THE CITY OF NEW YORK
OFFICE OF THE COMPTROLLER
SCOTT M. STRINGER

July 15, 2020

The Honorable Mitch McConnell
Majority Leader, U.S. Senate
317 Russell Senate Office Building
Washington, D.C. 20510

The Honorable Nancy Pelosi
Speaker, U.S. House of Representatives
1236 Longworth House Office Building
Washington, D.C. 20515

Re: Urgent Need for Federal Funding for Child Care

Dear Leader McConnell and Speaker Pelosi:

I write today to implore you, as leaders of your respective parties and chambers in Congress, to ensure that the next coronavirus stimulus package includes an investment of at least $50 billion for a Child Care Stabilization Fund, as proposed in the Child Care Is Essential Act (S.3874/H.R.7027). As the chief financial officer of New York City, the largest municipal economy in the United States and for months the epicenter of the nation's fight against COVID-19, I know we will not be able to "restart" our economy or realize an equitable recovery if we do not target more resources toward stabilizing the child care workforce, many of whom have been on the frontlines of this deadly virus – at great cost to themselves and their families. And as a parent of two young boys, I know firsthand how critical a safe, consistent child care arrangement is to our children's healthy development, especially during these difficult times, and to our ability to work to continue to provide for our children. Any relief package that fails to recognize these foundational needs will do irreparable harm to working families in New York City, and across the country.

For decades, government, at all levels, has largely ignored child care, leaving it to individual families to try to make it work and find an option they can afford from a market starved for resources. The fruits of that disinvestment have long been on display in the forms of gender and racial inequity in the labor market, persistent achievement gaps among children, and low early educator pay, but they are magnified now, with families facing immense financial pressures and a real need for additional income at the same time that the child care sector is on the brink of collapse. To be clear: the math didn't work without public investment *before* the pandemic. Now, it's an impossible equation.

According to a recent national survey of child care programs by the National Association for the Education of Young Children, 86 percent of providers are caring for fewer children than they were pre-COVID, with enrollment down on average 67 percent.[1] Given that most programs rely on private tuition from families to cover expenses, sometimes in addition to limited government subsidies, under-enrollment has resulted in decreasing revenues. Unfortunately, this is happening at the same time that expenses are rising. The vast majority of respondents in that same survey are paying more out of pocket for cleaning supplies and PPE, with child care centers spending upwards of $3,000 more on average each month. This is consistent with what my office is hearing from New York City providers, who are in some cases having to spend many thousands of dollars just in preparation to reopen with the necessary safety precautions in place.

Meanwhile, financial assistance for the sector – and for families in need of care – has to date fallen far short of the need. According to an analysis of U.S. Department of the Treasury Paycheck Protection Program (PPP) loan data by my office, less than a third of child care businesses in New York City received PPP loans, among the lowest rates of receipt of any industry across our five boroughs. And while I remain appreciative of the $3.5 billion allocated to states to help stabilize the child care sector that was included in the CARES Act, the $164 million distributed to New York in April is nowhere near enough to cover the expenses providers are incurring to meet new health and safety guidelines, let alone to deliver the financial assistance families need in this moment to be able to afford quality care. The Center for Law and Social Policy, National Women's Law Center, and Aaron Sojourner estimate that $9.6 billion in new federal funding is needed *each month* just to sustain the existing system.[2]

Child care programs in New York City are committed to providing high-quality and safe care to the children of families who need their services amid this pandemic—indeed, family child care and emergency programs have been open for business across the city throughout the crisis—but they operate on the slimmest of margins in good times and simply do not have the resources to continue operating with these additional costs. It is no surprise to me, then, that only 18 percent of child care programs nationwide expect to be open in a year.[3] Put another way, four in five programs may be closed come 2021.

Permanent closures of this scale would have a devastating impact on New York City's economy and take away any chance of an equitable recovery. And it will be women, and women of color in particular, who will be disproportionately harmed if we do not act as they comprise the vast majority of the educators at risk of unemployment, as well as the single parents and secondary earners who will be forced to navigate exceedingly complex schedules, reduce their work hours, or leave the workforce altogether to assume additional unpaid care responsibilities. Our businesses and our economy will suffer for it.

A commitment of $50 billion in federal stimulus for child care is an overdue and necessary down payment on the communities who have carried our local economies on their backs for years – and have gotten too little in return. It is one of the best investments we can make, and one that this moment demands. Fortunately, existing legislation, the Child Care Is Essential Act, offers a

1 https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/holding_on_until_help_comes.survey_analysis_july_2020.pdf

2 https://www.clasp.org/publications/report/brief/child-care-key-our-economic-recovery

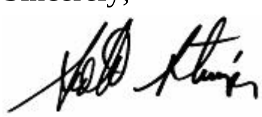
3 https://www.naeyc.org/sites/default/files/globally-shared/downloads/PDFs/our-work/public-policy-advocacy/holding_on_until_help_comes.survey_analysis_july_2020.pdf

roadmap for establishing a Child Care Stabilization Fund to distribute these dollars to states. The bill, introduced in the U.S. Senate and U.S. House of Representatives by Senator Patty Murray and Representative Rosa DeLauro respectively, would provide grants to child care programs to cover fixed and COVID-related expenses and should be immediately advanced to sustain the sector during the pandemic.

In the longer term, it is critical that Congress significantly increase annual appropriations for care. Prior to the current crisis, my office reported that nearly half of New York City neighborhoods were infant care deserts, having capacity for less than 20 percent of neighborhood children under two, and only seven percent of infants and toddlers were in any publicly-funded care at all.[4] So while we take steps to preserve the supply we do have, we must not forget that we were already failing parents and providers and that there is much more work to do. More federal resources will be needed in the coming months and years if we are to ever realize a system of care that offers truly universal access to quality settings and dignified, living wages for all caregivers, among our most essential workers.

Thank you for your attention to this important issue. My office stands ready to assist in these efforts in any way moving forward.

Sincerely,



Scott M. Stringer
New York City Comptroller

cc: The Honorable Charles Schumer,
Minority Leader, U.S. Senate

The Honorable Kevin McCarthy
Minority Leader, U.S. House of Representatives

4 https://comptroller.nyc.gov/reports/nyc-under-three-a-plan-to-make-child-care-affordable-for-new-york-city-families/