



Expanding Child Care Options to Support Economic Development



Genesee/Finger Lakes
Regional Planning Council

Economic Recovery Series: Expanding Child Care Options to Support Economic Development.

The child care industry plays an integral role in regional economic viability and resiliency. Affordable, quality child care services are what allow parents of young children to participate in the regional labor pool. Beyond that immediate and obvious impact, the child care sector is also important in its own right as a source of employment,¹ and serves as a crucial source of early childhood education. Because this industry is so vital to sustainable economic development, lack of affordable and adequate child care is often cited as one of the most pernicious issues facing communities across the country.

And yet, the lack of quality child care persists. The reason for this is no secret: Child care is a major financial burden on families. Furthermore, the actual cost of care can be even higher than the “ticket price” the consumer pays, with the difference offset by donations, grants, and local, state and federal incentives. Even at this reduced cost, we are still left with parents who cannot find affordable care and care providers that lack a sustainable funding model.

The onset of the COVID-19 pandemic has only exacerbated these problems, forcing care facilities across the country to shut their doors temporarily or permanently. Therefore, at the regional and local level, child care is one of the most pressing issues that communities are facing as they pursue economic recovery.

This brief white paper outlines a few topics of interest related to child care, namely (a) the types of care available and the pros and cons of each, (b) the evolving policy framework around child care, and (c) two emerging case studies on how this child care conundrum is being addressed at the local and regional level through innovative solutions.



¹ The industry accounts for hundreds of thousands of jobs across the country and is an essential element of strong labor force participation. In a 2019 study by the Committee for Economic Development, the national economic impact for the child care industry was estimated to be \$99.3 billion. This figure includes jobs, wages, and economic spillovers directly resulting from child care.

Types of Care

Child care providers are often grouped into two categories: 1) center-based care and 2) home-based care (also referred to as Family Day Care.) Center-based care is often associated with more uniform standards, classroom-type settings and programming, and slightly higher cost. Home-based care, in general, is associated with smaller cohorts, lower costs, and more informal, hands-on direction with children. Both types of care are regulated and licensed by the NYS Office of Children and Family Services.

The table to the right displays the common perceptions associated with each type of care. Whether or not these perceptions bear out in reality, the type of care parents ultimately choose is based on both their needs and the availability of such care options.

Center-Based Care:	Home-Based Care:
Higher Costs	Lower Costs
Greater Peer Interaction	Smaller Cohort
School-Like Environment	Home-Like Atmosphere
More Staff	Flexibility
Educational Enrichment	More One-on-One

Source: Care.com; Parents.com; familyeducation.com;

Expanding Child Care Options

Initiatives to support child care services have been a hot topic of discussion at both the state and federal level. At the federal level, the pending \$900 billion stimulus package includes approximately \$10 billion for the child care industry. The majority of this funding would be used toward the Child Care Development Block Grant (CCDBG) that would provide financial support to child care providers across the nation. At the state level, Governor Cuomo's 2021 State of the State address emphasized that providing statewide child care options is one of the state's highest priorities. At the local level, Child Care Resource and Referral agencies (CCR&Rs) continue to provide resources to families and providers across the State.²



Under the Governor's proposal, the state will invest nearly \$50 million into the child care industry to address the "triple threat of affordability, access, and equity." To address affordability, one state proposal includes a reduction in child care parent subsidy co-pays that will ensure no New York family will pay more than 20% of their income, above the federal poverty level, on child care subsidy co-pays. New York will also invest in start-up grants to create new programs in child care deserts, and expand tax incentives for employers to provide child care to employees. Additional proposals include the establishment of a Child Care Availability Task Force to address administrative burdens of the industry, and the creation of the New York State Cares Diaper Bank that will provide free basic needs supplies to New York families.³

Programmatic innovations at the federal and state level will help alleviate some of the issues associated with child care. However, regional childcare strategies are vitally important to ensure these issues are adequately addressed.

Expanding the availability of each type of care has unique challenges that require innovative approaches to overcome. The following pages discuss two case studies of proven models that address these issues and have been successfully leveraged to expand the availability and quality of child care.

² Additional informational resources, including the full list of CCR&Rs in the G/FL region, are included in the Appendix.

³ For more information all of the proposals outlined in the 2021 State of the State, access to the full booklet is available here: https://www.governor.ny.gov/sites/governor.ny.gov/files/atoms/files/SOTS2021Book_Final.pdf

Case Studies

Below, we outline two such case studies where center- and home-based strategies have been successfully implemented in New York State. Case 1 is a center-based strategy in which a large regional employer implemented a child care subsidy program to expand center-based care options for its employees. Case 2 is a program that provides comprehensive business development services to home-based providers to expand their capacity to provide services and increase their sustainability. Both strategies are scalable to fit the needs of your community.

Case 1: Business Subsidy for Center-Based Care

Center-based care facilities are commercial businesses regulated and licensed by the NYS Office of Children and Family Services. Such care is typically associated with larger operations that provide more classroom-type settings and educational enrichment programs that aid in child development and preparedness for primary school. Many parents find this to be an attractive proposition, but are faced with high costs (perhaps as much as 30% higher than home-based care) and low availability.

One proven strategy to alleviate these issues involves an employer-run childcare subsidy program, which both helps to offset the cost of center-based care and allows the market to expand to allow for more seats. Under this scenario, an employer “sponsors” a certain number of seats in partnership with one or more child care providers.

Corning, Inc., a multinational corporation headquartered out of Corning, NY, first became involved in child care services three decades ago, when it underwrote and built a child care center for its employees. Today, the company's Corning Enterprises arm provides direct funding to three child care centers in the greater Corning area to expand the local supply of child care seats, which are open to all community members, not just Corning employees. In effect, parents pay only around 70% of the total cost of care, with the subsidy program making up the other 30% necessary to keep the centers sustainable. This percentage appears to be consistent with other subsidy programs Corning Enterprises benchmarks itself against.

To manage the program, each year the company publishes a solicitation and receives applications from various center-based care providers that want to participate. Once selected, the center receives a grant award outlining the terms and conditions of that award, including reporting and documentation. Those centers offer child care services and then apply quarterly to Corning Enterprises for a disbursement of program funds.



Case 1: Business Subsidy for Center-Based Care (cont'd)

What is the financial picture of this subsidy program? The total cost of care per child averages a little over \$1,000 per month for pre-k and school-aged children, rising to between \$1,400-\$1,500 per month for infants and toddlers. Given the current age mix of children in the program, this equates to a subsidy of around \$5,000 per year per child. Corning Enterprises supports 350 seats in the community, which equates to just under \$1.8 million in subsidy per year.

Why does Corning Enterprises make this hefty investment? Because Corning, Inc. is competing for global talent and wants to make sure its employees have access to high quality care for their children. Much like a 401(k) match or other employee fringe benefit, this subsidy program is part of Corning's offer to its current and future employees: We will make sure your family is taken care of.

This subsidy level of approximately \$5,000 per year per seat is likely on the higher end and is a function of the very high-quality standards of care that Corning wants to offer. Other center-based care providers in other communities can probably offer quality care at a lower total cost, but the 30% subsidy figure is likely a good rule of thumb to use for employers considering a subsidy effort. So, if the going rate for quality center-based care in your community is closer to \$12,000 per child on average, then the subsidy cost would likely be in the range of \$3,600 per child per year on average, with the parents picking up the remaining \$8,400 per year.

Keep in mind that there are currently state and federal credits, up to \$150,000 per year per employer (or \$300,000 total), that are available to offset the cost of the subsidy at a rate of 25% of the qualified amount used to subsidize the program. So, on a net basis, the cost could be somewhat lower for employers to provide this benefit. Despite this, it is clearly a big investment to undertake a subsidy program. For Corning, it makes sense. For another business, whether it makes sense is a function of how acute the child care shortage is in the local market and how critical talent attraction/retention is to its business model.

One additional feature that a company can offer its employees, separately or in conjunction with such a subsidy program, is a Flexible Spending Account (FSA) employee benefit program. This is a federally-authorized program that allows employees to set aside pre-tax dollars into their FSA account, from which they can pay for child care, up to certain limits. This gives them a tax advantage and essentially acts as a federal subsidy of child care expenses. The cost to the employer is just the burden of administering the FSA program itself.



Case 2: Home-Based Care Business Assistance Program

Home-based child care businesses are usually operated as sole proprietorships and, as their name suggests, offer child care services at the residence of the business owner. The NYS Office of Children and Family Services categorizes home-based care as either “Family Day Care” (for up to eight children)⁴ or “Group Family Care” (for up to fourteen children).⁵

Home-based care is typically about 30% less costly than center-based care. This and other factors can be appealing to parents looking for convenient and quality care for their children. While not “informal,”⁶ these centers are, by their nature, less formal than center-based care. Often, the caregiver is a parent of a young child and is operating the home care business to supplement household income while also caring for their own children. While not universally the case, such home-based care business owners often do not have extensive business experience or training in areas such as financial management, marketing, and human resources.

The Farmingdale Small Business Development Center (Farmingdale SBDC) in Long Island recognized and responded to this need by creating a small business training program specific to home-based care businesses.⁷ The SBDC created a training program for home-care providers using a cohort model. The 6-week long cohort-based program runs 2-4 hours per week, once a week, offering sessions on topics including QuickBooks, financial planning, business planning, accounting, and marketing, among others. Participants benefit in many ways: (1) They gain specific topic-content on best practices and tools, (2) they are given a full, perpetual license to Quickbooks at no charge and are trained on how to use it, (3) they gain exposure to other home-based care providers for networking, (4) they can use their accreditation as a marketing tool for prospective clients, and (5) the hours spent in classes count towards their continuing education credits as required by law for the renewal of their license.



⁴ OCFS: “Provide care for three to six children at a time in a residence; may add one or two school-age children. The maximum allowable number of children will depend on whether there are and how many infants are in care.”

⁵ OCFS: “Provide care for seven to twelve children at a time in a residence; may add one or two school-age children. The maximum allowable number of children will depend on whether there are and how many infants are in care. A provider must use an assistant when more than six children are present.”

⁶ Note that OCFS does not regulate “informal care,” which is home-based care for up to two children in addition to the provider’s children.

Case 2: Home-Based Care Business Assistance Program (cont'd)

Offering free small business consulting services is a win-win for consumers, care providers, and the communities they operate in. The child care providers benefit from a solid foundation of business knowledge, ultimately enabling the growth of their businesses. Parents benefit from this service, through increased confidence in the provider's ability to comply with state regulations and provide a safe and healthy environment for their children. And the community benefits because their care providers are more sustainable, more profitable and can potentially expand the number, of child care seats by expanding their businesses.

In terms of results, SBDC Executive Director Erica Chase reports that approximately 80% of child care businesses that complete the program are able to operate at full capacity in a sustainable manner. Over the last 4 years, the program has graduated over 90 at-home care providers, indicating a tangible impact to the ecosystem, including the addition of a significant number of child care seats to the community. This expansion of capacity happens in many ways: (1) adding to the supply of licensed care providers, (2) helping existing licensed providers expand their offerings within their license category, (3) assisting a current Family Day Care licensee to move to a Group Family Care license, which allows for more capacity, and (4) increasing profitability and, therefore, sustainability of all categories of providers and thereby diminishing churn.

This model can be adapted to fit the needs of any community and has been recognized for its success on Long Island. In fact, Citibank saw this as an opportunity to expand childcare options in the community and has been funding essentially the entirety of the program through a grant to the SBDC, which allows the SBDC to offer the program for free to its participants.



Training Opportunity – BACK BY POPULAR DEMAND!!!!!!

The Child Care Council of Suffolk & the SBDC at Farmingdale State College offer FCC/GFCC providers...
"Business Strategies to Build a Successful & Profitable Child Care Program"

Free Training & Support to learn...

- Business Practices and Planning
- Marketing – Plan & Strategy
- Financial Planning – Bookkeeping & Billing
- QuickBooks

Classes Meet the Following Saturdays

April 13th 10:00am – 2:00pm – Lunch Provided
April 27th & May 4th – 9:00am – 12:00pm – Breakfast Provided*
May 11th 10:00am – 2:00pm – Lunch Provided
May 18th – 10:00am Graduation – Presentation of certificates – Breakfast Provided
*QuickBooks Trainings – must be present for both sessions to receive your QuickBooks software (\$395.00 value)

Classes will be held at the Farmingdale State College –
2350 Broadhollow Road, Farmingdale NY
Conference Center – by the golf driving range.
Enrollment Limited – RESERVE YOUR SEAT TODAY!!!
***Program is limited to one person from each business entity
REGISTER - [CLICK HERE](#)

Each participant will have the opportunity to work with a marketing professional to create a marketing campaign for their business. i.e. website, brochure, social media pages (Value \$350.00) *four hours of professional service.
14 credit hours for your OCFS training requirement will be earned

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This program is sponsored by the Small Business Development Center at Farmingdale State College and made possible by Citi Foundation

SBA

Farmingdale SBDC Child Care Program Marketing Flyer



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QUESTIONS?
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Appendix

CCRRs of the G/FL Region by County, 2021

County	CCRR	Main Contact	Phone	Email	Open Family Day Care	Open Group Family Day Care	Day Care Center
Genesee	Community Action of Orleans and Genesee	Mr. Michael Berg, Executive Director Mrs. Kerry Wolfeil, CCR&R Director	(518) 822-1944 (518) 822-1944	cccg@familyofwoodstockinc.org kwolfeil@familyofwoodstockinc.org	4	8	12
Livingston	Child Care Council, Inc. Child Care Council, Inc. - Livingston County Branch Office	Mr. Jeffery Pier, Executive Director Ms. Jennifer Mehlenbacher, Coordinator	(585) 654-4720 (585) 346-6050	info@childcarecouncil.com J.mehlenbacher@childcarecouncil.com	13	12	9
Monroe	Child Care Council, Inc.	Mr. Jeffery Pier, Executive Director	(585) 654-4720	info@childcarecouncil.com	284	214	135
Ontario	Child & Family Resources	Ms. Julie Champion, Executive Director	(585) 919-2476	julie.champion@cfresources.org	42	13	18
Orleans	Community Action of Orleans and Genesee	Mr. Ed Fancher, Executive Director Ms. Bonnie Malakie, Director of Children & Youth Services Ms. Taryn Moyle, CCR&R Manager	(585) 589-5088	efancher@caoginc.org bmalakie@caoginc.org tmoyle@caoginc.org	3	6	10
Seneca	Child & Family Resources	Ms. Julie Champion, Executive Director	(315) 568-0945	julie.champion@cfresources.org	11	4	3
Wayne	Child Care Council, Inc.	Mr. Jeffery Pier, Executive Director	(585) 654-4720	info@childcarecouncil.com	18	12	18
Wyoming	Allegany County Community Opportunities and Rural Development, Inc. (ACCORD)	Ms. Lesley Gooch-Christman, Executive Director	(585) 268-7605	ccole@accordcorp.org	8	8	4
Yates	Child & Family Resources	Ms. Julie Champion, Executive Director	(585) 919-2476	julie.champion@cfresources.org	11	3	4
TOTAL:					375	269	205

Source: Office of Children and Family Services

Additional Resources:

- 1) *Picking Up the Pieces: Building a Better Child Care System Post COVID-19:*
https://info.childcareaware.org/hubfs/Picking%20Up%20The%20Pieces%20E2%80%94%20Building%20A%20Better%20Child%20Care%20System%20Post%20COVID%2019.pdf?utm_campaign=Picking+Up+The+Pieces&utm_source=Full+Report+PDF
- 2) Matrix of nation-wide COVID Resources: This list contains hundred of reports, surveys, and data sets pertaining to the post-COVID child care industry. The list can be filtered down to the State geography to access the New York-specific resources:
<https://app.smartsheet.com/b/publish?EQBCT=507b21f20e024a46b8c88a35e093e646>