NEW YORK CITY COMPTROLLER
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Spotlight

Child Care Affordability and the Benefits of Universal Provision

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Introduction

The cost of child care is a major contributor to the affordability crisis in New York City, putting significant strain on working families with young children. While some of these families are eligible for subsidized care, the system is difficult to navigate and leaves tens of thousands of low-income families without subsidized care, and thousands of middle-income families ineligible for vouchers yet still struggling to make ends meet. New York City led the nation in its introduction of universal Pre-K, which provides high-quality early childhood education and predictability for a new generation of New Yorkers planning their families in the face of rising costs. But major gaps remain.

This month's spotlight examines the economics of child care in NYC. The main results are:

1. **The economics of child care constrain New York City's economic growth.**
    a. In 2024, the average cost of child care for infants and toddlers in family-based care was $18,200, an increase of 79 percent since 2019.[1] The average cost of center-based care was $26,000, an increase of 43 percent since 2019.[2] In comparison, NYC-area inflation over the same period was 20 percent – and the growth in average hourly earnings was only 13 percent.
    b. Given these rates, and using the conventional federal affordability benchmark of seven percent of family income for child care, a family would need to earn $334,000 to afford the cost of care for a two year old in New York City, four times the median family income or the equivalent of 10 minimum wage jobs.[3]
    c. Between 2020 and 2023, the population of children three and under in New York City declined by 19.3 percent. The majority of families who out-migrated were middle-income. While migration decisions are influenced by many factors, reducing the cost of child care for middle income families could be one key to retaining them.
    d. Child care workers have the lowest median personal income of any care workers in NYC—just $25,000 as of 2023— 45 percent of the median income of non-child care workers. Low pay limits labor supply and worsens retention for providers.
2. **Existing publicly funded programs do not meet families' needs.**
    a. Based on an estimated total universal demand of 68,500 seats, 2023-24 school year 3-K seat capacity will need to increase by 16,000 seats. Furthermore, the vast majority of children (approximately 96,000) are in 3-K and Pre-K seats that do not provide a full day/full year option.
    b. As of September 2024, only 29 percent or approximately 31,600 out of a total of 108,000 infant and toddlers potentially eligible on the basis of income, received subsidized child care.[4]

c. In school year 2024-25 there still are children waiting for placement in a legally mandated preschool (3-K and Pre-K) special education seat.

3. **The provision of free, universal child care would provide substantial benefits.**

   a. Higher labor force participation and increased work hours of mothers could increase labor income by nearly $900 million.

   b. The disposable income of families could increase by up to $1.9 billion due to the avoidance of child care costs.

   c. Employers could gain $900 million annually from lower turnover and absenteeism.

Given the substantial economic benefit, it is likely that more families would choose to remain in New York City if provided with free, high-quality child care, boosting population growth. Furthermore, many studies have identified the cognitive and social gains in children that can result from access to high-quality child care. These benefits are more difficult to quantify but they are key for the growth and well-being of the city's population and economy, and therefore for the city's long-term economic vitality.

This spotlight is organized in three sections covering: (a) the economics of child care in NYC, (b) the supply of public and subsidized child care, and (c) the economic benefits from the universal provision of child care.[5]

The Economics of Child Care in NYC

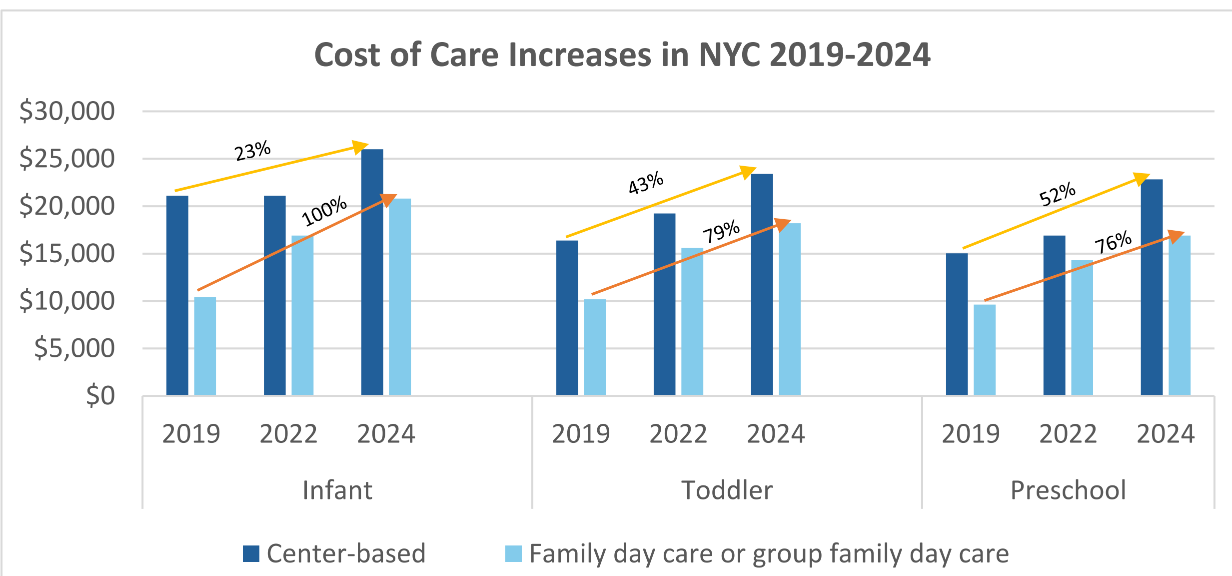
Cost and Affordability

The cost of caring for children is among the most pressing affordability factors in the city. Data released in the United Way's *True Cost of Living 2023 Report* shows that having children increases the chance that a household is not able to afford its basic needs by nearly 50 percent. Eighty-six percent of households with children headed by a single mother have inadequate income to meet their basic needs.

Chart 1 reports the private market annual cost of child care in 2024 as surveyed by the NY State Office of Children and Family Services. In 2024, the annual cost of privately provided child care ranged between $16,900 and $26,000 annually, depending on the type of care provided and the population served. Infant care is the most expensive because lower staffing ratios and smaller class sizes increase staffing costs. For children with disabilities, rates are 15 percent higher than those reported in the table.

Since 2019, the annual cost of child care of any kind increased by at least $4,000 over five years. Care for infants in family day care programs, the more affordable option for many families in New York City, saw the most dramatic jump, doubling in price over just five years.

Chart 1



Source: [New York State Office of Children and Family Services (OCFS)]

Note: Infants are children under 1.5-2 years. Toddlers have ages of 1.5 to 2 years. Preschool ages are 3 to 5 years. 2019 market rates utilize the 69th percentile of reported rates. For 2022 and 2024 OCFS utilized the 80th percentile. Growth rates are not significantly affected by comparing the 75th percentile across years.

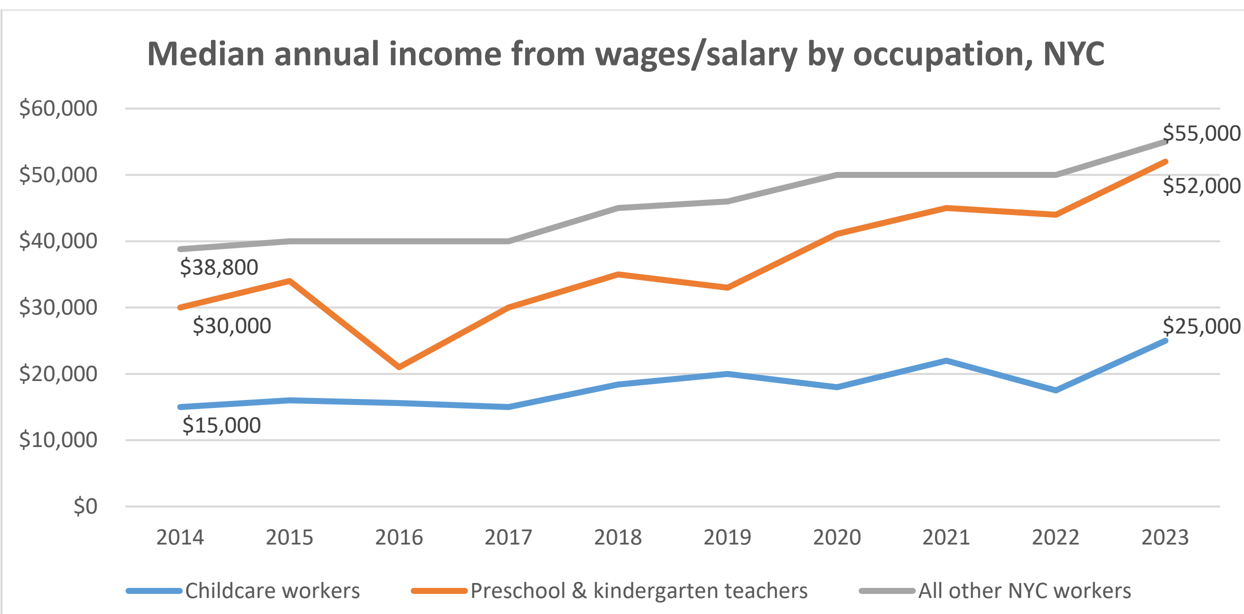
The regulations for Federal Child Care and Development Block Grant Act indicate that child care should absorb at most seven percent of family income to be considered affordable. This means that the center-based rate of $23,400 for toddler care is only considered affordable to a family earning at least $334,000 per year, four times the inflation-adjusted 2023 median NYC family income of $83,557 and the equivalent of 10 full-time minimum wage jobs.

Child Care Industry Workforce and Wages

The tension between affordability for parents and the need for providers to cover costs suppresses wages for a workforce that is overwhelmingly comprised of women of color and is already subject to pay gaps and discrimination. In 2023, women and people of color represented 93 percent and 87 percent, respectively, of New York City's 32,917 employed child care workers. Furthermore, child care workers had a median income of just $25,000 in 2023. This is 45 percent of the median income of all other New York City workers, and the lowest median income of any care work occupation—a category which also includes home health aides, personal care aides, nursing assistants, and preschool and kindergarten teachers.

Chart 2 shows the median annual income of child care workers, preschool and kindergarten teachers, and all other New York City workers from 2014 to 2023. While preschool and kindergarten teachers saw their wages nearly catch up to those of New York City workers broadly, child care workers' wages have remained notably low.

Chart 2



Source: American Community Survey (ACS) 1-year estimates, Office of the NYC Comptroller analysis

The introduction in 2019 of limited pay parity for the starting wages of licensed 3-K and Pre-K teachers working in DOE contracted programs with teachers in DOE classrooms lifted wages for many Pre-K and 3-K teachers. Given that starting salaries at big box retail can exceed minimum wage and can include health, dental, and vision insurance and a matching 401K program, the need for livable wages in the child care sector to attract and retain staff is clear.[6] Extending pay parity is essential to ensure the sustainability of the city's child care industry and the ability of the child care workforce to thrive.

Outmigration

The growth in the New York City population relies on a positive natural balance (births exceeding deaths) and net international migration. The sum of these two components usually exceeds the negative balance of domestic migration (the difference between outflows to and inflows from the rest of the United States).[7] The population losses experienced during the pandemic are due to a much smaller natural balance, lower international migration, and to a steep increase in domestic outmigration.

Based on currently available data, not only did the city's population decline between 2020 and 2023, but its demographic composition also shifted significantly. Data from the 2020 Census Bureau enumeration and the 2023 American Community Survey show that the city experienced an 8.7 percent decrease in households with children (-70,600) at the same time that the total number of households increased by 0.7 percent (+24,300). [8]

The data on household composition implies that population losses are concentrated among families with children, as also confirmed by school enrollment data. Census Bureau data indicates the population of children aged 0-3 saw the sharpest drop at 19.3 percent. This was followed by 4-year-olds with a 14.1 percent decline (matched by a 15.2 percent drop in Pre-K enrollment). School-age children (5-18) showed a smaller but still significant decline of 7.2 percent, with a corresponding 7.4 percent decrease in K-12 enrollment.[9] Furthermore, the percentage of newborns in New York City that attend kindergarten five years later has declined from 66 percent in 2017 to 61 percent in 2023 further confirming the losses experienced in the aftermath of the pandemic.[10] The pattern of steeper declines among younger children suggests growing challenges for families with infants and toddlers in the city.

In American Community Survey data from 2017 to 2023 (excluding 2020 due to data quality considerations) households headed by adults aged 25-34 consistently represented the largest share of outmigration and accounted for roughly 41-45 percent of all outgoing households. The second-largest group of outgoing households was headed by 35-44 year olds (24-26 percent), followed by those over 54 (18-22 percent) and 45-54 year olds (11-15 percent). While total outmigration peaked during the pandemic in 2021, the proportional distribution across age groups remained stable throughout this period. These age ranges typically correspond to prime family formation years, making their migration patterns particularly relevant for understanding demographic trends. Recent analysis of migration patterns by the Fiscal Policy Institute also showed that families with children under six years old were twice as likely to leave NYC as other households.[11]

The composition of households leaving the city reveals distinct patterns by income. Households with children under age five who relocated from the city in 2023 had a median household income of $140,000, while households with children under the age of five who stayed in the city earned $95,000. Among households with school-age children, those who left earned a median of $103,500, compared to $81,700 for those who stayed. Households without children show a smaller gap between those who leave ($88,000) and those who stay ($71,200).

Table 1 compares households with young children (under age five) who stayed versus those who left, broken down into three income categories: low-income (below 40th percentile of income distribution or $70,000), middle-income (between the 40th and 90th percentile of the income distribution or $70,000–$316,000), and high-income (the top 10 percent of households, or those with income above $316,000). The data shows that middle-income households with young children are overrepresented among those leaving NYC: they represented 51 percent of outgoing households and only 43 percent of all households.

Table 1. Household Income Distribution by Mobility Status for Families with Young Children (2023)

Income group	City distribution	Stayers	Leavers
Low income (below $70,000)	45.48% (142,578)	45.79% (126,175)	35.69% (5,694)
Middle income ($70,000-$316,000)	43.11% (135,142)	43.30% (119,316)	51.18% (8,166)
High income ($316,000+)	11.40% (35,746)	10.91% (30,077)	13.14% (2,096)

Source: Census Bureau American Community Survey 2023, Office of the NYC Comptroller analysis

The financial impact of child care costs affects households across the income spectrum but poses particular challenges for many middle-income families. As explained further below, these households often exceed income limits for public assistance programs while still struggling with the combined costs of living in NYC. While a host of economic and life-cycle factors determine residential decisions, child care expenses add considerable pressure to family budgets.[12] The combination of high child care costs and other expenses creates economic challenges for family retention in New York City, contributing to the observed demographic shifts, and hampering economic growth.

Subsidized and Publicly Provided Child Care[13]

The 2014 launch of New York City's Universal Pre-K program provided working parents with a guarantee of free, reliable, high-quality, early childhood education for four-year-olds for the first time in New York City history. The expansion of that model to three-year-olds with the promise of Universal 3-K in 2017 has benefited tens of thousands of working parents. In school year 2023-24, more than 103,000 children were enrolled in public 3-K and Pre-K programs in NYC.[14]

However, extended day/extended year Pre-K and 3-K seats are limited in number and are subject to the same eligibility criteria as child care vouchers, which are funded by the Child Care and Development Block Grant (CCDBG). This leaves a child care gap for many working 3-K/Pre-K parents after 2 PM when the school day ends and during the summer. Only five percent of Pre-K seats and 10 percent of 3-K seats were extended day/extended year in FY 2024. A funding increase of $25 million in the current fiscal year is not adequate to address the need.

For children younger than three, affordability remains challenging as there are far fewer public options, all of which are means-tested. The City supports and subsidizes child care for this age group for low-income families and families on public assistance through the early childhood education and Early Head Start programs run by DOE and through vouchers provided by the Administration for Children's Services (ACS) and the Human Resources Administration (HRA) for use in a variety of settings, all primarily funded by CCDBG except for Head Start. These programs rely on different funding streams with varying eligibility requirements and have distinct application processes, making the system difficult to navigate and inaccessible for many of the low-income families who are eligible.

Recent changes in State and City policies have improved access to subsidized child care by increasing the eligibility income ceiling from 200 percent of the Federal Poverty Limit (FPL) or about $50,000 for a family of four to 85 percent of New York state median income, or $108,632 for a family of four.[15] Table 2 summarizes the number and percentage of income-eligible families in NYC. The table shows that 57 percent of NYC families with children under the age of three qualify for subsidies on the basis of income, leaving approximately 77,000 families without any assistance.

Recently enacted state legislation seeks to further ease accessibility constraints for parents: S.4667A/A.4099A sponsored by Senator Samra Brouk and Assemblymember Sarah Clark was signed in December by the Governor and authorizes presumptive eligibility for child care assistance. The legislation allows the use of CCDBG funds to cover the period of presumptive eligibility, even if the application is eventually denied. This effectively means that parents will be able to enroll their children in child care programs while the paperwork is processed. Two other bills eliminating the minimum earnings requirements for subsidies (S.4924A/A.1303A) and separating subsidy amounts from the hours parents work (S.8152A/A.8878A) were vetoed by the governor.[16]

Table 2. Income Eligibility for Subsidized Child Care In New York City

Family size	85 percent of NY state median income (SMI)	Number of qualifying families in NYC with children under 3	Percent of NYC families with children under 3 that are eligible for subsidies
2	$73,869.56	8,069	88%
3	$91,250.63	21,750	32%
4	$108,631.70	29,367	50%
5	$126,012.77	23,720	70%
6	$143,393.84	11,747	67%
7	$146,652.80	6,900	83%
8+	$146,625.80+$3,258.95 Per Addtl Family Member	6,885	74%
Total		**108,438**	**53%**

Source: NY State Office of Children and Family Services, Census Bureau, Office of the NYC Comptroller analysis

Note: The income thresholds are in effect from June 1, 2024 to May 31, 2025.

Furthermore, income eligibility does not phase out gradually and the marginal cost of exceeding the threshold is extremely steep. For instance, a family of four with an infant and a toddler in center-based care earning just below the income limit of $108,631.70 faces copays of $15 per week. The same family with income just above the limit would face nearly $50,000 in child care costs, leaving only $4,900 of pre-tax income per month for all other necessities.

As of this past September, 21,123 children aged two and younger were issued low-income child-care vouchers by ACS and an additional 10,441 were enrolled in DOE's EarlyLearn Program. While there are additional eligibility requirements for child care subsidies beyond income, including the ability to show "cause for care" such as employment or enrollment in school, as well as citizenship or legal immigration status, we estimate that 108,438 children two and under live in families that satisfy the income eligibility requirement.[17]

Families with young children with disabilities face substantial additional challenges. The cost for care for children with disabilities is higher and often requires the support of additional therapists and paraprofessionals. But special education preschool seats were not sufficiently considered in the Pre-K for All roll-out in 2014, and this has remained a problem ever since. As recently as the end of FY 2024, there were more than 700 preschool age children waiting for seats that DOE is legally required to provide. The Adams administration first promised to fix this problem with a December 2022 press conference announcing $130 million over two years and 800 new seats.

More recently the administration added another $37 million in FY 2025 for 700 additional seats in district schools, of which 456 have been opened; there remains a serious unmet need.

Finally, the annual pattern of cuts and restorations under the current administration has created uncertainty and confusion among parents and child care providers alike even for the universally available 3-K and Pre-K programs. Ultimately, despite the budget machinations, FY 2024 actual spending for 3-K and Pre-K increased from FY 2023 by $100 million to support the current level of access families are depending on. However, remaining 3-K/Pre-K cuts and underbudgeting result in a decline of $149 million (eight percent) in budgeted funding for FY2025 and $317 million (18 percent) for FY 2026 and out.[18] This reduction calls into question the administration's commitment to both providing 3-K for All and to expanding access to publicly subsidized early childhood education more broadly.

The Benefits of Universal Provision

The benefits of high-quality care for young children accrue to children, their parents and society at large. The benefits to children are supported by numerous studies going back decades and include increased linguistic, cognitive and social development, among other benefits.[19] Studies tracking children through third grade demonstrate increased reading, vocabulary and math skills, with educational benefits extending into adulthood, especially for children living in poverty who are more likely to lack access to high quality care.[20] Long term benefits include higher likelihood of completing college, the attendant increase in earnings, and decreases in criminal justice involvement.[21]

In general, private markets cannot be expected to provide the socially optimal supply of child care services, even where families might be willing to invest the resources. First, unlike college, parents cannot borrow against future income to pay for child care expenses (in economists' jargon, families face "liquidity constraints"). Additionally, while society at large benefits from better educational attainment, higher incomes, and the other outcomes outlined earlier, providers of child care services do not profit from those benefits, and therefore invest in and supply less child care than desirable.[22]

Labor Force Participation and Hours Worked

The absence of affordable, widely available child care options has negative impacts on labor supply. According to recently reported data from the Robin Hood Foundation's NYC Early Childhood Poverty Tracker on child care related work force disruptions, nearly half of mothers reported at least one child care-related work challenge and 29 percent of mothers in the workforce with school-age children reported job turnover due to child care issues in the 12 months prior. Additionally, child care issues pushed 34 percent of working mothers to choose part-time work or to decline a promotion, while 29 percent of working mothers decided to drop out of the labor force.[23] Research from the Center for American Progress concluded that the availability of affordable high-quality child care would lead 51 percent of stay-at-home parents to find work, and about a third of employed parents to work more hours.[24] The Century Foundation estimates that the state of New York would see $3.2 billion in additional wage earnings for parents newly induced to enter the workforce under a substantially expanded, robustly funded child care system.[25]

We examine the economic impacts of universal child care in New York City in two ways. First, we conduct an analysis of labor force participation effects, focusing specifically on families with young children earning up to 150 percent of the city's median income. Second, we look at the impact on hours worked on mothers that are already employed.

To estimate the effect on labor force participation, we focused on families with income up to 150 percent of median income because they are more responsive to changes in child care costs and face greater obstacles to employment. Specifically, we estimated the labor force participation response of mothers of children under the age of four to the availability of free child care, separately for single mothers and secondary earner mothers in two-parent households. The assumptions on the responsiveness of labor force participation to the availability of free child care is based on a review of existing studies, as outlined in the methodological appendix.

Table 3 shows that free universal child care would significantly increase maternal labor force participation in New York City, particularly in families with income up to 75 percent of the city median. Single mothers with below-median incomes would account for the largest increase, with the labor force participation rate (LFPR) rising from 60.8 percent to 78.4 percent, representing nearly 9,400 additional individuals on an annual basis. Mothers that are secondary earners in families below 75 percent of the median income would also increase their LFPR from 34.3 percent to 44.1 percent, or by 5,600 on an annual basis. Mothers in families between 75 percent and 150 percent of median income would show a smaller but still substantial increase of 3 percentage points or more in their LFPR. The labor force would increase by a total of 14,200 mothers, who would collectively earn $670 million annually.[26]

Table 3: Labor Force Participation Impact of Free Child Care on Families with Income Up To 150% of NYC Median Income

Family structure & income	Elasticity (%)	Baseline LFPR	Free child care LFPR	Change (ppts)	Additional workers
Single Mothers					
Family income <75% median	45.0	60.8%	78.4%	+17.6	9,369
75-150% median	22.5	85.4%	88.7%	+3.3	494
Secondary Earners					
Family income < 75% median	15.0	34.3%	44.1%	+9.9	5,559
75-150% median	7.5	60.1%	63.1%	+3.0	788
Total					**14,210**

Source: IPUMS-American Community Survey 2019-2023, Office of the NYC Comptroller analysis
Note: The analysis uses 2019 and 2021-2023 ACS data for NYC mothers with children under age four. Elasticities are drawn from Hartley, R. P. *et al.* (2021) *A Lifetime's Worth of Benefits: The Effects of Affordable, High-quality Child Care on Family Income, the Gender Earnings Gap, and Women's Retirement Security*, National Women's Law Center and Morrissey, T. W. (2017) "Child care and parent labor force participation: A review of the research literature," *Review of Economics of the Household, 15*(1), 1–24. . LFPR denotes Labor Force Participation Rate. ppts denotes percentage points. Numbers in the 'Additional Workers' column represent the average effect calculated using the 2019, 2021, 2022, and 2023 survey data.

Free childcare would also increase work hours among employed mothers with young children (age three and younger), generating approximately 8.8 million additional work hours annually. Working mothers in families with income up to 75 percent of the City's median account for 68 percent of the increase and would add about 6.0 million hours per year, or 2.1 hours per week on average. Higher income working mothers would contribute 2.8 million additional hours annually, increasing their weekly hours by 1.2 on average.

The increased work hours would generate additional earnings for working mothers with young children, totaling $210 million. The total increase in labor income due to increased labor force participation and more hours workers is therefore estimated to be approximately $900 million.

Savings for Families and Businesses

With universal child care, parents across the socioeconomic spectrum would benefit from higher disposable income that could be saved or consumed. As shown in Table 5, based on current market rates a universal policy could save an estimated 69,500 families with children currently in child care, who are not already receiving vouchers, about $420 per-child per-week, or $1.9 billion on an annual basis. These are dollars that could be available immediately in the local New York City economy.

Table 4: Estimated Child Care Savings for Families of Young Children

	Children in care			Annual savings to families ($m)	
	Center-based	Home-based	Impacted families	Center-based	Home-based
Infants	22,085	13,026	25,846	$574.2	$304.8
Toddlers	34,716	20,476	43,669	$722.1	$372.7
Total	56,800	33,502	69,515	$1,296.3	$677.5

Source: New York City Comptroller, ACS 2022 1-Year Estimates, Office of Children & Family Services

Businesses would also benefit directly from a more stable workforce with predictable child care services. We estimate the annual magnitude of these losses by applying the methodology used by the Century Foundation. Specifically, nearly 13 percent of parents polled in the National Survey of Children's Health reported that they had to leave a job due to insufficient child care, and businesses spend 21 percent of annual payroll on turnover-related costs. Using the average wage for working parents of young children, we estimate that the lack of universal child care reduces annual revenues of NYC businesses by $384 million. Assuming that these workers are, on average, absent nine days per year due to insufficient child care, we estimate that businesses lose an additional $503 million annually.[27]

Conclusion

The high cost and under-provision of child care is a key element of the affordability crisis in New York City. Universal provision would generate substantial economic benefits to families at all income levels and boost labor supply, both through higher labor force participation and the increase of hours worked. Universal provision would also likely lower the outmigration of families with young children. The expansion of overall service capacity would need to be accompanied by higher wages in order to attract and retain a larger workforce. The potential savings for families and compensation for workers also highlight the challenge of finding a sustainable public funding model. Nonetheless, affordable, high-quality child care would not just provide relief to hundreds of thousands of working families in New York City struggling to make ends meet – it would dramatically improve quality of life in the city and put New York at the forefront of support for working families across the nation.

Methodology

Summary statistics pertaining to the number of families with young children were derived from the 2022 American Community Survey microdata extracted from IPUMS, filtered to only respondents residing in New York City. Household-level estimates were derived using the HHWT variable, and person-level estimates using the PERWT variable. Population data reported in this manner were checked for statistical viability using replicate weights at 5 percent confidence intervals using the jackknife method, implemented through the srvyr package.

In order to estimate households with children ages 0-2, the Comptroller's Office created a new variable NCHLT3 which calculated the number of respondents within a single CBSERIAL + SUBFAM with an AGE between 0 and 2. Income eligibility for child care subsidies at 85 percent of 2024 New York State median income was determined by matching the FAMSIZE variable to income thresholds for the corresponding family size and for all household incomes recorded in FTOTINC. Aggregate family eligibility was calculated by identifying distinct CBSERIAL + SUBFAM combinations with an NCHLT3 greater than zero.

To estimate the effect of free child care on families with income up to 150 percent of median income, we applied the results in Hartley, R. P. et al. (2021) A Lifetime's Worth of Benefits: The Effects of Affordable, High-quality Child Care on Family Income, the Gender Earnings Gap, and Women's Retirement Security, National Women's Law Center and Morrissey, T. W. (2017) "Child care and parent labor force participation: A review of the research literature," Review of Economics of the Household, 15(1), 1–24. We estimate the labor force participation response of mothers of children under the age of four to the availability of free child care, separately for single mothers and secondary earner mothers in two-parent households. Based on prior research, we apply elasticities ranging from 45 percent for low-income single mothers to 7.5 percent for higher-income secondary earners, reflecting varying labor supply responses across family structures and income levels relative to the city median. The analysis focuses on incomes up to 150 percent of median income since they are most responsive to changes in child care prices and face the greatest cost barriers to employment. The estimates are obtained by pooling American Community Survey samples from 2019 and 2021-2023. The analysis focuses on mothers because mothers continue to be the primary caregivers in most families and their labor force participation is more responsive to child care costs. Research consistently shows that mothers' employment decisions are more sensitive to child care availability and affordability compared to fathers', who typically maintain more stable labor force attachment regardless of child care conditions.

We use the same sample to estimate how universal childcare would affect mothers' work hours. Following Hartley et al. (2021), we apply elasticities of work hours with respect to childcare costs based on family income and child age. While their study calculated elasticities specifically for mothers with children ages 0-2, we extend these estimates to mothers with children ages 0-3. The elasticities imply, for example, that eliminating childcare costs would increase work hours by 6.8 percent among lower-income mothers with young children. We focus on working mothers to isolate the intensive margin response (increased hours among existing workers) from the extensive margin (entry into the workforce). In the analysis, we cap weekly hours at 40.

Table M1: Effects on Hours Worked

Income group	Child age	Baseline weekly hours	Estimated increase in weekly hours	Elasticity(%)
Family income <75% median	0-3	31.14	+2.12	6.8
75-150% median	0-3	35.71	+1.21	3.4

Notes: The analysis uses 2019 and 2021-2023 ACS data for NYC mothers with children under age four. Current hours represent baseline weekly work hours. Elasticities show the percentage increase in hours worked in response to a 100% reduction in childcare costs and are derived from Hartley et al (2021). The predicted hours and percentage changes are calculated by applying these elasticities to baseline hours. These estimates focus only on mothers already in the workforce and do not include potential increases from new labor force entrants.

Source: Office of the NYC Comptroller analysis of American Community Survey data.

Given the potential for upward revisions of the 2023 population data, the total number of seats required for children ages 0-2 under a universal system was assumed to be all children in the 2022 ACS sample living in single- or two-family households with all parents in the labor force, plus a percentage of children living with a single parent not in the labor force and one or fewer parents in the labor force equivalent to the labor force participation increases described above. This figure was deflated by 25 percent to approximate child care take-up rates in OECD nations with universal child care.

To compute the per-family savings, the Comptroller's Office tabulated the number of families of children aged 0-2 with any parent in the household working. We further assumed that 60 percent of these families use child care, and that 62.1 percent of those households pay for child care per Lending Tree's analysis of Pulse Survey Data. The Comptroller's Office assumed proportionate distributions of young children in center-based and home-based care as reported by OCFS in 2023, and the average annual cost of child care for infants and toddlers in home- and center-based care as of 2024 respectively.

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Archer Hutchinson, Creative Director, and Addison Magrath, Graphic Designer led the design, with assistance from Angela Chen, Senior Website Developer and Martina Carrington, Web Developer.

Endnotes

[1] Family and group family child care programs are licensed by the New York State Office of Children and Family Services (OCFS) to provide care in a private home for children beginning at 6 weeks and for more than 3 hours per day. The primary caregiver and staff must have child care experience but there are not formal educational requirements. Center-based providers are licensed by OCFS to operate in a non-residential setting and have requirements that include and educational director and teachers with formal educational requirements. https://ocfs.ny.gov/programs/childcare/regulations/.

[2] NYS Office of Children and Family Services. (2024). *New York State Child Care Market Rate Survey Report 2024*. https://ocfs.ny.gov/main/reports/2024-Child-Care-Market-Rate-Survey.pdf.

[3] U.S. Census Bureau, U.S. Department of Commerce. (2023). Income in the Past 12 Months (in 2023 Inflation-Adjusted Dollars). *American Community Survey, ACS 1-Year Estimates Subject Tables, Table S1901*. Retrieved December 12, 2024, from https://data.census.gov/table/ACSST1Y2023.S1901?g=160XX00US3651000.

[4] Other eligibility requirements include proving a cause for care such as work or school and citizenship/legal immigration status.

[5] This is not a full cost-benefit analysis, which would require the inclusion of cost estimates and potential offsets due to the impact on population and economic growth.

[6] Salvucci, J. (2024, April 15). *Home Depot jobs & what they pay: Cashier, lot associate, merchandising & more.* The Street. https://www.thestreet.com/employment/home-depot-jobs-and-what-they-pay-hourly-starting-wages#what-benefits-do-hourly-home-depot-employees-get.

[7] See our May 2023 and April 2024 newsletters and NYC Department of City Planning (2024) *New York City's Current Population Estimates and Trends*.

[8] Office of the New York City Comptroller (2024) *The state of the city's economy and finances: 2024*, Tables 10 and 11. As shown in this month's newsletter, Census Bureau data from the Population Estimates Program to be released in March could show an improved headline population number for the City and, potentially, population growth already in 2023. However, this should not qualitatively affect the results shown in this section.

[9] Ibid., Table 11.

[10] The percentages are derived from NYC Vital Statistics Data and enrollment data at DOE and charter schools.

[11] Fiscal Policy Institute. (2024, June). *Who is Leaving New York State?* https://fiscalpolicy.org/wp-content/uploads/2024/06/FPI-Migration-Pt-2.pdf.

[12] The expansion of the NYS Child Care Tax Credit recently proposed by Governor Hochul would offer up to $1,000 for children under 4 (starting in 2025) and up to $500 for older children (starting in 2026). Full benefits would be available for incomes up to $110,000, with a gradual phase out afterwards. However, with typical departing families earning $140,000 and childcare costing $18,200-$26,000 per child, most continue to be in a challenging position - earning too much for full benefits but facing the substantial costs of care.

[13] For a more in-depth analysis of NYC's publicly supported child care programs, see the September 2024 spotlight.

[14] The State of New York has also led the nation in its support for working families, providing 12 weeks of paid family leave for each parent at 67 percent pay and full health care benefits since the full phase in of the 2016 New

York State Paid Family Leave Act. See Bipartisan Policy Center (2024, August 5) *State Paid Family Leave Laws Across the US* and Galler, S. B. (2017, May). *Know New York State's New Paid Family Leave Benefits Law*, NYSBA Journal.

[15] NYS Office of Children and Family Services. (n.d.). *Local Social Service Districts Child Care Section of the Child and Family Services Plan*. https://ocfs.ny.gov/programs/childcare/plans/.

NYC Office of the Comptroller. (2019, May 17). *NYC Under Three: A Plan to Make Child Care Affordable for New York City Families.* https://comptroller.nyc.gov/reports/nyc-under-three-a-plan-to-make-child-care-affordable-for-new-york-city-families/.

[16] Sheridan, J. (2024, December 17). *Hochul vetoes 2 child care bills, drawing advocates' ire.* Nextar. https://www.news10.com/news/ny-news/hochul-vetoes-2-child-care-bills-drawing-advocates-ire/.

[17] NYC Office of the Mayor (2024, September). Mayor's Management Report 2024, page 41. https://www.nyc.gov/assets/operations/downloads/pdf/mmr2024/child_care.pdf.

[18] https://comptroller.nyc.gov/reports/comments-on-new-york-citys-fiscal-year-2025-adopted-budget/#iii-the-fy-2025-adopted-budget-overview-of-the-fy-2025-adopted-budget; updated with FY 2024 year-end spending and the November 2024 Financial Plan.

[19] National Research Council and Institute of Medicine Committee on Integrating the Science of Early Childhood Development. (2000). *From Neurons to Neighborhoods: The Science of Early Childhood Development.* https://www.ncbi.nlm.nih.gov/books/NBK225555/.

[20] Horm, D. M., Shinyoung, J., Clavijo, M. V., and Acton, M. (2022, December 12). *Kindergarten through Grade 3 Outcomes Associated with Participation in High-Quality Early Care and Education: A RCT Follow-Up Study.* Education Sciences 12(12), 908. https://doi.org/10.3390/educsci12120908.

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[22] U.S. Department of the Treasury. (2021, September). *The Economics of Child Care Supply in the United States.* https://home.treasury.gov/system/files/136/The-Economics-of-Childcare-Supply-09-14-final.pdf.

[23] Robin Hood Foundation. (2024, September). *Child Care-Related Work Disruption in the Early Childhood Poverty Tracker*. https://robinhood.org/reports/poverty-tracker-early-childhood-spotlight-child-care-work-disruption/.

[24] Halpin, John et al., "Affordable Child Care and Early Learning for All Families," September 13, 2018, Center for American Progress. Affordable Child Care and Early Learning for All Families - Center for American Progress.

[25] Kashen, Julie et al, "How States Would Benefit if Congress Truly Invested in Child Care and Pre-K", March 21, 2022, The Century Foundation: How States Would Benefit If Congress Truly Invested in Child Care and Pre-K.

[26] We used median earnings for women from the 2023 American Community Survey ($49,636) discounted for the 2023 unemployment rate among women with children up to 6 years of age and inflated to 2024 using the percentage change in average hourly earnings in January-November 2024 relative to the same period in 2023.

[27] Child Care Availability Task Force, "Supporting Families, Employers & New York's Future: An Action Plan for a Strong and Equitable System", *New York State Office of Children & Family Services.* https://ocfs.ny.gov/reports/childcare/Child-Care-Availability-Task-Force-Report.pdf.

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