My name is Betty Holcomb, and I am policy director of the Center for Children’s Initiatives (CCI). CCI is a founding partner of both the Winning Beginning NY coalition and the Ready for Kindergarten, Ready for College Campaign. CCI is also a child care resource and referral agency, a member of the New York Child Care Consortium in New York City, working directly with parents, early childhood professionals and programs and policymakers. In addition, CCI is a member of and serves on the policy committee of the Early Care and Learning Council, which represents child care resource and referral agencies statewide. CCI also works with the Campaign for Children in New York City, as well as national partners, including the national Alliance for Early Success, the National Women’s Law Center, the Center for Law and Social Policy and Child Care Aware.

CCI appreciates the hard work and careful look that OCFS has given to this plan, given the scope of the changes required by the new standards in the reauthorization of the Child Care and Development Block Grant (CCDBG) in 2014. We also appreciate that OCFS has had to work on a very tight schedule and even as the federal regulatory framework was still in motion to meet the deadlines for implementation. We hope to work closely with you in the coming months to both move the plan forward and to secure the resources necessary to support the new quality standards and meet the needs of New York’s children and families.

There are significant improvements, especially for the most vulnerable children and families in this new plan – especially for those suffering from homelessness. We also applaud the new opportunity in the federal rules and in New York’s plan to assure that children have access to stable, consistent care, in a safe and nurturing environment. The new rules recognize both the importance of high-quality care and the continuity of care, both known to produce better outcomes for children.
Yet CCI joins other advocates, and our city, state and national coalitions, in expressing urgent concern about the challenges that New York faces in implementing this new plan, given the shortfall of at least $90 million necessary to meet those standards in 2016. It is extremely important that New York State both invest in the quality improvements required by the Federal Government and ensure that New York does not reduce the number of low-income families that have access to the child care subsidies. Indeed, we already face a child care crisis in New York, with subsidies for only 22% of the families eligible for a subsidy receiving one.

We fully support the legislative agenda championed by the Winning Beginning NY coalition and the Ready for Kindergarten Campaign, calling for $190 million in additional state investment in child care.

*Our Legislative Agenda recognizes the costs associated with both the federal shortfall and the desperate need to expand access to subsidies, with an investment of at least $190 million in the coming year. That investment would address both the expected shortfall in federal funding and also add the urgently needed slots for at least 13,000 families next year.*

We look forward to working with you to build the case to secure the resources necessary for both implementing the new standards and adding capacity across the state.

As a child care resource and referral agency we are in daily communication with parents and with those who provide services. We understand the intricacies and complexity of the child care system and are a vital resource to the field. We join with our fellow advocates in urging that the State share the proposed statutory and regulatory changes that must be made to implement the plan, with the opportunity for input on the changes that will impact how New York in fact implements these important new regulations.

New York State’s network of child care resource and referral agencies (CCRR’s) have all met state and national quality assurance standards. They are in fact accredited to do this work and represent a vital resource in every part of the state. CCRR’s have adopted research-based quality improvement strategies that will be central to meeting the quality standards detailed in the federal legislation and federal regulations. We understand the intricacies of the locally administered child care system and utilize this information to support both parents and family child care providers. We understand community needs, build partnerships to enhance and strengthen the quality of programs and improve access for families, in our work with both regulated and licensed-exempt providers. We applaud the state for supporting this statewide network and want to be sure that it is strengthened and expanded with the implementation of the new regulations. We stand ready as a resource and a partner in the months ahead, to help take full advantage of the new opportunities in the CCDBG reauthorization.

Today, we want to offer comments on the plan, with special attention to the particular concerns here in New York City and the central role of child care resource and referral agencies across
the state. We recognize the importance of moving toward a more coherent statewide system and regulatory standards and at the same time want to ensure that the needs of New York City families are being met.

1) GRADUATED PHASE OUT OF ASSISTANCE [OCFS plan at § 3.1.5 at p.56]

The plan states that OCFS will propose legislation to amend the social services law to comply with this CCDBG requirement, but does not indicate what choices will be made.

Given the large number of children served in New York City, and our complex array of services, we urge OCFS to keep the phase out relatively simple, rather than offer a complicated number of steps, changing the levels of eligibility as families phase out. As a child care resource and referral agency, we work with families every day and know how challenging it can be to have multiple appointments as the eligibility levels change. As with the initial 12-month eligibility, the phase-out period should support stable arrangements and continuous care.

RECOMMENDATION: New York should adopt an approach to the phase-out that promotes stability for children and families, without unnecessary recertifications during the phase-out period.

3) FULLY SUPPORT 12-MONTH ELIGIBILITY PERIOD [OCFS plan at 3.3.1, pp. 65-67]

New York City has long been in the forefront of seeking to promote 12-month eligibility and we applaud the adoption of this strategy in the reauthorization of CCDBG. We also support the implementation without increasing copayments. Co-payments have risen during the Great Recession in NYC, and are now higher than ever. Many parents have trouble paying them, and many programs face challenges collecting those fees. We urge the state to work toward the goal set forth in the preamble to the federal regulations, which calls for copays to be capped at 7% of family income. CCI recognizes that, as with other aspects of the new regulations, additional resources are necessary to meet that goal, and we will continue to urge state leaders, as well as our federal delegation, to make the investment to support that critical goal to make child care more affordable and accessible.

RECOMMENDATION: This New York should amend the Social Services Law to require a minimum eligibility period of 12 months regardless of changes in income and to assure that copayments not increase during that period. The state should also permit copayments to drop if a family reports a reduction in income.

4) EXPAND SUPPORT FOR HOMELESS FAMILIES [OCFS plan at 3.2.2, pp-62-65]

CCI salutes OCFS for taking advantage of the opportunity to expand support for homeless families. But we urge you to take a further step to clarify the language, and explicitly add language that New
York intends to take advantage of the opportunity offered on page 69 in the federal regulations, which allows states to offer child care to homeless families, without requiring their formal engagement in child welfare or child protective services. Our experience in that field is that some families will bypass the option of securing much-needed child care if they are required to go through the official steps required in child welfare and child protective services. Many are dealing with an emergency and a transition, but do not need either welfare or child protection services. It is important that children’s development and learning be supported during such transitions.

CCI also supports efforts to better train the staff in transitional housing to support families’ efforts to find and secure child care, and to help educate families about the value of quality care for their children.

We are pleased that the plan recognizes the valuable role that CCR&R agencies can provide to assist homeless families with finding and choosing sustainable child care arrangements with attention to the needs of children who have experienced homelessness. It will be important that the state recognize the need to invest in these supports building on the expertise in the CCR&R community.

CCI supports the recommendations made by Advocates for Children and the Empire Justice Center to improve the state plan to support homeless families. But we also join them and other advocates in applauding the initial plan. Above all, we support the recommendation that child care copayments be waived for homeless families. State policy requires that homeless families make significant contributions to the cost of their care in a homeless shelter and that they exhaust all resources before they can receive homelessness assistance. This makes it very difficult for them to accumulate enough income to move out of shelter. Assistance with child care can help alleviate homelessness in the long run, and it only makes sense to be sure that these very vulnerable families get the support they need to move toward a stable situation.

RECOMMENDATION: New York adopt the option to provide child care to homeless families without requiring they enter the child welfare or child protective system. The state should also amend the Social Services Law to provide that:

- Homeless families must be given categorical eligibility and priority for child care subsidies, regardless of whether they are working, looking for work, looking for housing, or engaged in other services;
- Copayments should be waived for homeless families;
- The enhanced rate for child care for homeless families should not be a local option;
- The enhanced rate for the payment of child care for homeless families should be uniform across the state.
5) IMPROVE THE MARKET RATE [OCFS Plan at 4.2, pp 78-81].

Programs and providers across New York City have been significantly weakened by flat-funding as their costs rise, along with rising expectations for high-quality programs. The federal regulations discourage states from setting reimbursement rates below the 75th percentile, and will require states that do so to demonstrate that the lower rate will allow CCDF families to purchase care that is of comparable quality to care that is available to families with incomes above 85% of SMI.

New York dropped below the 75% percentile during the Great Recession and it is important to rectify that situation. CCI joins other advocates in seeking to secure resources to support the state in returning to the 75th percentile. This is a critical step moving forward.

CCI also urges the state to continue to explore and establish the cost of quality programs in all modalities, and to move toward rates that are aligned with quality programs that include appropriately credentialed and compensated professionals, with the professional development and support they need to offer high quality early learning and care.

The current market rate study does not take into account the costs of operating a quality program but rather focuses on fees which are limited by parent’s ability to pay. There are currently web based tools that can be adapted to cost of quality analysis to guide the State’s rate setting strategy. We want to ensure that parents have access to a full range of quality services and that the rates established in fact can support appropriate compensation levels for teachers and other critical program expenses. The same applies for homebased providers.

**RECOMMENDATION:** New York should set its payment rates at the 75th percentile of market rate. We also recommend that New York fund a cost modeling study that will support the development an alternative method of setting payment rates that will support high quality care with special attention to appropriate rates for infant and toddler care and recognizing the costs of a qualified and appropriately compensated staff.

6) DEFINITION OF SPECIAL NEEDS CHILD
[OCFS Plan at 1.4.1, p.19; 3.1.1 (b), p. 52 and 3.2.1(a), p. 62]

We commend the commitment that OCFS has made to improve the administration and coordination of care to special needs children, by working with advocates, unions, and staff from non-profit centers, and pediatricians to revise the very outdated administrative directive at 91 ADM-34, setting state policy on payment for children with special needs. But the new definition must now be aligned with existing law, which can be done by statute or regulation.

**RECOMMENDATION:** New York should amend the Social Services Law and/or regulations to define of special needs child to be consistent with federal law.
7) LIMIT LOCAL DISTRICT OPTIONS to move toward equal access to child care. OCFS has proposed a number of positive improvements in the administration of child care subsidies, but has chosen to make them local district options. Among them are:

- provide an enhanced subsidy rate to providers serving homeless children, with a minimum (unspecified) floor and a DSS option to go up to 15% over market rate (§§ 3.3.2 and 4.6.2 pp. 64 and 94);
- allow three months of child care for families engaged in job search, with a local option to go to six months; (§§ 3.3.2 and 4.6.2 pp. 64 and 94)
- require a minimum enhanced rate for payment of child care during non-traditional hours, with a minimum rate of 5% and a local option to go to 15% (§§ 3.3.2 and 4.6.2 pp. 64 and 94).

**RECOMMENDATION:** These positive changes should be applied statewide, and state leaders should explore next steps to move toward equal access to child care overall.

Currently, the state’s county-administered approach to child care leads to significant disparities in eligibility standards and co-payments across counties. The reauthorization of CCDBG and the new federal regulations offer the opportunity to move toward more equal access to child care across the state. The Empire Justice Center has offered a picture of the patchwork that parents now face. The new 12-month-eligibility rules and the goal of moving to stabilize and improve the quality of care in a more uniform way, with appropriate attention to community needs but with an eye toward moving toward greater equity for access to quality care across the state.

We understand that moving toward equity does come with the need for greater state investment to assure that counties have the resources they need to address families’ need for care. Virtually all counties are now a very tough place, without the resources to meet that need. Too often, local administrators are driven to decisions about eligibility and co-pays based on the failure of our state to make child care funding a top priority. Often, the eligibility and co-pays reflect an effort to stretch child care funding as far as possible. As we indicated earlier in this testimony, we stand ready to work with OCFS and state leaders to both secure more resources and to use the opportunities in the new federal standards to improve the quality of care.

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1 See [www.winningbeginningny.org](http://www.winningbeginningny.org) for our executive agenda and background on the policies and investments we support, prenatal to eight.