforts address the needs of specific members of the ECE workforce, but do not address the compensation issues, including disparities in benefits, in a comprehensive way, and do not reach FCCs at all.

The Build Back Better package proposed at the Federal level in 2021 included resources for comprehensive changes in early care and education, including lower costs for families, quality measures, and improved workforce compensation.⁷⁹ This new influx of funding for states would have allowed for a real rethinking of compensation and career ladders for the ECE workforce and a move toward parity with educators in the K-12 system. When the legislation stalled, this opportunity stalled, as states are unlikely to have sustainable funds to overhaul the system without increased Federal resources. Advocates are now leading a push for funding to come through the (filibuster-proof) Federal budget reconciliation process. If successful, this could be game-changing for states.

In its Blueprint, the City has committed to studying the compensation issue more deeply.⁸⁰ There are models that the City and State should explore to boost wages and more fully support the ECE workforce short of a wholesale revision in compensation structure.⁸¹ In Washington, DC, the WAGE\$ program provides payment of \$10,000-\$14,000 directly to low-paid ECE providers working with infants and toddlers.⁸² Massachusetts is considering legislation that includes resources to improve affordability for families and also "bedrock" funding for providers to help cover true operating costs and lift wages. The Care that Works coalition in the Boston area is piloting an effort to match women going into construction and other industries with home-based providers who are willing to care for children starting very early in the morning. The program helps mothers find care tailored to their schedules while also paying providers an enhanced fee.⁸³

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 $^{^{79}}$ Kashen, Julie, The Build Back Better Plan Proposes Transformative Child Care and Early Learning Policies, The Century Foundation, 2021

https://tcf.org/content/commentary/build-back-better-plan-proposes-transformative-child-care-early-learning-policies/

⁸⁰ Accessible, Equitable, High-quality, Affordable, A Blueprint for Child Care & Early Childhood Education in New York City NYC, 2022, p. 24.

https://www1.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Childcare-Plan.pdf

⁸¹ Thank you to Dede Hill from the Schuyler Center for Analysis and Advocacy for mentioning the DC program and pending Massachusetts legislation. Other states with bonus programs include: Louisiana, Michigan, Illinois and Iowa:

https://www.route-fifty.com/health-human-services/2022/04/states-implement-child-care-workers-wage-supplements/366243/

⁸² Weil, Julie Zauzmer, D.C. government will send \$10,000 checks to the city's day-care workers, Washington Post, February 1, 2022.

⁸³ Care that Works website: https://carethatworks.org/our-pilot/

• Comprehensive support for home-based providers

As the Center has also previously reported, because of the high costs of center-based care for infants and toddlers, the City has directed most of its funding for subsidized slots to FCCs. 84 Independent home-based providers (those not under contract with the City) have also been a major resource in caring for children under three. However, the cohort of home-based providers has shrunk dramatically in recent years, leaving families with infants and toddlers fewer ECE options.

Being able to enroll children older than infants and toddlers is one survival strategy for home-based providers. If the City continues to place some 3-K For All students with such providers, they *may* be able to find a balance that will work over the longer term. ⁸⁵ Along with this, the City should take a more comprehensive approach by stepping up recruitment, providing assistance to streamline licensing, and committing to ongoing support to create more capacity among home-based providers (see discussion of FCC networks below). ⁸⁶ The State and City should also provide funding to incentivize caring for infants and toddlers and for offering ECE during non-traditional hours to accommodate families' schedules.

• Role of networks in supporting FCCs

FCC providers have two roles: They are small business owners and caregivers. ⁸⁷ As small business owners, they must handle financial administration, work with regulatory bodies (such as the City Department of Health and Mental Hygiene), market their services to the community, and, in programs with larger numbers of children, serve as an employer/manager to other teaching staff. As caregivers, they are creating/leading activities and providing ongoing care and education for the children in their programs, frequently for long hours to accommodate the varied work schedules of parents.

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https://www1.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Childcare-Plan.pdf

⁸⁴ Hurley, Kendra. "Making Room for Babies" Center for NYC Affairs, February 2018. p.1.

⁸⁵ Because the 3-K For All program covers the school day/school year, reimbursement is more limited than the full day/full year programming more commonly offered by FCCs. NYC Lacks Full Workday Year-Round Child Care Options for Working Parents, Citizens' Committee for Children, 2021,

https://s3.amazonaws.com/media.cccnewyork.org/2021/06/CCC-Extended-Day-Infographic-June-2021.pdf ⁸⁶ The City's Blueprint acknowledges the need for more support for FCCs on p. 24.

⁸⁷ Reid, Jeanne L., Melvin, Samantha A., Kagan, Sharon Lynn, and Brooks-Gunn, Jeanne, "Enhancing the Quality of Infant and Toddler Care in New York City: Variation Across EarlyLearn Settings, National Center for Children and Families at Teachers College, Columbia University, July 10th, 2020, p. 62.

Some FCC providers are affiliated with networks through the Department of Education that assist with regulatory compliance and instructional resources. However, as CNYCA has previously reported, the networks have not been funded to provide more substantial support that would benefit FCC providers. More robust networks could help home-based providers manage their financial responsibilities, assist with navigating licensing/inspections and other regulatory requirements, offer coaching and professional development opportunities in ways that accommodate providers' adult learning needs and scheduling constraints, and proactively serve as hubs of activities, including hosting lending libraries for toys and books.

The Low Income Investment Fund (LIIF) is coordinating an effort to enhance support for home-based providers. Along with All Our Kin, ParentChild+, and Ramapo for Children, LIIF is working with family child care educators to plan and design a "hub" that will provide tailored and coordinated technical support to meet a variety of needs expressed by home-based businesses. LIIF held extensive focus groups with providers to learn about their needs and talked with Child Care Resource and Referral agencies to ensure that the hub doesn't duplicate efforts already in place. The hub partners are seeking private funding to launch a pilot and aim to prioritize serving FCC providers who are not already affiliated with a network, as a guide to learning more about what supports FCC providers think are most important to them.

• Resolving questions around quality

Policymakers, advocates, and other stakeholders have differences of opinion regarding the quality of home-based programming vs. center-based care. Central to this discussion is how "quality" is defined and measured. Those promoting center-based programs cite the academic credentials of certified teachers and program directors (credentials that are much less common among home-based providers) and implementation of evidence-based curricula as quality indicators. Additionally, some centers are housed within larger multi-service agencies, streamlining referrals for a range of services that can benefit families, from employment to health care to mental health counseling.

Advocates for FCCs emphasize the high caliber of provider relationships with the young children in their care and providers' ties to families and local neighborhoods. They highlight the cultural and linguistic connection of FCCs with families. Further, they believe that the home-based provider workforce, consisting largely of women of color, has been denied hard-earned credit due to racism and sexism. They argue that FCCs should be seen for their many strengths, and not defined by specific credentials they may lack.

⁸⁸ Hurley, Kendra, and Shen, Janie Ziye, "Bringing it all Home:Problems and Possibilities Facing New York City's Family Child Care, Center for NYC Affairs, 2016, Executive Summary p. 6.

⁸⁹ Jessica Sager and Steven Morales, All Our Kin, personal communication, 3.30.22.

⁹⁰ Sherry Cleary, CUNY Professional Development Institute, personal communication, 4.29.22.

QUALITY starsNY (QSNY), run by CUNY's Early Childhood Professional Development Institute (PDI), is New York State's strengths-based quality improvement program. Programs undergo a comprehensive assessment that results in a rating. They then receive technical assistance, coaching/consultation, professional development, and resources for equipment and materials to help them raise their rating (and sustain high ratings over time). QSNY currently has approximately 900 programs enrolled statewide and will expand to 2,000 over the next year, according to Sherry Cleary, PDI's executive director. The PDI received additional State funds in the FY22 budget to support this growth. This expansion is significant because funding constraints have limited the number of programs engaged. With this increase in investment, the PDI will make a push to enroll more New York City programs. Additionally, as noted above, the City's Blueprint also detailed a partnership with PDI to expand professional development opportunities for the ECE workforce.⁹¹

Some FCCs are engaged in other quality assessment and support activities. Through its network model, All Our Kin provides extensive mentoring to FCCs, including regular visits to provide individualized support to each provider. Several networks use the Family Child Care Environment Rating Scale®, Revised (FCCERS-R) for home-based providers (which is also part of the QSNY process). This tool assesses categories such as "space and furnishings," "interaction," and "program structure" to measure different components of program offerings.

If networks were fully funded to have more robust involvement with FCC providers, they could identify and highlight strengths and offer individualized assistance where providers face challenges. Networks and providers together could assess program quality and develop plans for improvement when necessary. Providers excelling in different areas could be paired with others wishing to learn.

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⁹¹ Accessible, Equitable, High-quality, Affordable, A Blueprint for Child Care & Early Childhood Education in New York City NYC, 2022, pp. 23-24

https://www1.nyc.gov/assets/home/downloads/pdf/office-of-the-mayor/2022/Childcare-Plan.pdf

Conclusion

Efforts by legislators, advocates, providers, and other stakeholders resulted in significant State-level early care and education gains in the FY2023 budget package and pledges for more funding in the coming years. While the final budget did not include all the funding and regulatory changes that many had hoped for, the State did make changes aimed at improving access for families and compensation for providers. The Adams administration's Blueprint details its overall vision and the steps it will take to address accessibility, equity, and quality, and it has also created a \$100 million Child Care Quality and Innovation Initiative in partnership with the Robin Hood Foundation. Success at all levels will be contingent on efficient and smooth implementation.

While these accomplishments are heartening, they should also be seen as first steps. For a variety of reasons, early care and education has never received the support, financial or otherwise, that this crucial service merits. Working families, their young children, and early childhood educators have all suffered as a result. It's time, finally, to set a new and better course.

The Center will continue to monitor implementation progress in the year ahead, watching for any significant developments, and issuing further analyses as we learn more about how these efforts are playing out over time. We will also more systematically profile the 0-3 ECE workforce and provide recommendations on better supporting this workforce and improving their compensation.