



Increasing Access to Child Care

Prepared by Child Development Council, 2018

The period from birth through age 8 is the time when children grow, learn and develop more rapidly than at any other time in their lives. Early childhood education focuses on this age group and includes all forms of organized and sustained activities, often center- or school-based, designed to foster learning and emotional and social development in children such as preschools, kindergartens, and registered and licensed family and group family homes and child care centers, including Head Start. For the purposes of this proposal, the term child care will be used to represent early education of children under the age of six. Terms describing the professional include educator, teacher, provider, staff, and caregiver.

There are four types of child care programs regulated by New York State: Day Care Centers (DCC), Family Day Care (FDC) homes, Group Family Day Care (GFDC) homes, and School Age Child Care (SACC). (NYS still uses the outdated term 'day care' in its legal definition.) Informal care arrangements only have one or two children (not related to the caregiver) or operate for less than three hours. The care provided in informal arrangements is not regulated in New York State, resulting in a lack of oversight and indeterminate quality and safety.

The following proposal to increase the supply of child care is laid out in three sections: The current status of child care in Tompkins County provides an overview of the child care needs. It defines the advantages and disadvantages of the three main types of regulated care for preschool children and the implications for expansion. The second section offers a new vision for increasing the supply of child care. The project components outline how the development of housing stock can also meet the specifications of the child care regulations. In addition, it defines ways that increased administrative supports can reduce turnover in child care and create a longer lasting benefit to the overall investment. The final section references the use of funding and a timeline for this planning and community development project.

The State of Child Care in Tompkins County

Tompkins County is experiencing a significant gap in the availability of child care and growth is slow. Only one third (1/3) of preschool age children have access to regulated child care. **Infant care is the area of highest need** because it costs the most to provide (due the required higher staffing ratios), and therefore also costs more than most families can afford. Paid family leave may decrease some of the demand for infant care in coming years.

Meanwhile, workforce demographics are shifting from baby boomers to more parents with young children. The Workforce Investment Board (WIB) reports that there is a **significant need for more workers**, enough so that they will need to entice non-participating individuals to join the workforce. WIB and Cornell, the area's largest employer, report that the lack of child care is one of the biggest hurdles in recruiting workers.

Child care workers are undervalued as employees, small business owners and as sole proprietors, which negatively impacts our ability to recruit them to work in the field. According to the Bureau of Labor Statistics the median wage of a ‘child care worker’ is \$10.25 an hour, or \$21,320. The hours are long, especially in home care settings where child care providers must be both teachers and business managers, children must never be left unsupervised, and meals are shared. Home based care does not have an administrative umbrella for health insurance, general liability coverage, and professional. As awareness grows over the importance of good quality care versus custodial child care, child care workers are becoming more highly educated, beyond the required minimum education and 30 hours of continuing education and training every two years each of the nine topic areas. Yet, compensation has not kept pace. Child care teachers enter the field because they care about the children. They leave the field because the pay is low and the demands are high. These factors make the recruitment of home and center based child care teachers an ongoing challenge with diminishing returns.

Turnover rates in child care are quite high. Last year, 8 facilities opened in Tompkins County including 1 Day Care Center (DCCs), 5 Family Day Care (FDCs), 2 Group Family Day Care (GFDCs), while 14 closed (2 DCCs, 8 FDCs, 4 GFDCs). Of the three types, Day Care Centers and Group Family Day Care are more stable.

TYPE of Care	Slots in 2012	Slots in 2017	Change
Day Care Center (DCC)	1031	1156	12%
Family Day Care (FDC)	335	186	(44%)
Group Family Day Care (GFDC)	520	431	(17%)

There are advantages and disadvantages of each type of facility. Consideration for an expansion of one type of care over another should take into account a variety of factors, for example:

- size (number of children served)
- cost to build and availability of real estate (land or housing)
- effectiveness of operational supports (for example, grants for home modifications like fencing, scholarships)
- efficiency of operations
- stability/turnover for return on investment
- available staffing

Day Care Centers offer care in non-residential buildings, typically for the greatest number of children. Children are required to be separated in classrooms by age, each with mandatory minimum staffing levels. In our experience, child care centers with more than 80 slots provide enough funding through parent fees to “afford” some administrative support (fee collection, monitoring of expenses, and adequate back up staffing, etc.). Those with 60 to 80 slots are not generally able to accrue much in reserve so they operate with a limited profit margin, making them more economically fragile. The upfront cost to build a child care center is high. Initial costs may equal or exceed \$3 million, depending upon size and location. As an additional budgetary note, 80% of a child care center expenses is compensation, while 80% of the revenue is from parent fees. Increases in the NYS minimum wage requirements will likely be passed on to parents, who are already paying up to 25% of their income on child care for one child. Early

childhood teachers deserve to be paid a professional wage, but any increase in minimum wage will place centers in an even more compromised economic position unless creative solutions to financially support DCCs beyond parent fees are identified.

Family Day Care happens in the provider's home for up to 6 children plus 2 afterschool children. Additionally, they are limited to only 2 children under the age of two. Their own children under the age of 13 years are included in the maximum enrollment count. One benefit of FDC is that it can exist in rural parts of the county, but not without challenges because with less density comes a smaller number of neighboring families in need of care, potentially creating openings and less revenue. Hours of care are set by the caregiver and therefore, FDCs may have some flexibility for evening or weekend care. As sole proprietors, FDCs need to manage the financial, administrative, and marketing of the business, while running the actual day to day care of children. FDC providers work long hours, provide meals and snacks, and must meet costly requirements for the physical set up of the home and outdoor play space. Thirty hours of training is required every two years, which generally occurs outside of child care hours. As a result of these pressures, FDCs have the highest turnover rate. FDC support grants may help in a small way, but they are not large enough to offset the high demands of running these facilities alone. Our county has experienced a steady decline in the number of FDC homes, as has occurred throughout NYS.

Group Family Day Care (GFDC) provides care for 7 to 12 children at a time in a residence and may add 2 to 4 school-age children. GFDCs may have 4 infants in care as long as 2 providers are present. Hours of care are set by the caregiver. Many of the same challenges exist for this type of care as with FDCs. It is, however, less isolating because they have to hire and retain a qualified set of teachers and substitute caregivers, but is more administratively burdensome. As an employer, they have payroll, employment taxes, knowing and following labor laws, as well as other financial and administrative functions. Recruiting and replacing the sudden loss of a co-teacher is very problematic because they must always stay in ratio. If there is a gap in coverage, it not only impacts parents and children, but also impacts the GFDCs income. To be financially stable, GFDCs must maximize three areas: full enrollment, full fee collection, and revenues that cover the per child cost. This is deemed the "Iron Triangle" of sustainability in child care programs, and can be challenging to manage.

One drawback of GFDCs can be the physical space. In general, rental housing and mobile homes often do not meet child care regulatory requirements and landlords may prohibit child care for liability reasons. Home ownership can be an option, but the lack of affordable housing is well documented in Tompkins County. All these factors affect a home business like child care, impacting our ability to recruit new GFDC providers.

A larger number of children in GFDC nets more income and is a more stable type of care, which makes it a good prospect for efficiently expanding the number of GFDCs. By capitalizing on the expansion of affordable housing and incorporating regulatory specifications for the physical space, we can improve the availability of child care and housing for the county's workforce. Additional incentives to offset operational demands would decrease turnover rates, thus increasing the value of the investment over time.

The Child Care Dilemma - Child care is an incredibly complex mixture of business models, none of which satisfactorily meet the needs of parents (affordability and availability), nor do they

support sustainability or growth of more child care. In an ideal situation, the whole child care system would become a valued component of the educational system, available to all. However, given the current state of our society and the US economy, it is not likely to happen without a serious cultural and political shift.

In lieu of a massive overhaul, we need to explore creative ways to build more child care that costs less to operate, has enough support to make it more manageable, and elevates its status as a small business. If we could generate true collaborative partnerships that demonstrate a shared commitment to early care and education, could the high turnover rate be stemmed resulting in more child care options for working parents?

A New Vision for Child Care

We envision a community where partnerships are built around the child care needs of children and their families, creating a network of small but sustainable group family child care homes.

Investors and trades people will provide discounted and in-kind support. Through the engagement of developers, planners, and employers, these sites would be built along travel corridors and close to work sites. Each site will be ready-built to meet both the need for more affordable housing in the area and the structural/design and safety requirements of NYS Child Care Regulations. The programs would be connected to each other by a variety of administrative support systems, offering ways to keep quality high, keep costs down, and relieve some of the burdens of operating a small isolated micro-enterprise.

The importance of early childhood education is recognized as time well spent, while the demands of business administration are eased. Providers gain financial incentives such as reduced household expenses, and benefit from increased grants and subsidies when they offer specialized care or care schedules.

Our vision is a community where child care providers and teachers will feel supported and valued. Children in our community will have the highest level of good quality care and this foundation benefits our community today and long into the future.

Project Proposal: The Child Development Council proposes that Tompkins County funding support a part-time Child Care Developer position. Creating a network of GFDCs with the aid of investors and trades people and establishing an administrative backbone system to coordinate the business needs of the GFDCs in the network is complex and nuanced. Success will require a developer with a collaborative style, attention to detail and a sustained focus on the vision.

The role of the Child Care Developer is to engage with housing developers, business leaders and lawmakers to develop a network of Group Family Day Care homes, built to meet the specifications of quality child care. We would seek to capitalize on the growth of affordable housing complexes, adding ready-made child care apartments on the ground floor. In addition, we would explore and develop duplex or townhouse models, which could extend the availability both in the City of Ithaca and along rural travel corridors. These child care home sites would meet all the physical specifications of the NYS Child Care Regulations for GFDC.

The Child Development Council would recruit qualified individuals to live in these homes and provide child care, marketing the added value of reduced housing costs (including the possibility of subsidized rent) and support for quality child care. The Council would create a formal GFDC network, linking these providers (co-located or not) to have access to shared services, such as a shared pool of pre-qualified substitute teachers, professional development, central fee collection, and, if located contiguously, outdoor play space.

The ultimate goal of this project would be to increase the supply of child care, with enough cost offsets (for example, donated architectural plans, shared administrative support) to reduce the housing expense and the cost of doing business, thereby increasing the providers' net income and sustainability.

Project Components

1. **The Built Environment** – *Remove barriers to entry into the child care system, by making more sites “ready-built” to meet the child care regulations.*

Home-based child care programs must have the dual purpose of being a primary residence and meet the physical requirements of the New York State child care regulations. In Tompkins County, the current rental stock is old and inadequate. NYS regulations require adequate space per child, two forms of egress, a safe water source, internal barriers for woodstoves and stairways, external barriers when near water, and a physical environment free from contaminants like lead and radon. Any site, including upper level apartments must have two forms of remote egress from the unit.

To keep costs low, the Child Care Developer will:

- Engage affordable housing developers to create first floor apartments, townhouses or duplexes that meet the needs of a home based child care program. Garner donated and reduced-fee architectural and design models created to be adaptable to a variety of sites, eliminating this as a re-occurring cost.
- Assess property ownership options, including the Land Trust model.
- Recruit nonprofit builders and remodelers (e.g., INHS, Hammerstone, Habitat for Humanity) to reduce building expenses. Apply for housing funding (CDBG, HUD).
- Explore the opportunity for Community Benefit Agreements or Tax offsets.
- Research and incorporate sustainability and environmentally friendly components such as supplies from Fingerlakes ReUse, solar energy and other sustainable design elements.
- Secure grants to offset child care costs to maintain a safe, good quality program in addition to those already provided through the Child Development Council. These grants could support for example, fencing, alarm systems, and impact resistant play yard surfaces.
- Develop a legal framework for the relationship between the child care program, landowner/seller/investor, and the Child Care Network (described below).
- Define owner/operator relationships and sample lease agreements.

Reducing housing costs can increase the net income for providing child care.

Each stand-alone home could serve 12 preschool children plus an additional 4 school age children. The impact of this proposed project increases significantly per acre with increased density. A 3 unit townhouse, for example, could potentially serve 36 preschool children, plus 12 school age children. In one model, a family could utilize the private living space upstairs and the first floor space with two forms of egress front and back and a shared outdoor play space for a GFDC.

Creating an adequate supply of these GFDC-ready housing options can free household wealth, reduce the cost of running a child care business, and increase earnings.

2. The Operational Environment - *Remove operational and business barriers to add support, decrease time constraints outside of program hours, and reduce turnover by linking support services to providers in the network.*

Having the right space to operate a child care program is not enough. Most home-based providers work at least a 10-hour day, five days a week interacting with and teaching children. One of the advantages of home-based care is also a constraint; it tends to be more flexible with the hours offered so the work week can easily expand beyond 50 hours. In addition, there are time demands outside of child care hours: record management, communicating with prospective and current parents, curriculum planning, purchasing food and meal planning, fee collection, recruiting and scheduling teachers and substitutes, bookkeeping, tax preparation and more.

Networks reduce isolation, relieve some of the burden of administrative functions, and expand opportunities for program support and quality improvement.

The Child Development Council provides comprehensive centralized support for child care programs. These include:

- recruitment and technical assistance in opening a child care business
- program assessment and quality improvement assistance
- financial assistance and training for the delivery of healthy meals
- professional development programs and conferences
- regulatory monitoring and enforcement (FDC and School Age Child Care only)
- administration of start-up and operational grants
- Health Care Consultant grants
- community planning and advocacy

These are grant funded programs that are available free or at a reduced fee to all prospective and regulated programs throughout the county.

A Child Care Network delivers a menu of enhanced services to licensed GFDCs in the pilot project and potentially to those seeking to become part of the project.

To increase support and reduce administrative burdens, the Child Care Developer will research and develop:

- Best practices and funding mechanisms for centralized human resources support including building a group of qualified and cleared substitute teachers; provide technical assistance for hiring practices; recruit volunteers; manage centralized record-keeping for substitutes (background checks, applications, training records, etc.).
- Back-office/shared billing and fee collection system, including monitoring of enrollment revenue.
- The use of new technologies, such as myMax that allows providers to use voice activated record keeping, such as attendance records, meals patterns, and subsidy claim related data.
- New ways to offset food prices. Currently, the Child Development Council is the central grant administrator for the Child Care Food Program. In this project, we would explore the use of shared menu planning, participation in CSAs, and community gardens. By linking the menu planning (based on local seasonally based foods) with distribution of CSA fruits and vegetables, food quality is raised, food costs are more manageable, and dollars spent here recirculate in the economy.
- Individualized training and professional development and support to improve the quality of care.
- Additional micro-enterprise grants and business tool kits through the Council and/or in collaboration with Chamber of Commerce or business community.
- Well-researched sources of shared sustainable energy.

We envision that local foundation funding could be secured to expand organizational supports offered by the Council. Other items, such as the cost of human resources support or a bookkeeping/ fee collection system do not exist. A main source of sustainable support would need to be identified.

Through the expansion of support systems for members in the child care network, providers will become less isolated, reduce their hours of work outside of program time, and will have access to more opportunities for program support and quality improvement. By creating a less burdensome business model, the value of the earnings will have a bigger impact on the hourly equivalent of work, and turnover will be kept at a minimum.

3. Continuous Improvement – *The efficacy of the model will be demonstrated by developing benchmarks and conducting ongoing assessments, based on best practices to ensure quality of care, engagement of partners, and positive financial outcomes.*

This is a multi-year pilot project that will require ongoing monitoring and realignment. People across the country are trying out new models to promote the economic and quality benefits of the early care and education system. Elements of our project exist in other communities, but our project is unique. The work product would be open sourced and data about the program and its impacts will be collected and shared widely so that other communities can use it to expand the impact.

A dashboard of optimal project management goals, including a cost benefit analysis of increased earning potential and gains will keep this project on task. Some examples might include:

- Reduced housing expenses
- Increased subsidies

- Recruitment and retention of child care providers; decreased turnover rates
- Number of children served; net increase in supply of care
- Non-traditional options of care
- Funding sustainability for child care network
- Continuous improvement in the quality of care at each site (Using Environmental Rating Scale)

Proposed Timeline and Budget

Year 1, 2018: Main focus will be on developing the Built Environment Component

April - May Approval of Plan by County Legislature

May Hiring Child Care Developer

June Developer starts and meets with stakeholders

July – December

Identify at least two potential sites (land and/or apartment complexes still in development phase); define owner/operator relationship; develop sample lease/purchase agreements.

Meet and engage builders and non-profit organizations.

Develop a financial plan and begin to secure resources.

Secure legal and architectural services.

Establish priority for development of operational supports and members services agreements.

Assess corporate structure of backbone services: Some components may be expanded within the programming of the Child Development Council; others may require the creation of Management Services Organization.

Year 2, 2019: Breaking ground: The link between affordable housing and child care is established; pilot sites are finalized! Recruitment of providers begins and initial licensing steps taken. Operational supports are developed. Financial resources are garnered for the Network.

Year 3, 2020: The Child Care Network is launched. Fund development continues. The dashboard shows progress and the Built savings are reported to the public. Cost/benefit of the implementation of the operational supports (network benefits) will be summarized. Quality of care will be assessed and progress towards continuous improvement reported. Unique and exceptional achievements will be documented and made available to others.

Proposed Annual Budget		\$50,000
Personnel – Child Care Developer	\$45,000 x .70 FTE	\$31,500
Benefits	@28%	\$ 8,900
Administration	@10%	\$ 5,000
Consultant and Professional Fees	Legal, Architect, Web	\$ 4,000
Non-Personnel Expenses	Travel, Copies and Supplies	\$ 600

YEAR 1 is estimated to be 6 months; consultant and professional fees would likely be deferred to Year 2.

Years 2 and 3 would include an increase in hours and in salary. It is anticipated that community funding (foundations) would be generated as the costs are further clarified.