June 2, 2020

The Honorable Andrew M. Cuomo
Governor of New York State
NYS State Capitol Building
Albany, New York 12224

Dear Governor Cuomo,

As COVID-19 continues to impact all aspects of life in our state, it has become increasingly clear that the child care sector faces dire risk, a situation brought on by the COVID-19 crisis but exacerbated by long-term underinvestment in child care and education for New York's families.

We are writing to urge you to immediately develop and implement a plan to utilize the remaining $134M in CARES Act funds received by New York State that is designated for child care assistance to provide urgently-needed support to child care providers. New York is one of only a few states that has not yet outlined a plan for how to use CARES Act money to stabilize the child care industry.

In the face of plummeting revenues, for many no revenue at all, and increased outlays for COVID-19-related expenditures, child care providers are struggling to continue paying teachers and support staff, as well as fixed costs such as rent (in many cases, very high rent) and insurance. These CARES Act funds are urgently needed to help alleviate the financial distress that providers are experiencing, to prevent child care centers from being forced to close during a crisis when they will be desperately needed, and to prevent this financial burden from being passed on to families that are also experiencing economic loss during this crisis.

New York State cannot reopen our economy and begin to recover from the COVID crisis without access to affordable, high-quality child care for working families. Unfortunately, there is a very real possibility that many of our State's child care providers will fail over the next few months and close their doors.

Child care providers are small businesses, largely owned, operated and staffed by women, many of whom are women of color. They provide a vital service not only to our children during their most important developmental years, but also to the millions of working parents whose labor is the foundation of our economy. Most child care providers operate on thin margins and have high fixed costs. In addition, while some receive funding via subsidies and city contracts, many child care providers receive no public investment, even as their role in society and value as a public good is taken for granted.

Most of the 18,000 child care providers across the state have not received PPP loans, and for those that have, the loan amount often does not begin to cover their rent, other fixed costs, and salaries for teachers and support staff. Compounding the problem are multiple COVID-related costs and lost revenue streams: increased costs due to anticipated requirements for PPE, temperature checks, and cleaning supplies; reduced tuition revenues from families currently choosing to keep their children at home (more than 75%

of families nationally have stopped paying child care fees), summer programs that will no longer be possible, smaller class sizes as a result of social distancing requirements, and the possibility of ongoing closures that prevent daycares and preschools from providing the on-site services that parents expect.

Moreover, it is not only the child care providers that are experiencing the impacts of the industry's economic disinvestment. According to the Center for American Progress and the U.S. Department of Health & Human Services a majority of parents in the U.S. must pay the full cost of child care on their own without any government assistance. According to the New York City Comptroller's Office, center-based daycare in New York City "costs over $21,000 per year—more than three times as much as in-state tuition at The City University of New York and exceeding median rent in every borough." Against this already burdensome and underfunded backdrop, parents who have lost wages or employment due to COVID are finding they can no longer afford familiar child care options. And it is no surprise that families who paid in advance for child care services that their providers cannot now deliver are frustrated.

Most states have not only launched direct grant programs with CARES Act money but also have set up additional state-funded programs. While we applaud you for moving quickly to use CARES Act resources to establish the $30M scholarship program to provide child care for essential workers, the remainder of the CARES funding money must be activated immediately to both support the child care industry *and* working families.

The remaining $134M in CARES Act funds provided to New York State by the federal government for child care should be used for the following:

- **Direct grants or per-child stipends to child care providers suffering financial losses from decreased enrollment or closures related to COVID**. Without receiving immediate financial assistance, many child care providers risk closing forever, and those who are able to remain open will have to increase tuition costs to families. This will further shrink the availability of high-quality, affordable child care seats in the State. Per the CARES Act, a portion of grant monies received must be used to pay the salaries and wages of staff. The remainder could be used to cover rent and fixed costs, as well as the increased costs associated with safe and healthy reopening.

- **Special bonuses offered to special education programs**. Given there are already too few preschool seats available to children with special needs, New York State must ensure that these programs do not fail and leave many of our most vulnerable children behind.

- **Assistance to families struggling to make ends meet and pay for child care**. Examples of such support could include a continued pause on the collection of co-payments from low-income families enrolled in subsidy programs; expansion of subsidy programs by raising and standardizing the eligibility ceiling so more families can access affordable child care (and so that child care providers can fill seats if families fearful of COVID keep their children home even after reopening); and the option for providers to use funds to offer families tuition discounts, incentives, refunds, or credits against future payments given changes or reductions in offered services.

The above-listed recommendations mirror what has already been enacted in many states, including Georgia, Michigan, Oregon, Pennsylvania, and Vermont. A summary of how states have responded to the COVID-crisis and helped stabilize the child care industry has been compiled by the Hunt Institute.

Further, we strongly recommend a close review of the [Child Care Availability Task Force recommendations] issued May 18, 2020 that includes a number of thoughtful ways to ensure New York State's child care providers have enough capacity, resources, and guidance to weather the economic storm.

In closing, it is worth noting that a failure to save New York's child care industry will impact workers in every county of New York State and reverberate throughout every sector of the economy. It will set back an entire generation of young minds that will be denied an early start to learning and socialization. And it will unfairly penalize women who represent the majority of owners in the child care industry, 90% of employees in this industry nationwide, and who, in 2020, still overwhelmingly bear the responsibility for caregiving and childrearing.

Using New York's CARES Act funds to assist child care providers and families can help us reverse this downward course and offer at least one measure of stability for New Yorkers during this period of enormous uncertainty and distress.

Thank you for consideration of this urgent request.

Sincerely,

Council Member Brad Lander
District 39
Deputy Leader for Policy

Council Member Debi Rose
District 49
Deputy Majority Leader
Chair, Committee on Youth Services

Council Member Carlina Rivera
District 2

Majority Leader Laurie Cumbo
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Council Member Danny Dromm
District 25

Council Member Adrienne Adams
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Council Member Antonio Reynoso
District 34

Council Member Diana Ayala
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Council Member Farah Louis
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Council Member Vanessa Gibson
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