



# **Child Care Advisory Board Report**

January 3, 2025

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## **Executive summary**

In 2022, the New York City Council passed Local Law 102, creating the Child Care Advisory Board. Under the Adams Administration, the Child Care Advisory Board is chaired by the Office of Child Care and City agency partners such as the New York City Department of Health and Mental Hygiene (Health Department), the Administration for Children's Services, New York City Public Schools, as well as external appointees by the Speaker of the City Council, the Comptroller, and the Public Advocate. The Board is required to submit an annual report to the Mayor and the Speaker of the City Council outlining the challenges facing the child care sector, recent progress toward expanding access to care, and a plan for projecting the financial and operational requirements for achieving universal access to child care and early education over the next five years.

The report focuses on child care needs for children under the age of five, as the Advisory Board defines "universal access to child care" as every child under the age of five having access to child care, irrespective of family income, caregiver's employment status, or child immigration status. While achieving universal early childhood education access remains challenging, the report finds that New York City is well on its way. To achieve universal access for 3-K, the report estimates that the City would need approximately 60,000 seats for 3-K, of which New York City Public Schools alone has already reached 53,000 seats. To that end, the report discusses challenges and recent progress made by New York City, specifically in the following areas: expanding child care access and enrollment; making child care more affordable; improving quality and supporting providers; expanding the capacity and availability of child care space and seats; and strengthening government support and resources to support a universal child care system.

The Advisory Board's initial projections are that in Year 1, universal child care costs would be up to \$7.9 billion annually, and by Year 5 the annual cost would be \$14.36 billion. A universal child care system would require significant increases to current State and Federal revenue sources and access to new State and/or Federal resources to expand access for children under the age of five, irrespective of family income, employment status, and child immigration status, especially for infants and toddlers. These projections should be considered estimations and will continue to be refined by the Advisory Board over the next two years.<sup>1</sup>

Given the importance of early childhood education to helping New York City families afford to live and thrive in New York City, and the importance of early childhood education to developing the futures of our children, the Adams Administration has worked closely with the New York City Council and external partners to make significant gains in dramatically expanding access to child care, reducing costs, and improving child care quality so that New York City can develop a sustainable early child care ecosystem.

## **Key metrics of progress and success**

- Early childhood enrollment is at the highest level ever, with over 150,000 children enrolled across New York City's early childhood system.

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<sup>1</sup> The Advisory Board urges caution when interpreting the estimated enrollments and costs, as they are subject to change.

- Invested \$100 million in FY25 to address long-standing systemic issues to boost enrollment and connect families with more Pre-K and 3-K seats.<sup>2</sup>
  - Added \$20 million to ensure the 43,000 families who applied by the deadline for 3-K got an offer. This is the first time ever in the history of 3-K that all families received an offer. New York City Public Schools also made offers to over 10,000 more families who applied after the 3-K deadline. This is despite the number of applicants tripling since before the pandemic, going from 14,000 applicants in 2019 to over 43,000 initial applicants in 2024. At the same time, the number of offers increased by 350%, going from 9,500 offers in 2019 to over 43,000 initial offers in 2024.
  - Launched a \$5 million outreach effort to connect families with vacant seats across New York City Public Schools' birth-to-5 system, in all settings types, to close gaps in access for families who want a seat. Outreach contracts were made to 21 community-based organizations to help families find, apply, and enroll in child care.
  - Added an additional \$30 million, for a total of \$55 million, to increase preschool special education classrooms to ensure early childhood education across New York City is inclusive of all children. For the 2024/25 school year, New York City Public Schools made seats available for all children in need of a special education preschool seat at the beginning of the school year. In fall 2024, New York City Public Schools opened ~400 seats for preschool special education programs, and placed ~11,000 students; they are in the process of opening over 200 additional seats.
  - Allocated an additional \$20 million, for a total of \$40 million for extended-hour programs for working families who need programs that last later into the evening. In FY25, New York City Public Schools plans to convert 5,800 seats to this new model, called School-Day+.
  - Invested \$25 million to for Promise NYC,<sup>3</sup> a child care program for undocumented children who are not eligible for State- and Federally-subsidized child care due to their immigration status. The additional funds increase the total number of slots from 600 to 1,000. As of November 2024, over 800 slots were filled.
- Making child care more affordable: Reduced the out-of-pocket cost for families using a child care subsidy. In 2022, under the previous policy, a family earning \$55,000/year would pay \$55 per week for child care. In 2024, that same family pays approximately \$5 per week.
- Making more families eligible for child care assistance: Successfully advocated to increase the income ceiling from 200% of the Federal Poverty Level to 85% of the New York State Median Income. In June 2022, a family of four making over \$60,000 per year would be ineligible; as of 2024, a family of four earning up to \$108,600 per year can qualify. This means 95,000 more children can be eligible for a child care subsidy.

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<sup>2</sup> [\\$100 million Investment in Early Childhood Education Press Release](#)

<sup>3</sup> [Promise NYC](#)

- Made it easier for families to apply for a child care subsidy through the new MyCity digital portal. Since launching the portal in March 2023, nearly 34,000 applications have been found eligible as of December 2024.
- Created more child care seats: Launched the Child Care Center Property Tax Abatement to incentivize property owners to retrofit their vacant spaces for licensed child care. As of December 2024, over 3,500 new seats have been created.

## Introduction

Access to high-quality, affordable child care and early education is the foundation for healthy early development, academic achievement, and a lifetime of benefits that follow a child into adulthood. Investing in child care and early childhood education is one of the most effective ways to combat poverty and provide families in New York City with economic stability.<sup>4</sup> New York City is home to more than 475,000 children under the age of five<sup>5</sup>, and as of July 2024, more than 150,000 children under the age of five are enrolled in City-run, subsidized child care programs.<sup>6</sup>

The following report, as required by Local Law 102 of 2022—developed by the City of New York’s Child Care Advisory Board (“the Advisory Board”)<sup>7</sup>—outlines challenges facing the child care sector, recent progress toward expanding access to care, and a plan for projecting the financial and operational requirements for achieving universal access to child care and early education over the next five years. The report focuses on child care needs for children under the age of five, as the Advisory Board defines “universal access to child care” as every child under the age of five having access to child care, irrespective of family income, caregiver’s employment status, or child immigration status. The Advisory Board’s initial projections are that in Year 1, serving the estimated 205,000 children who would need child care would cost up to \$7.9 billion annually, and by Year 5—when 231,000 children would need child care—the annual cost would be \$14.36 billion. These initial projections reflect the cost of providing high-quality care. While these projections will continue to be refined, it is clear that New York City would require significant increases to current State and Federal funding to cover the cost of universal child care and would need access to new funding sources to cover universal child care for infants and toddlers. The enrollment figures and costs of universal care provided in this report are projections based on certain assumptions and will continue to be refined by the Advisory Board as it convenes over the next two years.

New York City’s City-run, subsidized child care and early education systems are complex—involving thousands of providers, multiple City agencies, and a variety of funding streams each with differing eligibility criteria and compliance requirements. The City-subsidized child care system is funded primarily through a mix of City, State, and Federal funding streams, such as the City Tax Levy, the State’s Universal Pre-Kindergarten program, Federal Head Start funds, the Community Development Block Grant (CDBG), and the Child Care Block Grant (CCBG). There are three agencies chiefly responsible for operating and managing the funding for much of New York City’s child care and early

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<sup>4</sup> [“Invest in Early Childhood Development: Reduce Deficits, Strengthen the Economy,”](#) Heckman Equation

<sup>5</sup> [Population, Sex, Age, and Density](#), NYC Planning

<sup>6</sup> Per July 2024 enrollment data from Administration for Children Services, New York City Public Schools, and the Human Resources Administration.

<sup>7</sup> [Child Care Advisory Board](#)

education system: the Administration for Children’s Services (ACS), New York City Public Schools (NYCPS), and the Department of Social Services (DSS). The New York City Department of Health and Mental Hygiene (Health Department) promotes provider adherence to health and safety protections, monitoring child care centers and school-based child care programs for compliance with the New York City Health Code and other City requirements. The Health Department also oversees residential-based day care and school-age child care for compliance with New York State mandates under a contract with the New York State Office of Children and Family Services (OCFS). Families in New York City enroll their children in varied child care settings—center-based, residential-based, and school-based programs, as well as informal care.

Over the past two and a half years, the City has made significant investments to increase early education enrollment for families with a focus on lower-income, working families. In June 2022, the Adams Administration released the Blueprint for Child Care and Early Childhood Education (“the Blueprint”) with the goal of improving ease of access to child care, making care more affordable, increasing enrollment, implementing strategies to support the early childhood workforce, and ensuring government accountability and oversight of the City subsidized child care system.<sup>8</sup> Since launching the Blueprint, the City has increased the subsidy amount given to families to reduce their out-of-pocket costs and increased the number of income-eligible children enrolled in care with a voucher. The Administration has also made it easier for families to apply for child care assistance through the new MyCity digital portal, and to apply for Pre-K and 3-K through the MySchools portal. The City has invested in child care for children with a range of developmental needs and for children whose immigration status makes them ineligible for Federally- and State-funded child care assistance. In June 2024, the City announced [a \\$100 million investment](#) by the Adams Administration and City Council to make high-quality child care more affordable and accessible.<sup>9</sup>

Still, to achieve universal child care—where every child aged birth to five who needs care has access to it, irrespective of family income or employment-status, or the child’s immigration status—major increases in public investment from the State and Federal governments are needed.

### **Challenges and recent progress toward expanding universal child care**

Over the past two and a half years, the City has made significant progress improving the child care system for families and providers. However, there is still work to be done to address remaining challenges and barriers to universal access to child care and early education. Below are descriptions of the challenge areas and recent progress made by New York City, specifically in the following areas: expanding child care access and enrollment; making child care more affordable; improving quality and supporting providers; expanding capacity and availability of child care space and seats; and strengthening government support and resources to support a universal child care system.

#### Expanding access and increasing enrollment

The complexity of the child care system can make it challenging for families in New York City to understand their options and enroll in programs. These intricacies present barriers to provide flexible,

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<sup>8</sup> [A Blueprint for Child Care & Early Childhood Education in New York City](#), 2022

<sup>9</sup> [Mayor Adams Announces Historic 10-Point Plan to Make High-Quality Child Care More Affordable | City of New York \(nyc.gov\)](#), August 29, 2024

nimble support that meets families' diverse needs and provides a range of options in every neighborhood. Families often are unaware that they may be eligible for financial assistance, struggle to navigate how to apply for and enroll into care, and/or have difficulty finding programs that meet their needs.

In addition to the high cost of care, many families lack awareness of, and access to, care that adequately meets their needs. According to a report by the Citizens Committee for Children, over one-third of New Yorkers are unaware that they are eligible for financial assistance for child care costs.<sup>10</sup> The child care system can be particularly challenging for families and caregivers who work non-traditional hours, are unhoused, or have children with special needs or are emergent language learners. Additionally, new New Yorkers frequently struggle to access child care assistance in their native or preferred language, and many find it difficult to access the fully digital child care application processes and resources.

There is also a mismatch between supply, needs of families, and enrollment in child care. For example, in the 2023/2024 school year, there were 10,000 empty 3-K and 15,000 empty Pre-K seats. While families seek out care for their children based on factors such as location, cost, and length of school day and school year, they often struggle to find and enroll their children in open seats that meet their needs. When families do find care that meets their needs, they encounter a system in which a variety of child care programs have different application and enrollment processes, creating inconsistencies, administrative burdens, and other barriers to program enrollment. Although families can access resources like [Child Care Connect](#) or [MySchools](#) to find licensed child care providers, there is no one-stop resource for families to view all of their available child care options, making it difficult for families to locate providers and centers.

#### *Progress: Increasing enrollment*

The City has made significant progress in expanding enrollment in child care: from June 2022 to June 2024, enrollment in City-administered child care increased from 116,000 to over 150,000 children under the age of five—a record high.<sup>11</sup> The bulk of this increase is from enrollments using ACS-issued vouchers—from 4,700 to over 25,500 children—as well as NYCPS enrollments—from 103,000 to approximately 115,00 children. Applications for 3-K tripled from 14,000 applicants in 2019 to over 43,000 in the 2024/2025 school year. In August 2024, NYCPS extended offers to 100% of families who applied for 3-K by the application deadline. In addition, NYCPS made offers to over 10,000 families who did not apply by the 3-K application deadline, bringing the total to 53,300 families who received 3-K offers this school year. In order to increase equitable access to child care, ACS prioritized outreach to families in 17 community districts with high concentrations of unemployment, poverty, and inadequate child care, resulting in an increase of children from these community districts enrolled in child care with the support of a voucher from 2,600 in October 2022 to almost 12,000 children in July 2024 from birth to 13 and up to 19 for children with special needs.<sup>12</sup>

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<sup>10</sup> [The Youngest New Yorkers Building a Path Toward a Universal Early Care & Education System in New York City](#) by Citizens Committee for Children

<sup>11</sup> Per enrollment data provided by the Administration for Children's Services, New York City Public Schools, and the Human Resources Administration.

<sup>12</sup> [Mayor's Management Report 2024](#), page 42

*Progress: Increasing awareness*

Additionally, the City has made significant progress towards increasing awareness about child care options. To help more families become aware of the City’s child care options and apply and enroll in child care, in Fiscal Year 2025, the City launched a \$5 million strategic and multi-pronged outreach and enrollment campaign that includes reaching families who are unhoused, immigrant and migrant, and lower-income through contracts with 21 community-based organizations.<sup>13</sup> In August 2024, the City held a resource fair for families in Harlem and plans to host more fairs throughout the 2024/2025 school year, including events to help families in targeted communities apply for 3-K and Pre-K for the 2025/2026 school year. In addition, the City plans to create targeted digital guides, FAQs, and explore other ways to streamline and improve families’ navigation of the City’s child care system.

*Progress: Making it easier to apply for child care assistance*

The City has also made it easier for families to apply for child care subsidy assistance. In March 2023, the City launched MyCity, a new digital portal to apply for financial assistance for child care. In the past, families could only submit paper applications via mail; now, with MyCity, families have a more user-friendly way to apply and recertify their eligibility for child care assistance online. Applicants can upload their supporting documentation, receive confirmation of submission, and check on the status of their application. The online portal also allows the City to incorporate user feedback, both quantitative and qualitative, to reduce errors and improve quality of applications. As of December 2024, nearly 34,000 households that applied in MyCity were found eligible for child care assistance. The City is continuing to improve the functionality of MyCity to enhance the user experience, improve the quality or “healthiness” of submitted applications, and increase the number of families that use the platform.

*Progress: Meeting the diverse needs of families*

To tackle mismatch between supply and demand, the City has made efforts to meet the child care needs of families. For the 2023/2024 school year, NYCPS shifted and/or converted 7,000 infant, toddler, 3-K, and Pre-K seats across the five boroughs to better align with the needs of families and correct the imbalance of seat distribution.<sup>14</sup> NYCPS also created more than 1,500 additional seats in specific zip codes across districts where families did not receive an initial 3-K offer for the 2024/2025 school year and invested \$40M in a pilot that gives over 5,800 families the opportunity to access free extended hours of 3-K and Pre-K in their own communities. The City also advocated for a bill, which has been passed by the New York Legislature, that would offer enhanced opportunities for children to attend full-day, full-week child care programs by decoupling authorized hours of child care from parents’ work, training, or education schedules. However, the Governor vetoed the bill again in December 2024.<sup>15</sup>

The City is committed to supporting families and children from all backgrounds and needs. To support undocumented children, the City invested \$16 million to launch Promise NYC in January 2023 to make child care assistance available to children regardless of their immigration status, and reached the goal of enrolling over 600 children within the program’s first 90 days. With the additional \$9 million investment

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<sup>13</sup> [Mayor Adams, Speaker Adams Protect Over \\$500 Million in key Education Programs | City of New York \(nyc.gov\)](https://www.nyc.gov/newsroom/2024-08-01-mayor-adams-speaker-adams-protect-over-500-million-in-key-education-programs)

<sup>14</sup> [Mayor Adams, Chancellor Banks Celebrate Two Years of Record Achievements in Education \(nyc.gov\)](https://www.nyc.gov/newsroom/2024-08-01-mayor-adams-chancellor-banks-celebrate-two-years-of-record-achievements-in-education)

<sup>15</sup> [Senate Bill S8152](#)



announced in June 2024, the City will expand the program to support a total of 1,000 slots through June 30, 2025.

To support children with varied developmental and socio-emotional needs, the City has expanded special education seats. Since 2022, the City has created over 900 special education seats, and NYCPS has stabilized over 6,500 seats by increasing teacher pay. In Fiscal Year 2025, the City is investing \$122 million into expanding preschool special education, including baselining \$67 million for preschool contract enhancements for community-based organizations and investing \$55 million for NYCPS to expand preschool special education seats for the 2024/2025 school year. In the fall of 2024, 450 additional special education seats were made available, with the goal of reaching 700 throughout the 2024/2025 school year; as of September 10, 2024, nearly 300 of those seats were created and filled. In addition, in 2023, NYCPS created the Division of Inclusive and Accessible Learning (DIAL) to support students with disabilities and multilingual learners.

#### Making child care more affordable

Across the City, families are burdened by the high cost of child care, spending significant portions of their income on child care. In 2021, 52% of families in New York City paid more than 7% of their income on child care—which exceeds the Federal government’s affordability standard.<sup>16</sup>

#### *Progress: Making more families eligible for child care assistance*

In Fiscal Year 2023, New York City successfully advocated to New York State to raise the income eligibility ceiling from 200 percent to 300 percent of the Federal Poverty Level, allowing more New York City families to meet the eligibility criteria for child care assistance. As of October 2023, New York State increased the income threshold even further, to the federal maximum of 85 percent of the New York State median income. In June 2022, a family of four making over \$60,000 per year would be ineligible for a subsidized child care seat; as of June 2024, a family of four earning up to \$108,600 per year can qualify. With this change, approximately 95,000 more children under five years old may qualify for child care assistance, a big step toward the City’s goal of making child care affordable for families.

The City also successfully reduced the family co-payment for child care. In June 2022, the maximum amount to be paid for child care by families with income between 100 percent of the Federal Poverty Level and 85 percent of the State median income was reduced from 10 percent to one percent of their family income above the Federal Poverty Level. This means the per child co-payment for a family earning \$55,000 a year has dropped from \$55 a week in 2022 to approximately \$5 a week, as of July 2024.

The City continues to advocate for changes in Albany to support families who have the least financial access to child care. For the 2024 legislative session, the City advocated for a bill that has been passed by the New York Legislature that removes the minimum wage floor requirement, which currently requires families to earn a minimum wage to be eligible for child care assistance. However, the Governor vetoed this bill in December 2024.<sup>17</sup>

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<sup>16</sup> [NYC's Child Care System in Dire Need of Reform](#) by Robin Hood

<sup>17</sup> [Senate Bill S4924](#)

### Improving quality and supporting providers

Successfully starting and running a high-quality child care program is difficult. Providers operate within a challenging business model, with thin margins that limit profitability, while striving to deliver robust and high-quality care for children. Pain points for providers include difficulty in attracting and retaining qualified staff, high real estate and operating costs, and delayed payments. To keep up with the pace of the need for child care across the City, the City will need to significantly increase the workforce pipeline, retain the current workforce, and increase the number of directors and education directors.

Low wages pose a key challenge to this growth. Across the sector, low wages and pay disparities create worker recruitment issues, drive high turnover, limit career advancement, and, ultimately, impede quality of care. Low wages can be a particularly acute challenge for residential-based providers, many of whom work long hours—well beyond the typical school day—but are earning less than the minimum wage because their business income barely covers their expenses.<sup>18</sup> For subsidy-accepting providers in particular, the rate of reimbursement from the City—which is based on the New York State Market Rates<sup>19</sup>, a survey of prices that child care providers charge—does not reflect the actual cost of operating a child care program. New York State’s reimbursement rate recently increased from the 69th percentile to the 80th percentile in 2022; nonetheless, the New York State Child Care Availability Task Force recommends that New York State pay the cost of providing child care, rather than using this price-based data.<sup>20</sup>

Similarly, time and resource constraints limit the opportunity for educational attainment and advancement. Providers work long hours, often leaving little time and financial resources to pursue professional development opportunities to upskill, which in turn limits their ability to advance in the field. Moreover, according to the Child Care Availability Task Force, several regions across New York State only offer higher education during traditional hours when providers are working, and current scholarship resources are not fully meeting the needs of providers. For residential-based providers, there is little-to-no financial incentive for additional education and training since their compensation is tied to the State-mandated reimbursement rate, not to their credentials.

In addition to addressing workforce issues, many providers also seek to increase their confidence and competence in supporting children with early intervention and special education needs, particularly for children with a range of mental health and socio-emotional learning needs. While all NYCPS and community-based providers are trained on the Ages and Stages Questionnaires and receive additional required training on developmental screening, some providers would benefit from additional training or resources to provide care needed to meet these special needs. An analysis of the early childhood curriculum and fieldwork certifications found that the NYS Education Department certification requirements do not reflect current best practices, including missing required competencies for working with children from birth to three years old and not meeting fieldwork requirements.<sup>21</sup>

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<sup>18</sup> [High Calling, Low Wages](#) by Lauren Melodia

<sup>19</sup> Survey methodology, [2024 Child Care Market Rate Survey](#)

<sup>20</sup> [Child Care Availability Task Force Report 2024](#), Office of Children and Family Services

<sup>21</sup> Shannon, J., Bergen, M., Beaumont-Bowman., Elenko, B., and McFadden, K. (2024). Building the Early Intervention Workforce. CUNY Research Foundation Network.

*Progress: Improving child care system for providers*

Over the past two and a half years, the City has made strides in making it easier for providers to navigate the child care system. The City streamlined the process for providers requesting the State's higher reimbursement rate by using attestations instead of overly burdensome paperwork to support the rate increase request. Since June 2022, over 4,700 providers have applied for higher reimbursements rates, and 99% of applications were approved for the 2022 Market Rate. In August 2024, OCFS put out new Market Rates effective October 1, 2024, and since then, over 3,000 providers applied for a higher reimbursement rate. The Health Department hired 40 additional staff to review background checks, has transferred the process from paper to online submission, and continues to refine the process to reduce processing times. The Health Department is also working with other agencies to assess ways to streamline the permitting process for child care centers.

In 2019, to address recruitment and retention for early childhood teachers, the City and District Council 37/1707 Local 205 and Local 95 reached an agreement that provides a pathway to pay parity between certified early childhood education teachers and entry-rate Department of Education salaries by October 1, 2021<sup>22</sup>. In October 2024, the Adams Administration announced a five-year contract agreement with DC37/1707 Local 205 that provides compounded wage increases of 16.21 percent. The wage increases are retroactive, with the first increase effective October 1, 2022. The tentative agreement also establishes an \$18 per hour minimum pay rate, provides a \$2,000 lump sum ratification bonus to each employee, and a \$1,000 per employee contribution towards health insurance for child care workers. Additional payments will also be made every summer to employees working in NYCPS' Extended Day and Year Programs, and longevity-based payments which had been suspended for over a decade are to be resumed effective October 1, 2024.<sup>23</sup>

Expanding capacity and availability of child care space and seats

To increase the supply of licensed family child care and center-based care, the City will need more viable space to accommodate a universal child care system, and child care operators will need access to capital to open programs. The capital required to open a licensed residential-based or center-based site can be a significant cost burden for some child care operators. While there are options for child care operators to take out lower interest loans, the profit margin for child care providers is thin and the ability to repay can be a challenge.<sup>24</sup> Additionally, there is currently no centralized, public portal for prospective child care providers/owners to explore commercial real estate listings that are filtered against New York State's [child care desert](#) map.

*Progress: Launching a tax abatement for child care centers*

New York State recently launched a \$50 million capital grant program to create 5,500 new seats statewide, of which \$18.3 million will be awarded to operators within New York City. In addition, in March 2023, the City launched the Childcare Center Tax Abatement to incentivize the creation of new

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<sup>22</sup> [Mayor de Blasio, Speaker Johnson Help District Council 1707 Local 205 and the Day Care Council of New York Reach Tentative Contract Agreement for Early Childhood Education Employees](#), July 2019; [Mayor de Blasio, Speaker Johnson, District Council 37/1707 Local 95 and the Head Start Sponsoring Board Council Announce Tentative Agreement for Head Start Employees](#), October 2019

<sup>23</sup> [Mayor Adams Announces Tentative Agreement Between DC 37, Local 205, and Day Care Council of New York to Deliver Raises for Child Care Workers](#), October 2024

<sup>24</sup> [First Children's Finance](#); [Ascendus, Child Care Business Loan](#)

center-based seats. The Childcare Center Tax benefit is a property tax abatement for property owners who completed property construction, conversion, alteration, or improvement after April 1, 2022 that resulted in the creation of a new child care center, or an increase in the maximum number of children allowed in an existing center, as specified in the permit issued by the Health Department. Property owners who create a child care center or increase the number of seats at an existing child care center may be eligible for a property tax abatement covering up to \$225,000 of construction costs. Since the launch of the abatement, over 3,500 seats have been created, with a goal of 11,000 seats by June 2025.

#### Strengthening government support and resources

The City holds a unique role in serving as an administrator, funder, and advocate for a more equitable and accessible child care system. The child care system is heavily regulated, and funded by a mix of City, State, and Federal sources, including Federal Head Start funds, and the State's Universal Pre-Kindergarten (UPK) Community Development Block Grant, and the Child Care Block Grant. Critically, the City's child care system relies on capped Federal and State funding, which makes it difficult to reach all families who would qualify for this subsidized care. Each funding source differs in eligibility criteria, adding unnecessary complexity to the system. Given the system's reliance on State and Federal funding, there are significant requirements the City must follow to use this funding, including compliance with health and safety standards, fiscal and administrative responsibilities, and curriculum and staffing policies. To maximize its goal of expanding access to families with children under five years old, the City must strategically navigate this complex system of requirements and funding.

Additionally, staff vacancies and resource limitations constrain the operations of City agencies, and thereby inhibit agencies' efforts to efficiently and effectively support families and providers. Moreover, agencies need critical infrastructure to run effective and efficient operations, including upgrades to digital and other IT systems. Limited staff and resource capacity at agencies can contribute to delays and extended processing times in the City's early childhood system. These constraints also impact other City child care system processes—such as payments to NYCPS contractors, ACS voucher enrollment, background checks for providers, and child care center permitting processes—making it difficult for providers to open and operate their programs.

Lastly, City agencies supporting child care each use their own tracking and data infrastructure and face significant legal obstacles in sharing data, making collaboration across agencies difficult. In addition, City agencies have historically conducted independent analyses of supply and enrollment forecasts. The lack of a citywide landscape analysis, coupled with the lack of access to holistic child care data, create challenges in assessing supply and demand in real-time and targeting public investments appropriately, fueling a mismatch between open seats and demands for child care (*e.g.*, demand by neighborhood, by operating hours, by services for children with special needs, *etc.*).

#### *Progress: Expanding City government capacity*

To improve the child care system and expand access to care, the City is committed to funding the Mayor's Office of Child Care and Early Childhood Education (OCCECE) and ensuring that City agencies have the staff and resources to support the infrastructure of the City's early childhood system. In 2023, the City launched the OCCECE to strengthen coordination among City agencies; foster innovation in partnership with families, providers, and the private sector; and promote effective communication, policy

advocacy, and public engagement. OCCECE was previously funded by philanthropy, and effective July 2024, the City is providing baseline funding, including for three additional OCCECE staff, for a total of five City-funded staff. These staff will boost the City’s child care efforts by spearheading major child care initiatives and coordinating progress across agencies.

Additionally, the City plans to fill vacancies in agencies that support the sustainability and growth of the early child care system, including staff and resources for Child Care and Development Block Grant determinations, background checks, health and safety, and training and technical support for early childhood programs and providers. Lastly, in October 2024, the OCCECE established the “Child Care Advisory Group,” inclusive of providers, parents, key early childhood stakeholders, and city agencies that will work to align provider and family priorities and needs, provide input on the design of new strategies, and support planning and implementation of key policies.

### **Recommendations for expanding access to child care**

The City has made significant progress in expanding access to high-quality, affordable child care, but there is still work to be done. The Child Care Advisory Board puts forth the following recommendations for the City to explore to continue building on its progress.

1. To fund a universal child care system, the City will need significant financial investment from the State and Federal governments for billions of dollars in additional funding so that families of all income levels and circumstances can access child care. To that end, the City should consider creating a robust advocacy plan to the State and Federal governments to support funding the universal child care system.
  - Expanding access and increasing enrollment
  - Making child care more affordable
  - Strengthening government support and resources
2. The City should explore conducting a holistic assessment of child care supply and demand in the City to target current and future financial assessments—including both City-funded and privately-run child care programs—and explore pursuing tools to understand ways to mitigate supply and demand challenges and to target investments, seats, and outreach.
  - Expanding access and increasing enrollment
  - Expanding capacity and availability of child care space and seats
3. Paired with its outreach campaign and in collaboration with Child Care Research and Referral Agencies (CCRRs), the City should consider creating a centralized “one-stop-shop” website that provides this information to families, along with a map of child care options across the city and easily accessible connections to MyCity, MySchools, and Child Care Connect so that New Yorkers can learn about their child care options in one place, allowing families to determine their eligibility for seats prior to applying. Additionally, the City can explore ways to improve application and enrollment processes for NYCPS.
  - Expanding access and increasing enrollment
4. With a number of child care contracts with NYCPS expiring in 2025, the City can use this moment to evaluate and assess the challenges of the current child care contracting system and explore opportunities to improve NYCPS’ future Request for Proposals (RFP), with an eye toward equity, accessibility, sustainability, and expanding options for families.
  - Expanding access and increasing enrollment
  - Improving quality and supporting providers

5. While the City has made significant progress in expanding special education seats and supporting multilingual learners, families in need of special education need further support. The City should continue to implement the recommendations made in the Chancellor's [Reimagining Special Education](#) report.<sup>25</sup>
  - Expanding access and increasing enrollment
  - Improving quality and supporting providers
6. To create more child care programs, the City can explore creating a public portal to connect child care operators to available and viable commercial real estate spaces in child care deserts.
  - Expanding capacity and availability of child care space and seats
7. The City can explore ways to ensure high quality education and services by expanding non-NYCPS contracted programs' access to educational tools such as NYCPS's Classroom Assessment Scoring System (CLASS) and Environment Rating Scales (ERS).
  - Improving quality and supporting providers
8. The City can explore ways to incentivize early career and college-age students to become early childhood educators. This could include paid apprenticeships, funding for scholarships, and expanding existing programs at NYCPS (including the [Office of Student Pathways](#)) and the Department of Youth & Community Development to include pathways into the early childhood profession for high-schoolers through the Summer Youth Employment Program and other credit-bearing opportunities.
  - Improving quality and supporting providers
9. The City can explore opportunities to partner with higher education institutions across New York City to develop leadership initiatives and scholarships to help assistant teachers to become lead teachers, and to help lead teachers to become directors, education directors, or executive directors.
  - Improving quality and supporting providers

### **Plan for financial and operational projections for expanded access to child care**

While the City has made significant progress on challenges to expanding access to child care for families and supporting providers over the past two and a half years, there are still significant financial gaps and barriers to universal child care in New York City. Local Law 102 of 2022 required the Advisory Board to provide:

1. The projected annual costs for the next five years associated with implementing universal child care, and
2. The recommended costs associated with expanding child care subsidies to families in the City whose income equals up to 300% and 400% of the federal poverty guidelines.

A universal child care system would require significant increases to current State and Federal revenue sources and access to new State and/or Federal resources to expand access to children under the age of five, irrespective of family income, employment status, and child immigration status, especially for infants and toddlers. These projections should be considered estimations and will continue to be refined

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<sup>25</sup> [Boldly Reimagining Special Education](#)

by the Advisory Board over the next two years. The Advisory Board urges caution when interpreting the estimated enrollments and costs, as they are subject to change.

The projected enrollments and annual costs for implementing universal child care over the next five years

| <b>Fiscal Year</b>            | <b>Estimated Children Enrolled</b> | <b>Estimated Total Annual Cost USD</b> |
|-------------------------------|------------------------------------|--|
| Year 1                        | 205,000                            | \$ 7,930,000,000                       |
| Year 2                        | 211,000                            | \$ 9,200,000,000                       |
| Year 3                        | 218,000                            | \$ 10,670,000,000                      |
| Year 4                        | 224,000                            | \$ 12,380,000,000                      |
| Year 5                        | 231,000                            | \$ 14,360,000,000                      |
| <b>Estimated 5-Year Total</b> | <b>1,089,000</b>                   | <b>\$ 54,540,000,000</b>               |

| <b>Year</b>                   | <b>Ages</b> |        |        |        |        | <b>Estimated Total Annual Enrollment</b> |
|-------------------------------|-------------|--------|--------|--------|--------|--|
|                               | 0           | 1      | 2      | 3      | 4      |  |
| Year 1                        | 22,500      | 30,000 | 40,000 | 53,400 | 59,300 | 205,000                                  |
| Year 2                        | 23,200      | 30,900 | 41,200 | 55,000 | 61,100 | 211,000                                  |
| Year 3                        | 23,900      | 31,800 | 42,400 | 56,700 | 62,900 | 218,000                                  |
| Year 4                        | 24,600      | 32,800 | 43,700 | 58,400 | 64,800 | 224,000                                  |
| Year 5                        | 25,300      | 33,800 | 45,000 | 60,200 | 66,700 | 231,000                                  |
| <b>Estimated 5-Year Total</b> |             |        |        |        |        | <b>1,089,000</b>                         |

The projections include the following assumptions and caveats with the acknowledgement that these will continue to be refined by the Advisory Board:

- The Year 1 enrollment number represents the baseline estimate. The Advisory Board assumes families will choose to enroll preschool age children (*i.e.*, ages three years and four years) in non-parental care giving settings at a higher rate than children under the age of three. That is because the Advisory Board assumes that, although there is a need for more infant and toddler care overall, a significant number of families with infants and toddlers will choose to keep them in their own care (*e.g.*, family preference, availability of paid parental leave policies, and availability and affordability of infant and toddler formal child care settings).
  - The projections assume four-year-old enrollments would be 90% of kindergarten enrollment, and three-year-old enrollments would be 90% of four-year-old enrollments.
  - The projections for two-year-olds were estimated to be 40,000 and the cascading methodology was applied at 75% for ages 0 and 1.<sup>26</sup>
- The projections assume a 3% multiplier for increased enrollment each year as families choose to enroll in the universal child care system. It is difficult to project the enrollment of infants and toddlers in a universal child care system because the City currently only provides care for infants and toddlers if they qualify through the Child Care Block Grant and Early Head Start.

<sup>26</sup> [New York State Education Department Enrollment](#)



- A universal child care system should include access to high quality care. The cost estimations follow the high-end cost of child care in the Center for American Progress' New York Cost of Quality Child Care.<sup>27</sup>
- The estimated child care cost model assumes infants would be more likely to enroll in family-based child care than center-based child care and for preschool ages that center-based care would be preferred.
- To be able to serve as many as 231,000 children, the City would require significant investments in its resources and staffing capacity. To that end, the projections include a best-guess estimate of a 10% administrative yearly add-on for City agencies to have the resources, technology, and staff to support a universal child care system. The projections also include a 3% inflation factor.
- The estimates assume minimal to no changes to the population of children under the age of 4 over the next five years.
- These projections do not account for any costs associated with the following. The Advisory Board will consider these calculations in the second year of its convening:
  - Building out new child care spaces to support the universal child care system,
  - Standing up and sustaining a comprehensive workforce pipeline for child care providers, and
  - Creating designated special education seats.

The recommended costs associated with expanding child care subsidies to families in the City whose income equals up to 300% and 400% of the federal poverty guidelines.

| <b>Table 2: Families &amp; Children in New York City at or under 85% State Median Income (SMI)</b> |                           |
|--|---------------------------|
| <b>Age Group</b>   | <b>Number of Children</b> |
| Ages 0 – 1   | 101,005                   |
| 2 Year Olds  | 60,133                    |
| 3 Year Olds  | 65,412                    |
| 4 Year Olds  | 72,839                    |
| <b>Ages 0 – 4</b>  | <b>299,389</b>            |

The Advisory Board notes that family income thresholds for child care subsidies are already at the Federal maximum allowable rate of 85% State Median Income (SMI), as of October 2023. This standard captures most families with children under 400% of the Federal Poverty Level (FPL). Given that the income ceiling for child care subsidies is above 300% of the FPL, the Advisory Board estimates that the cost to provide subsidies to children under the age of five at 85% of the SMI to be \$5.5 billion. The estimate assumes average per child maximum reimbursements rates set forth by the 2024 State Market Rate for subsidized child care.

<sup>27</sup> [New York State Cost of quality child care study](#), Center for American Progress, November 2019



## Conclusion

Over the past two and a half years, the City has made progress toward expanding access to high-quality and affordable child care; however, there are still significant challenges facing the City's child care sector that create barriers to universal access to child care and early childhood education. This report seeks to provide thoughtful analysis, recommendations, and financial and operational projections to help the City explore expanding access to child care, including reaching the goal of universal child care, for the over 475,000 children under five years old across New York City.<sup>28</sup>

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<sup>28</sup> [Population, Sex, Age, and Density](#), NYC Planning