



The Committee for Hispanic Children and Families, Inc.

UNLEASHING THE ECONOMIC POWER OF FAMILY CHILD CARE PROVIDERS



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Children and Families, Inc.**

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ABOUT CHCF

Since 1982, The Committee for Hispanic Children and Families, Inc. has combined education and advocacy to expand opportunities for children and families and strengthen the voice of the Latino community. Believing that the most effective way to support Latino families is by building upon their existing strengths and fostering self-sufficiency, CHCF provides a number of services through Youth Development programs, an Early Care & Education Institute, and the Family Policy Center.

CHCF's model is innovative in its effective inclusion of cultural and linguistic competencies to effect change. CHCF's grassroots focus makes it one of the few Latino organizations in NYC that combines direct service with policy work that amplifies Latino voices at the local, state and national levels. (www.chcfinc.org)

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UNLEASHING THE ECONOMIC POWER OF FAMILY CHILD CARE PROVIDERS

EXECUTIVE SUMMARY

Family child care providers represent a unique and complex small business sector that requires tailored services, products, and support to ensure their financial viability. The primary reason early care and education (ECE) programs fail is financial mismanagement, a phenomenon that has not received significant attention in that field (Entrepreneur, 2001; Stoney and Blank, 2011). The majority of currently available services and professional development for this sector have addressed competencies and best practices with regard to health, safety, and curriculum; but, little focus has been directed towards the support of this sector as small businesses vital to the economic growth of underserved communities in New York City.

The Committee for Hispanic Children and Families, Inc. (CHCF) recognized and sought to address the observed need to incorporate business and financial education in programming for Spanish-speaking family child care (FCC) providers who run ECE programs. CHCF has worked with FCC providers since 1982, assisting them in building quality child care programs. CHCF's unique position as a leading expert in FCC furnishes access to providers' homes, which in turn provides firsthand information regarding providers' environments, skills, strengths and needs.

During 2013-2014, CHCF undertook a financial education needs assessment to identify the needs, their nature and causes, and important next steps for collaborating with FCC providers toward their financial independence. Guided by the principle that "the most effective way to serve Latino families is by building upon their existing strengths and fostering self-sufficiency," (CHCF, n.d.) CHCF contacted 140 providers (primarily women) via telephone, a questionnaire, review of provider grant applications, and home visits. This report provides a description of the methodology and findings of the needs assessment as well as a background on the child care market and a snapshot of the supply, demand, and cost of care. The report concludes with recommendations and important next steps in fortifying the viability and sustainability of FCC businesses.

KEY FINDINGS/LESSONS LEARNED

The data analyzed show that family child care (FCC) providers encounter many of the same challenges of any sole-proprietor, any micro-enterprise and/or any highly regulated sector. Additional challenges arise from limited financial acumen and cultural and linguistic barriers, including limited English proficiency and limited literacy in general, in some instances. Nonetheless, these providers are using their own drive and efforts to sustain their households, send their children to college, purchase homes and/or build retirement homes in their native countries.

FCC PROVIDERS DO NOT PERCEIVE THEMSELVES AS BUSINESS OWNERS

For many, entry into the sector was motivated by the desire to care for their own children. Providers view themselves as babysitters, a perception echoed by the general public. This sentiment is further solidified by the relatively low income generated, particularly by women serving the publicly subsidized market.

FCC PROVIDERS FACE SERIOUS TIME CONSTRAINTS

Hours of operation, generally, are Monday through Friday from 8:00 a.m. to 6:00 p.m. Yet, their actual work day is considerably longer, including prep time before arrival of the children, clean-up after the children depart, and administrative tasks.

FCC PROVIDERS REQUIRE A CLEARER UNDERSTANDING OF THE REGULATIONS AND THE GOVERNING AGENCIES

The work of FCC providers is governed by an intricate web of government agencies, each with its own rules and regulations. For those serving the Administration for Children's Services (ACS) subsidized market, another layer of complexity exists with regard to regulations.

FCC PROVIDERS ARE UNFAMILIAR WITH THE TAX LAWS APPLICABLE TO THE SECTOR

The high level of intermingling between household and business expenses presents a special challenge. Tax forms submitted with grant applications indicate that although providers are using paid tax preparers, the returns are not completed correctly.

FCC PROVIDERS' FINANCIAL ACUMEN IS LIMITED

Providers are familiar with savings and checking accounts, although savings accounts are used to a lesser degree. Other products such as credit and insurance are less understood and utilized.

THE FCC BUSINESS IS VOLATILE

The capacity utilization rate can fluctuate significantly as persons relocate or children age out (either into center-based care or school). Additionally, for providers serving the subsidized market, changes in parents' eligibility status can result in the loss of clientele.

FCC PROVIDERS ENCOUNTER CASH FLOW ISSUES

Providers reported frequent payment delays from food programs from networks af-

filiated with the Administration of Children’s Services (ACS) for subsidized care, creating a gap between expenses and income. Cash flow can further be affected by children aging out, clients’ loss of subsidy eligibility, clients’ relocation, tax liabilities, and restrictions on serving the private market by some ACS networks.

FCC PROVIDERS’ RIGHTS AS TENANTS ARE BEING VIOLATED

While this is not a frequently recurring theme, FCC providers reported that landlords raised rent or threatened eviction on the grounds that they were running a FCC program; neither is permissible by law.

FCC PROVIDERS ARE INTERESTED IN MAXIMIZING CAPACITY UTILIZATION

Expansion generally relates to maximizing capacity utilization rather than increasing capacity, which in many instances would require physically moving into a larger space or a commercial property. The latter is too expensive, particularly for women serving the subsidized market. Providers, generally, were not inclined to utilize debt to grow their business. Furthermore, their status as sole proprietors of microbusinesses all but disqualifies them from accessing traditional loans.



RECOMMENDATIONS

Adequate support for FCC providers to maintain and grow viable businesses, CHCF projects, will have powerful, positive implications on low-income communities in New York City. CHCF, together with policymakers, advocates, other community based organizations and funders can collaborate to provide this support and promote a circle of sustainability and quality that will enhance the net earnings of providers, increase the availability of affordable child care, facilitate participation of a greater number of persons in the workforce, and improve the quality of early care and education for children throughout the City. Further, providers' commercial and personal consumption and increased disposable income generate benefits for the local economy, such as greater participation in the workforce and the creation of employment opportunities. The following list of recommendations includes activities already underway at CHCF as well as goals for the future:

OFFER FINANCIAL EDUCATION AND SMALL BUSINESS TRAINING TO FCC PROVIDERS

CHCF has designed a Spanish-language comprehensive 15-hour financial education curriculum that approaches the topics of business structure, policies and contracts, taxes/record-keeping, insurance, budgeting, savings and credit, marketing, business plan preparation, and professional development from the perspective of an FCC provider.

Local government can support this through collaboration with agencies such as, but not limited to, Small Business Solutions, Office of Financial Empowerment, NYC Economic Development Corporation, and Center for Economic Opportunity.

Funders can support the expansion of this training, which will broaden the professionalization and financial capabilities of FCC providers, and could allow CHCF to reach a greater number of providers throughout the five boroughs, positively impacting the supply and quality of child care by improving sustainability.

MAKE AVAILABLE AN INFORMATION CLEARINGHOUSE TO FCC PROVIDERS

CHCF aims to be the premier source of information on early care and education. Our staff and our website will be reliable resources for regulatory updates, best practices in early care and education, and guidance on small business administration and financial matters. This would require in-house professional development and capacity building. To further enhance the breadth and depth of coverage, CHCF would partner with other organizations so that our site would link to other resources, and those sites would link to CHCF's site.

Funders can support this access to thorough and reliable information, which will also serve to broaden the professionalization and financial capabilities of FCC providers and serve as a gateway to CHCF's professional programming, further positively impacting the professional development of FCC providers.

CONDUCT AND FACILITATE ADVOCACY

FCC providers have played a perfunctory role in shaping legislation and policies that govern the sector. The dispersion of family child care providers throughout the five boroughs means that they operate in relative isolation from one another. CHCF endeavors to give voice to providers by collaborating with FCC providers to inform early childhood influencers and decision-makers in the field for the continued professionalization of the early care and education sector, including networking/support groups.

Local policymakers can support this by becoming familiar with the family child care market in their district and engaging with their area's FCC providers; understanding that they play a vital role in communities by facilitating participation in the workforce and creating employment opportunities as well.

Policies that would support FCC providers would include:

- Market rates that address the financial vulnerability of many FCC providers
- Timely payments from ACS networks
- Ability to determine their client mix, which also means permitting parents to choose their child care
- Alignment of categories, measurements and regulations across agencies

DEVELOP PUBLIC-PRIVATE-NON PROFIT PARTNERSHIPS

CHCF intends to identify and develop partnerships to deliver relevant professional programming, particularly in the areas of business administration and finan-

cial expertise that is culturally and linguistically aligned with the needs of the FCC providers we serve.

Community based organizations serving communities needing affordable and quality early care and education can help by exploring where there may be synergy, thereby creating an outcome greater than the sum of our separate efforts.

ENCOURAGE AND EXPLORE FACILITATING WORKSHOPS IN AUXILIARY SUBJECTS

English language lessons

Gaining an understanding of the English language, both written and verbal, would permit FCC providers to reduce their legal and financial vulnerability through a better understanding of documentation related to any contractual agreement (business and personal), to better communicate with clients, and to better advocate for themselves.

Computer classes (Internet, Word and Excel)

While initially a time commitment, this in the long run could be a time management tool, facilitating online shopping, banking and marketing. Computer know-how would also permit providers to learn English online at their convenience.

Community based organizations that currently offer these workshops as well as funders can support this training, which will improve the efficiency of operations and enhance the ability of FCC providers to better represent themselves and safeguard their interests.



PURPOSE

The purpose of this paper is to share The Committee for Hispanic Children and Families, Inc.'s (CHCF) assessment of the financial and business practices and unmet needs of Latina family child care providers working in low-income communities in New York City. The assessment is based on the results of telephone calls, a questionnaire, review of provider grant applications, home visits and on a composite of CHCF's thirty years of experience working in the field of early care and education, including its membership in New York City's Child Care Resource and Referral Consortium.

This paper, firstly, will provide a background on the child care market; secondly, this paper will describe the assessment process and its findings; and, lastly, it will detail the recommendations to further promote the goal of collaborating with child care providers to become financially independent--keeping with CHCF's guiding principle "that the most effective way to serve Latino families is by building upon their existing strengths and fostering self-sufficiency." Ultimately, CHCF will illustrate the potential power of investment in this community-based strategy.

CHCF projects that adequate support for FCC providers to maintain and grow viable businesses will have powerful, positive impacts on low-income communities in New York City. CHCF together with policymakers, advocates, other community based organizations and funders can collaborate to provide this support and promote a virtuous circle of sustainability and quality that will enhance the net earnings of providers, increase the availability of affordable child care, facilitate participation of a greater number of persons in the workforce, and improve the quality of early care education for children throughout the City.

INTRODUCTION

While most of us are familiar with the term family child care provider and have some notion of what that entails, many of us do not fully appreciate the magnitude of this role. Family child care providers bear an enormous responsibility and wear a wide variety of hats. They ensure the safety of what some would say is any society’s most valuable asset: our children. They play an integral role in establishing children’s developmental foundation. They contribute to a city’s economic engine by allowing parents to participate in the workforce. Moreover, they themselves can generate employment opportunities and contribute to commercial and consumer spending. IMPLAN, an economic modeling company, in 2008, calculated that “every \$1 spent on high-quality early learning generates \$1.86 in revenue” (Schuyler Center for Analysis and Advocacy, 2014) for a community when goods and services are purchased locally. Nonetheless, family child care providers’ contributions go beyond economic measure.

While family child care providers are integral and positive contributors to their communities, they tend to reside in the periphery. Furthermore, “women who care for poor children often live in poverty themselves” (Kim, 2013). At the national level, the median income was approximately \$19,000 in 2011, and 17% were living in poverty (Kim, 2013).

THE MANY HATS OF A CHILD CARE PROVIDER

CAREGIVERS	Provide help and protection
CHEFS/NUTRITIONISTS	Prepare meals according to department of health standards
HOUSEKEEPERS	Trained in proper hygiene and sanitation
CHILD DEVELOPMENT SPECIALISTS	Knowledgeable in typical and atypical development; can recognize the symptoms of a developmental issue
EDUCATORS	Expected to follow a developmentally appropriate research-based curriculum
HEALTH CARE PROVIDERS	Trained in administration of medication (currently optional)
EMERGENCY MANAGEMENT PERSONNEL	Administer First Aid and CPR; design and implement evacuation procedures
SOCIAL WORKERS	Mandated reporters, meaning they are required to report observed or suspected abuse
BUSINESS MANAGERS	Carry out the day-to-day operations
ENTREPRENEURS	Key decision-maker/Strategist

DEFINITIONS

TYPES OF CHILD CARE

KITH AND KIN (CARE PROVIDED BY RELATIVES, FRIENDS AND NEIGHBORS): These caregivers are generally the most informal type of child care providers.

FAMILY DAY CARE: This type of child care is provided in the home of the provider, is nonmedical and is usually for less than 24 hours.

CHILD CARE CENTER: This type of child care is usually provided in separate facilities apart from the provider's residence.

IN-HOME CARE: This is care of children in their own homes by a paid housekeeper, maid, governess, au pair or nanny. The home caregiver is generally paid as a household employee.

BABYSITTERS: This is child care [often] provided in the child's home on an irregular basis.

OTHERS: This would include after-school programs, church programs, or other tax-exempt entities.

The above categories and definitions were excerpted from the Internal Revenue Service's Child Care Provider Audit Technique Guide (IRS, 2009).

In this paper, the term family child care providers refers to family day care as defined above.

TYPES OF FAMILY CHILD CARE PROVIDERS

LICENSED OR REGULATED: Providers who are mandated by law to obtain a license. This requirement varies by state. It is usually dependent on the number of children cared for and the total of hours worked. Licensing normally requires pre-service training, a criminal background check, pre-service and ongoing site inspections as well as compliance with health, safety, and nutrition standards.

REGISTERED OR LEGALLY EXEMPT: Generally applies to persons who are not licensed, yet are eligible to receive payments/reimbursements from public funds. These providers are subject to less rigorous requirements than licensed providers.

UNLICENSED OR UNREGISTERED: All other providers of child care.

TYPES OF CHILD CARE MARKETS

PRIVATE: Child care purchased by the parent/guardian. Despite the existing public support for child care, parents bear nearly 60% of the cost of child care. For middle income families, the figure is greater (Child Care Aware of America, 2013a).

SUBSIDIZED: Publicly supported early care and education may be financed by federal, state and/or local funding streams. Subsidy dollars can also be utilized for registered or legally exempt providers.

HISTORY

The care of young children has been a matter American families have invariably needed to address throughout time, regardless of the economic structure of the era.

“American women have invented many ways to care for their children while they work. Native Americans resolved this by strapping newborns to cradle boards or carrying them in woven slings; Colonial women placed small children in standing stools or go-gins to prevent them from falling into the fireplace. Pioneers on the Midwestern plains laid infants in wooden boxes fastened to the beams of their plows. Southern dirt farmers tethered their runabouts to pegs driven into the soil at the edge of their fields. White southern planters’ wives watched African American boys and girls playing in the kitchen yard while their mothers toiled in the cotton fields. African American mothers sang white babies to sleep while their own little ones comforted themselves. Migrant laborers shaded infants in baby tents set in the midst of beet fields. Cannery workers put children to work beside them stringing beans and shelling peas. Shellfish processors sent toddlers to play on the docks, warning them not to go near the water.

Mothers have left children alone in cradles and cribs, and have locked them in tenement flats and cars parked in factory lots. They have taken them to parents, grandparents, co-madres, play mothers, neighbors and strangers. They have sent them out to play with little mothers – siblings sometimes only a year or two older. They have enrolled them in summer camps and recreation programs, taken them to baby farms, given them up to orphanages and foster homes, and surrendered them for indenture. They have taken them to family day care providers and left them at home with babysitters, nannies, and nursemaids, some of them undocumented workers” (Michel, 2011).

INDUSTRIAL AMERICA & PRE-WORLD WAR I

The shift from an agricultural economy to an industrial economy in the 1800s meant that many mothers, primarily of the lower economic strata, many of whom were immigrants, needed to work outside the home. Support from extended families became less accessible as persons moved away in search of employment. Mothers with very young children were dependent on charity; with time that assistance dwindled. Individuals, private charities and settlement houses stepped in to fill the void.

These varying groups provided care in the form of “infant schools,” which had origins in Europe. The schools combined care and education, including religious instruction in order to provide the morality and character building to escape poverty. “Day nurseries,” precursors to today’s child care centers subsequently became another child care option. The centers were staffed

by untrained personnel who worked long hours to accommodate the mothers' schedules. Their purpose was purely custodial care; that is, to safe-guard children from the alternative which was to be left alone at home or on the streets, not an uncommon occurrence (Zigler, 1990). In 1909, states began to pass licensing requirements, codes and regulations for children's institutions, focusing mainly on infectious disease prevention and safety; however, administration and enforcement were lacking (Yarrow, 2009).

The emergence of crèches in France, kindergarten in Germany, and Casa dei Bambini in Italy influenced schooling in the United States in a splintered fashion. The idea of universal, free public school did not become firmly established until the Civil War era, albeit with more than half of the states having inefficient public schools and education systems. The function of the Department of Education, when established in 1867, was to collect and publicize data about education and promote the cause of education (U.S. Department of Health and Human Services [HHS], 1972). Even today there is a varied take on compulsory education. Full-day kindergarten is mandated by 11 states plus Washington, D.C.; half-day programs are mandated by 34 states. Compulsory kindergarten attendance is law in 16 states; while compulsory school age is 8 in two states, 7 in 15 states, 6 in 25 states, and 5 in eight states plus Washington, D.C. (Education Commission of the States, 2013).

The absence of compulsory schooling and/or restrictive child labor laws meant that by the age of 10 many children were working. It is estimated that "one-fifth of all U.S. children between 10 and 15 were employed" in 1900 (Yarrow, 2009). Symbolic of the ambiguity surrounding children's affairs, the U.S. Children's Bureau was established in 1912 to monitor "infant mortality, birth rate, orphanages, juvenile courts, dangerous occupations, accidents and diseases of children, and employment"; this after "11 bills (8 in the House and 3 in the Senate) and 6 years" of deliberation. It wasn't until 1920 that every state had imposed minimal child labor reforms (Children's Bureau, n.d.).

The early 20th century was marked by an imbalance between supply and demand. The shortage of child care was exacerbated by the fact that day nurseries did not accept children of unwed mothers and discriminated by race (Yarrow, 2009). Consequently, the Children's Bureau "found many instances of injuries, illnesses, and even fatalities resulting from situations in which infants and toddlers were either left alone or brought into hazardous workplaces." Despite these findings, the Bureau did not advocate for federal support for child care (Michel, 2011).

WORLD WAR I

The World War I years, 1917-1919, resulted in not only shortages of milk and food, but also a shortage in the labor force, "increasing demand for mothers and children to join the workforce" (Children's Bureau, n.d.). Public support for government intervention was limited and relegated to providing assistance so that mothers could stay home versus joining the workforce. This was done via mothers'/widows' pension laws at the state level (HHS, n.d.), and the Sheppard-Towner Maternity and Infancy Act of 1921 at the federal level (Children's Bureau, n.d.).

The federal program ended in 1929 in part due to criticism from the American Medical Association, which voiced concern regarding “government encroachment on their autonomy as medical professionals and criticized the act as neo-socialist” (Miller Center, 2015).

The inability of mothers to care for their children resulted in children being removed from their homes by local authorities on the basis of neglect or abandonment or parents themselves placing the children in orphanages or asylums, also termed “baby farms.” The mortality rates in these institutions could be as high as 85%-90%. One solution were the orphan trains that operated between 1853 and 1929, transporting 250,000 orphaned, abandoned and/or homeless children westward, where they were adopted and given work (Yarrow, 2009).

In the United States the prevailing view has been that parents, and in particular mothers, are the best caregivers for their children (Michel, 2011). This is a social value that has persisted throughout the years. Yet, only the most destitute of mothers were receiving government assistance to stay home with their young children. Meanwhile, middle- and upper-middle-class women were motivated to enroll their children in “nursery schools.” The belief was that “group care provided by professionals [was] a means of enabling children to achieve future success” (Cohen, 1996).

This set the framing for the national debate regarding child care: custodial care for the poor versus early education for the more affluent.

GREAT DEPRESSION & WORLD WAR II

The first federally sponsored child care initiative was via the Emergency Relief Administration (later renamed Works Projects Administration) created in the midst of the Great Depression. The initiative was primarily a stimulus package. Emergency Nursery Schools were organized with the intent of providing work to unemployed teachers while providing impoverished children a respite from the economic hardships at home (Michel, 2011; Cohen, 1996). These functioned very much as schools, but lost traction with time. This initiative was nearly defunct when the U.S. entered World War II.

Appealing to patriotism, the federal government was eventually able to provide funding for day care centers via the Lanham Act of 1940 (Stoltzfus, 1999). Despite the exigent circumstances, there was opposition to mothers entering the workforce. Manufacturers of aircraft, ships and bombers experienced increased demand for their products at the same time that they experienced a sharp loss in employees; further, they “cited absenteeism among women workers as proof of the need for child care and other household services” (Stoltzfus, 1999). The compromise was to limit funding for child care to communities where defense sector manufacturing occurred and/or deployment had a major impact and to mothers employed in defense and related sectors. All states participated, with the exception of New Mexico (Stoltzfus, 1999). Requisite local funding was obtained through user fees (Stoltzfus, 1999).

Planning for the day care centers was performed at the local level. Approximately 95% of the centers were managed by local education authorities and very few cared for children under the

age of two. Kind, size and quality varied widely (Stoltzful, 1999). Of note were centers built by Kaiser Shipyards in Richmond, California and Portland, Oregon. These were private employer child care facilities funded by the United States Maritime Commission and parent fees. These centers operated 24 hours a day, 365 days a year. At the onset the centers served two (2) to six (6) year olds, but the range widened with time. Center staff included trained nursery and kindergarten teachers from major colleges. Nutritionists prepared food for the children; additionally, mothers could purchase prepackaged meals. The children's day consisted of structured activity, play, snacks/meals and naps/sleep. Reportedly, The New York Times described these centers as "a model for child care in the post-war world" (MacKenzie, 2011).

MODERN ERA

Yet, after the war, all of the government funded centers closed, except for those in the state of California, and in New York City and Philadelphia, which maintained programs indefinitely. The general expectation was that women, particularly mothers, would return to the home once the war ended. While the percentage of married women who worked was considerably lower than the percentage of single women who worked, in absolute terms, the number of married women workers outnumbered single women workers, for the first time in history (Stoltzful, 1999).

The increased participation of married mothers in the workforce was so significant that in 1958 The Children's Bureau asked The Bureau of the Census to obtain information on the childcare arrangements of full-time working mothers who had children under age 12. The increased participation in the workforce by mothers precipitated the formation of a number of activist organizations to advocate for continued funding of the child care centers (Michel, 2011). A compromise was reached in 1954 when the government finally acquiesced and made child care expenses for children under 12 (or under 16 if "physically handicapped") tax deductible with stipulations. This tax credit has morphed to become the single most important way that the federal government supports child care (Cohen, 1996).

The tax credit, while beneficial, did not address the other issues related to child care: supply, availability, affordability, and quality. Despite the "irreversible trend toward maternal employment," (Michel, 2011) the issue of child care remained largely a personal problem.

Well-educated upper- and middle-class suburban moms established parent cooperative nurseries. The mothers hired teachers to guide the curriculum and took turns as aides (Muncy, 2004). These were in line with the nursery schools used by the more affluent in the early 1900s. These similarly stressed the importance of the pre-school years in social and cognitive development. With government funded centers gone, the national debate continued to center on custodial care for the poor versus early education for the more affluent.

Head Start, which remains in place today, was established in the midst of the war on poverty and the civil rights movement in the 1960s. It was intended to be a true early care and education program, founded on the idea that "early childhood education could have a substantial impact

on poor children's later success." The Economic Opportunity Act of 1964 also provided funding for social services for participating families and monies for research on child welfare issues (Yarrow, 2009). The program is geared toward three- to five-year-olds in families receiving subsidies from Aid for Dependent Children (now Temporary Assistance for Needy Families). Funding is awarded annually and a 20% local match is required (Cohen, 1996). In fiscal year 2013 Head Start programs nationwide served 932,164 children and their families (HHS, n.d.).

Congress did pass the Comprehensive Child Development Act, "which established a network of nationally funded, locally administered, comprehensive child care centers, which were to provide quality education, nutrition, and medical services" in 1971 (Cohen, 2013). The services were to be available on a sliding scale to all families with a set maximum for family earnings, and "priority would be given to those with the greatest economic and social need" (Cohen, 1996). The budget was set at \$2 billion annually. However, President Nixon unexpectedly vetoed the bill. An amended version failed to make it through the House. A successful campaign against the concept of universal day care had been launched based on fears that this would usurp parental rights (Cohen, 2013). A much smaller gain was made by amendments to Title XX of the Social Services Act, which included child care among the services covered by the \$2.5 billion budget (Cohen, 1996).

The policies of the 1980s prompted the growth of voluntary and for-profit child care (Michel, 2011). At the lower end of the economic spectrum, demand for child care increased as welfare-to-work programs multiplied. The Family Support Act of 1988 required that many welfare recipients participate in education, training or work. The requirements also applied to mothers with children over three years of age, though states had the liberty to require participation by mothers with children as young as one year of age. The legislation included a "guarantee" of child care for participating families (Cohen, 1996). However, there was a loss of \$200 million earmarked for child care when Title XX was replaced by the Social Services Block Grant (SSBG) (Cohen, 1996).

The Child Care and Development Block Grant (CCDBG) was enacted in 1990 to assist families receiving public assistance as well as those transitioning from public assistance in obtaining child care, as it was recognized that the welfare-to-work plans produced a need (Michel, 2011). In addition, child care was also made available to those at jeopardy of requiring public assistance without subsidized child care through Title IV-A At-Risk Child Care (Cohen, 1996). The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 later replaced Aid for Dependent Children (AFDC) with Temporary Assistance for Needy Families (TANF). There is no limit on the amount of TANF funding that can be spent directly on child care; however, there is a limit of thirty percent to the amount TANF can divert to CCDBG and SSBG combined (Child Care Aware of America, n.d.).

More recently, closing the achievement gap between white children and their non-white peers has been the call to action. This has been supported by neuroscience research that shows that the first three years are crucial: "If we want to have a real significant impact, not only on children's

success in school and later on in life, healthy relationships, but also an impact on reduction in crime, teen pregnancy, drug abuse, child abuse, welfare, homelessness, and a variety of other social ills, we are going to have to address the first three years of life..." (Public Broadcasting System, n.d.). It is increasingly understood that child care is early education. In total there are forty states that allocate some funding for pre-kindergarten (Wilson, 2014).

In the 2013 State of the Union address, President Barack Obama, referring to the science of childhood learning, promised to develop a \$75 billion universal pre-K program in partnership with the states. Other elected officials have also promoted the idea of expanding access to early education. Corporate leaders have expressed support for these types of programs, indicating that it is integral to the development of a skilled workforce and contributor to a strong economy (Wong, 2014).

Nonetheless, the greatest support to families for child care continues to be through the tax system, specifically the Child and Dependent Care Tax Credit (CDCTC) (Cohen, 1996). Proposed changes by President Obama and a number of legislators include an increase in the maximum child care tax credit and the amount a family can deposit in a tax-free savings account to pay for child care costs, and allowing a greater tax deduction for businesses that create onsite child care centers (Eisenstadt, 2015).

It is not clear if the proposed measures will sufficiently impact the longstanding issues of supply, availability, affordability and quality. What is evident is that child care is not merely a personal matter, but a public concern that transcends class, race, civic status, education, and even time.

NEW YORK CITY

In 1941, New York City became the first city in the nation with publicly subsidized day care services utilizing revenue from the Work Projects Administration to fund the services. Health code standards for all child care services were introduced in 1949 by the New York City Department of Health, the agency that still maintains oversight of these regulations today (Chaudry, Tarrant, and Asher, 2005).

Publicly supported early care and education (ECE) in New York City is comprised of a variety of child care and early education programs administered by three major City agencies: the Administration for Children's Services (ACS), the Human Resources Administration (HRA), and the Department of Education (DOE). In addition, the Department of Health and Mental Hygiene (DOHMH), as local administrator for the New York State Office of Children and Family Services, licenses all child care centers, including private child care (Chaudry, Tarrant, and Asher, 2005).

ACS's Division of Early Care and Education administers the largest publicly-funded childcare system in the country, serving approximately 120,000 children. Services are for eligible children ages 6 weeks to 12 years old in group childcare centers and family child care settings. These ser-

vices are provided through contracts with private and non-profit entities (networks), which in turn contract with family child care providers that are registered by the Department of Health. ACS also issues vouchers to eligible families that may be used by parents to purchase care from any legal childcare provider in the city (NYC Administration for Children’s Services, 2015).

Through its EarlyLearn Initiative, ACS has joined the nation-wide trend to a seamless transition from child care and early education to school-based learning. The initiative is implemented via contracted center-based and home-based child care, Head Start and contracted center-based Universal Pre-Kindergarten (UPK), or school-based UPK (pre-kindergarten classes for 4-year-olds). In the process, child care providers’ role has been changing from that of “baby-sitter” to educator. ACS receives funding from the federal Child Care and Development Block Grant (CCDBG), federal Head Start grant monies, and New York State UPK through the city’s Department of Education (Gelatt and Sandstrom, 2014). (UPK was initially established by New York State through Chapter 436 of 1997 laws, which directs school districts to provide this service directly or via collaboration with community based organizations. The end goal is to provide pre-K to all four year olds in New York state regardless of income. (New York State Education Department, n.d.))

The Human Resources Administration (HRA) administers New York City’s largest voucher program for child care services. This program primarily serves children whose parents participate in welfare-to-work activities or are transitioning off public assistance (Chaudry, Tarrant, and Asher, 2005).

The Department of Education (DOE) participates in subsidized early care and education through school-based Head Start and school-based pre-kindergarten. The agency is a co-manager of the EarlyLearn Initiative (Gelatt and Sandstrom, 2014). New York City, with state support, rolled out the first tranche of Universal Pre-K in the 2014-2015 school year.



LANDSCAPE: SUPPLY AND DEMAND

NATIONAL

Child care is a highly fragmented sector. Child care arrangements are an assortment of relatives, day care centers, family child care providers, and other home-based providers who largely operate outside of the formal market. A shortfall in the formal market's supply of child care is just one of the possible explanations for the heavy reliance on the informal market. It is also possible that dependence on the informal market, which includes family and friends, may reflect a preference for known and trusted persons.

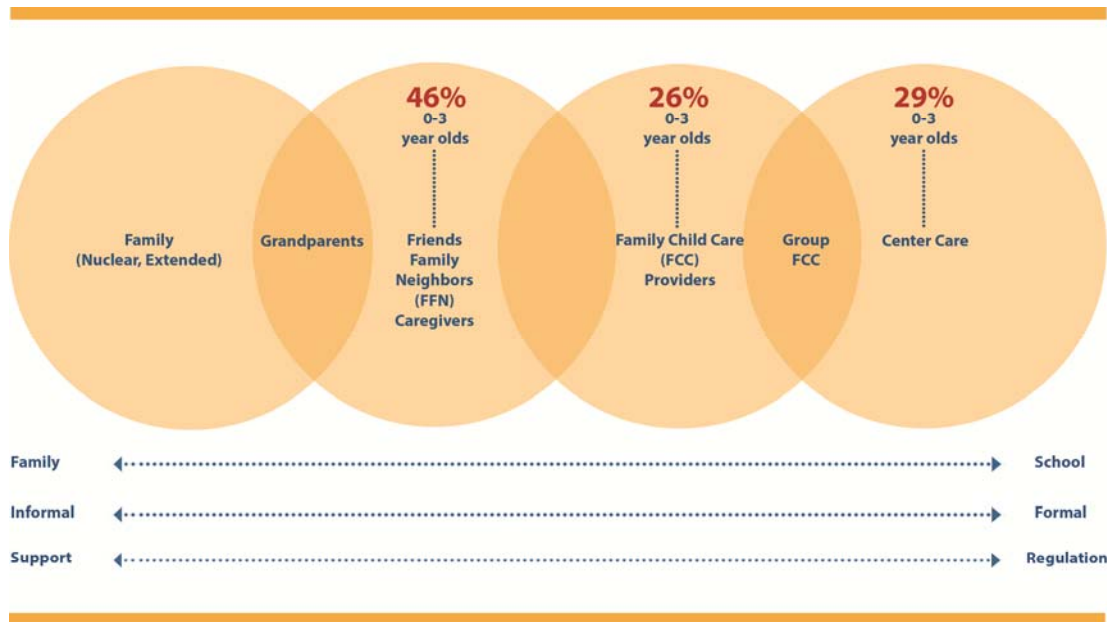


Figure 1. Family, friends and neighbor caregivers in the continuum of child care (Porter & Rice, 2000)

WORKFORCE

A national study by The Office of Planning, Research and Evaluation (OPRE), housed in the U.S. Department of Health and Human Services, estimates that in 2012, there were one million center-based teachers/caregivers serving children ages zero through five (not yet in kindergarten).

The same study estimated that the number of home-based teachers/caregivers (representative of family child care) serving the same demographic reached 3.8 million. It was estimated that of the total 3.8 million home-based providers only 433,750 were “publicly-available,” defined as

“providers who appear on state or national lists of providers or are being paid for caring for at least one child with whom they have no prior personal relationship.” Furthermore, it was estimated that only 118,000 had secured licensing, applied for registration/license-exempt status or participated in Head Start (U.S. Department of Health and Human Services, Office of Planning, Research and Evaluation [OPRE], 2013).

OPRE 2012 NATIONAL STUDY LISTED HOME-BASED PROVIDERS*	
EDUCATIONAL ATTAINMENT	
HS OR LESS	34%
SOME COLLEGE	34%
AA DEGREE	16%
BACHELOR’S OR HIGHER	16%
YEARS EXPERIENCE	
MEAN (YEARS)	13.7
1 YEAR OR LESS (% OF TOTAL SAMPLING)	2%
1 + YEARS – 5 YEARS	14%
5+ YEARS – 10 YEARS	21%
10+ YEARS – 20 YEARS	36%
20+ YEARS	27%
LENGTH OF WORK WEEK	
MEDIAN (HOURS)	54
MEAN (HOURS)	57

*Listed = Sampled from state or national administrative lists, these were primarily licensed or regulated family child care providers
Source: OPRE, 2013

Note: Data is based on over 10,000 questionnaires completed in 2012 by individuals representing about one million center-based class room teachers and caregivers as well as about one million paid and about 2.7 million unpaid individuals regularly providing home-based ECE to children other than their own.

Meanwhile the total slots represented by the 3.6 million informal home-based providers, estimated by the OPRE study, is unknown.

CAPACITY

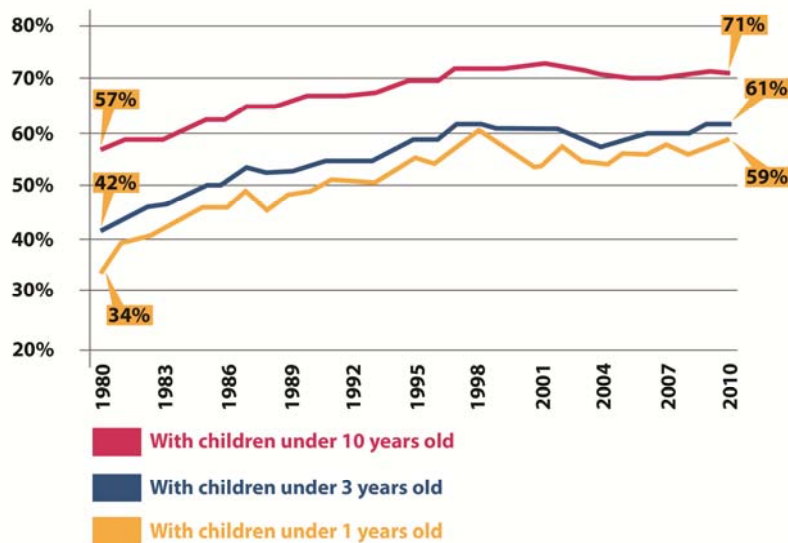
Center-based care can be for-profit, non-profit, and publicly-operated. In the for-profit segment there are national chains, regional chains, local chains and franchise enterprises. The top 50 non-franchise for-profit organizations had an aggregate licensed capacity of 721,692 in 2012. The largest national child care franchising organizations had an aggregate licensed capacity of 208,782 (Neugebauer, 2013). The combined capacity of these two segments was 930,474 compared to the national total of 5.9 million center-based slots (Child Care Aware of America, 2014a). In other words, the center-based child care sector is comprised primarily of smaller independent local entities.

The national total of family child care home-based slots is estimated to be 1.6 million slots (Child Care Aware of America, 2014a). In aggregate, the formal national market (center-based plus family child care home-based) is estimated to be 7.5 million slots (Child Care Aware of America, 2014a).

DEMAND

“Nearly half of America’s workforce is now comprised of women, and three-fourths of households are headed by a working single parent or two working parents” (Jarrett, 2014).

Mother’s labor force participation rate, 1980-2010



Source: Demos (2011), *The State of Young America*. Demos analysis of Current Population Survey data

There are a total of 48.7 million children under the age of 12 in the United States. Children under the age of six account for roughly 24 million of this total (ChildStats, n.d.). In 2013, the workforce participation rate for mothers with a child under the age of six was 63.9%, while the workforce participation rate for mothers whose children were six to 17 years was 74.7% (U.S. Department of Labor, 2014).

The importance of subsidized child care is captured by the fact that nearly half of the 16.9 million families with children under the age of six were living below 200% poverty level; this despite the fact that 22% of the families living below the 200% poverty line had two or more working members (Laughlin, 2013). It is estimated that the monies allotted for the Child Care and Development Block Grant are sufficient to cover only one out of the ten eligible children (NAEYC, n.d.).

Using the weighted average of mothers’ workforce participation rate of 71.2% as a proxy for child care demand, 34.2 million children under the age of 12 are in need of child care.

An extreme gap exists between the calculated demand for child care and the formal child care capacity of 7.5 million slots, which provides a picture of the size that the informal sector (family, friends, and neighbors) represents.

The child care shortage is compounded by the fact that “an estimated 40 percent of Americans have non-standard work lives,” working late night or early morning hours. This has resulted in a growing demand for what has been coined “extreme daycare” services: child care during non-traditional hours of operation (Quart, 2014).

NUMBER AND SHARE OF LISTED HOME-BASED TEACHERS AND CAREGIVERS SERVING CHILDREN BIRTH THROUGH FIVE YEARS				
	WEIGHTED FREQUENCY	STANDARD ERROR OF FREQUENCY	COLUMN PERCENT	STANDARD ERROR
20 OR FEWER HOURS	2,700	600	2.3	0.51
21 TO 35 HOURS	3,300	900	2.8	0.72
36 TO 40 HOURS	2,300	500	2.0	0.42
MORE THAN 40 HOURS	97,800	6,100	82.7	1.58
MISSING	12,000	1,400	10.2	1.14
TOTAL	118,000	6,800	100.0	0.00

Interpret data with caution due to small n.

Source: OPRE, 2013

NUMBER AND SHARE OF UNLISTED HOME-BASED TEACHERS AND CAREGIVERS SERVING CHILDREN BIRTH THROUGH FIVE YEARS, NOT YET IN KINDERGARTEN, BY HOURS WORKED PER WEEK				
	WEIGHTED FREQUENCY	STANDARD ERROR OF FREQUENCY	COLUMN PERCENT	STANDARD ERROR
20 OR FEWER HOURS	1,020,000	82,300	28.0	1.85
21 TO 35 HOURS	710,000	69,800	19.5	1.71
36 TO 40 HOURS	162,000	30,800	4.4	0.81
MORE THAN 40 HOURS	1,020,000	71,400	27.9	1.74
MISSING	736,000	68,700	20.2	1.66
TOTAL	3,650,000	153,000	100.0	0.00

Interpret data with caution due to small n.

Source: OPRE, 2013

The business sector has also recognized a need for affordable quality child care as absenteeism costs companies \$3 billion annually. A lack of affordable child care presents additional costs through elevated turnover rates (Child Care Aware of America, 2014a). In an effort to address the issue, major companies have contributed to the establishment of day care programs (for children as well as other dependents). One notable initiative was the American Business Collaboration for Quality Dependent Care, which operated from 1992 to 2010. The collaboration entailed several companies in a geographic area where there was employee overlap pooling their funds to present solutions to the issue of dependent care. Participants included Deloitte & Touche, Exxon Mobil Corporation, IBM Corporation, Johnson & Johnson, and Texas Instruments. Aggregate investments totaled \$125 million during the eight year period.

The United States military is another employer that has tackled the issue of child care by establishing a system that is accessible to all of its employees. It is touted as a model for a quality early learning and child care environment.

NEW YORK STATE

As is the case nationally, there is an extreme gap between the demand for child care and the supply of child care. Furthermore, a significant number of children live in poverty, presenting a strong need for child care subsidies.

WORKFORCE

New York State requires that anyone who plans to care for three or more children for more than three hours a day on a regular basis must obtain a license or registration. To obtain this document, the applicant must complete a Child Day Care Orientation as well as a 15-hour Health & Safety course. Subsequently, the applicant must submit an application that must include: completion of first aid course; completion of cardiopulmonary resuscitation; inspection and approval of the physical space; fingerprinting and background checks for the provider, staff, and all persons residing at program address; medical examinations for the provider, staff, and all persons residing at the program address; a health care plan; an emergency plan; a behavior management plan; and other requirements established by the state to help promote the health and safety of children in care (New York State Office of Children and Family Services [NYS OCFS], n.d.).

According to the New York State Office of Children & Family Services, in 2014 there were 14,439 family child care providers in the state and 39,178 legally-exempt child care providers, a combined total of 53,617 (NYS OCFS, 2014a). Yet, the U.S. Census Bureau figures indicate that the state had 73,325 self-employed child care providers (U.S. Department of Health & Human Services, 2013). The variations in numbers is indicative of the complexity of data collection and analysis across city, state and federal systems.

NYS NUMBER OF LICENSED PROVIDERS BY MODALITY

DAY CARE CENTERS	FAMILY CHILD CARE	SCHOOL AGE CHILD CARE*	TOTAL
4,178	14,439	2,594	21,181

Source: NYS Office of Children & Family Services, 2014

* "A SACC program is defined as any program that provides child care for an enrolled group of seven or more children under the age of 13 and which operates outside normal school hours and consistent with the school calendar at a permanent site. The children must be enrolled in kindergarten or a higher grade or be at least six years of age. A SACC program may also 2 provide care for children over the age of 13 through the end of high school. However, the regulations at 18 NYCRR Section 413.2(a)(2)(ii) provide that programs operating solely for the purpose of religious education, recreation, sports, classes or lessons are outside the definition of day care. Accordingly, such programs are not SACC programs. Because many agencies offer activities to school-age children, it can be difficult to determine when these activities are provided in a program that must be registered as a SACC program, and when the program is exempt from registration" (NYS OCFS, 2002).

CAPACITY

Data from the New York State Office of Children and Family Services indicates that the 14,439 licensed family child care providers represent a capacity of 708,498 slots. Nonetheless, licensed capacity does not equate to available capacity. Currently, there is no mechanism in place to monitor whether a licensed provider is operating or not. Some providers after the rigor of obtaining a license never open their doors, others close their doors for a myriad of reasons.

NYS LICENSED PROVIDER CAPACITY

DAY CARE CENTERS	FAMILY CHILD CARE	SCHOOL AGE CHILD CARE	TOTAL
289,663	172,622	246,213	708,498

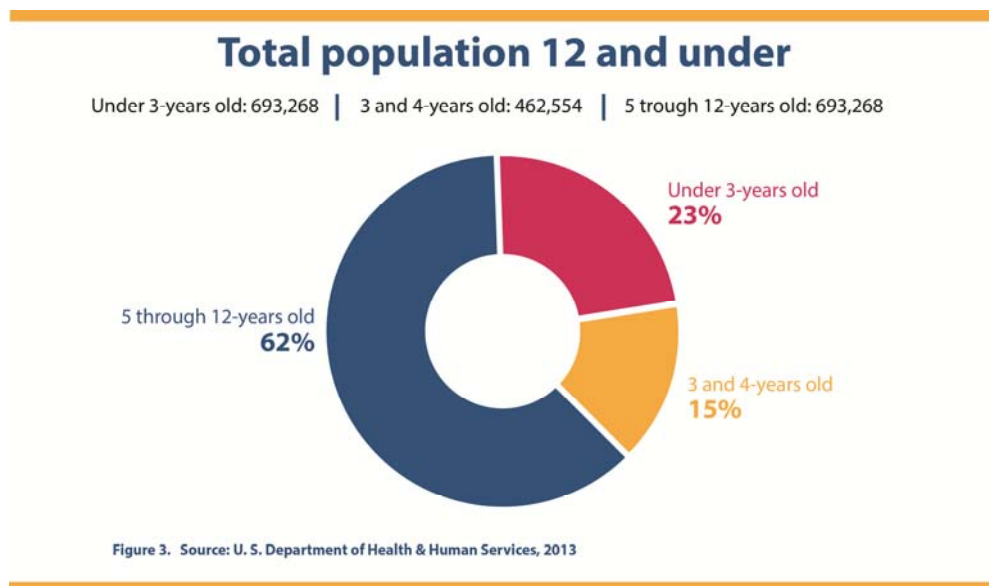
Source: NYS Office of Children & Family Services, 2014

The New York State Office of Children and Family Services reported that in Federal Fiscal Year 2013 there were also 39,178 legally-exempt providers who served 77,609 subsidized children (NYS OCFS, 2014a).

DEMAND

Of the 19 million persons in New York State roughly 3 million are under the age of twelve, with nearly a third (1.2 million) being under the age of five (Child Care Aware of America, 2014a). The number of children under the age of six with all available parents in the labor force totaled 868,000,000 (Kids Count Data Center, n.d. b).

Nearly a quarter of the children under the age of six years (329,000) live in poverty (Kids Count Data Center, n.d. a). Approximately 223,000 children received subsidized child care in Federal Fiscal Year 2013 (NYS OCFS, 2014a). These figures reveal that the number eligible for subsidies surpasses that of those receiving subsidies.



Using the above calculated national weighted average of 71.2% for mothers' workforce participation rate, it is estimated that 2.1 million children under the age of twelve in New York State are in need of child care.

As is the case nationally, there is an extreme gap between the demand for child care and the formal capacity of 708,000.

NEW YORK CITY

As noted for the nation and the state, demand for child care greatly exceeds the formal market's supply of child care. The percentage of children living in poverty in New York City is greater than that of the state as a whole.

WORKFORCE

Persons who plan to provide child care must follow the state requirements, which are administered by New York City's Department of Health and Mental Hygiene. In 2014, there were a total of 11,509 licensed providers in New York City.

NYC NUMBER OF LICENSED PROVIDERS BY MODALITY			
DAY CARE CENTERS	FAMILY CHILD CARE	SCHOOL AGE CHILD CARE	TOTAL
2,199	8,055	1,255	11,509

Source: NYS Office of Children & Family Services, 2014

CAPACITY

The New York State Office of Children and Family Services reported that in 2014, licensed child care providers had capacity to care for 376,496 children. For the same reasons as presented for state capacity numbers, licensed capacity does not necessarily equate to available capacity.

NYC LICENSED PROVIDER CAPACITY BY MODALITY			
DAY CARE CENTERS	FAMILY CHILD CARE	SCHOOL AGE CHILD CARE	TOTAL
127,644	99,649	149,203	376,496

Source: NYS Office of Children & Family Services, 2014

Legally-exempt providers are an overwhelming segment of the child care workforce and account for significant capacity within New York City. Legally-exempt capacity is comprised of:

TYPE OF LEGALLY-EXEMPT SERVICE	NUMBER OF PROVIDERS	NUMBER OF CHILDREN CARED FOR
IN-HOME PROGRAM	9,484	11,776 related children (kin) 7,034 non-related children
PROVIDER-HOME PROGRAM	7,039	8,020 related children 5,688 non-related children
APPROVED LEGALLY-EXEMPT PROGRAM	19,855	39,710*
TOTAL	36,378	72,228

* This figure was not provided; it was calculated estimating 2 children per provider

Source: Perez, 2014

Combined licensed and unlicensed child care capacity for New York City is then estimated to be approximately 449,000.

DEMAND

Of the 8.0 million persons in New York City, roughly 1.3 million are under the age of twelve, those four years of age account for nearly 106,00 children, while those aged zero to three account for nearly 421,000 (U.S. Census Bureau, 2013a). Children under age six with all available parents in the labor force totaled 383,000, equivalent to 61% of all children under the age of six (Kids Count Data Center, n.d. b). Nearly a third of all children reside in poverty (U.S. Census Bureau, 2013d and 2013e).

Applying the weighted average for mothers' labor force participation rate of 71.2%, there are an estimated 1.0 million children twelve years of age and under in need of child care.

Replicating the same pattern as seen nationally and state-wide, there is a chasm between demand for child care and the formal market's supply of child care.

LANDSCAPE: COST OF CHILD CARE

NATIONAL

The U.S. Department of Health and Human Services' benchmark for affordable child care is 10% of family income. Yet child care cost exceeds this benchmark in many states. Even the cost of family child care surpasses the benchmark in a number of states.

FAMILY CHILD CARE

The average annual family child care cost of full-time family child care for infants ranges from approximately \$4,560 in Mississippi to \$12,272 in Virginia, or 12% to 19% of the corresponding household income. For a toddler, the average annual family child care cost of full-time care ranges from \$4,039 in South Carolina to \$9,904 in Massachusetts, or 9% to 15% of the corresponding median household income (Child Care Aware of America, 2014a). The U.S. Department of Health and Human Services' benchmark for affordable care is 10% of family income (Child Care Aware of America, 2014b).

CENTER-BASED CARE

The average annual cost of full-time center-based care for infants ranges from approximately \$5,496 in Mississippi to \$16,549 in Massachusetts, equivalent to 14% to 25% of the corresponding median household income. Meanwhile, the average annual cost of full-time center-based care for toddlers ranged from \$4,515 in Mississippi to \$12,320 in Massachusetts, equivalent to 13% to 18% of the corresponding median household income (Child Care Aware of America, 2014a; U.S. Census Bureau, 2013b and 2013c).

	MEDIAN INCOME (MI)	AGE	CENTER COST	% OF MI	FCC COST	% OF MI
MA	\$66,866	Infant	\$16,549	25%	\$10,535	16%
		Toddler	\$12,320	18%	\$ 9,904	15%
MS	\$39,031	Infant	\$ 5,496	14%	\$ 4,560	12%
		Toddler	\$ 4,800	12%	\$ 4,320	11%
SC	\$44,779	Infant	\$ 6,372	14%	\$ 4,577	10%
		Toddler	\$ 5,385	12%	\$ 4,039	9%
TN	\$44,298	Infant	\$ 5,857	13%	\$ 4,773	11%
		Toddler	\$ 4,515	10%	\$ 4,064	9%
VA	\$63,907	Infant	\$10,028	16%	\$12,272	19%
		Toddler	\$ 7,696	12%	\$ 6,656	10%
US	\$53,046					

Source: U.S. Census Bureau, 2013d; Child Care Aware of America, 2014a

NEW YORK STATE

New York State has one of the highest cost rates for child care in the nation, accounting for up to 25% of median household income.

FAMILY CHILD CARE

In New York State, the average cost for home-based infant care of \$10,727 is equivalent to 18% of the state’s median household income. Meanwhile, the average cost for home-based toddler care of \$ 9,962 is equivalent to 17% of the state’s median household income. A family earning the median household income of \$58,003 with an infant and a toddler in home-based child care would be spending 35% of their total household income on child care.

CENTER-BASED CARE

In New York State, the average cost for center-based infant care of \$14,508 is equivalent to 25% of the state’s median household income. Meanwhile, the average cost for center-based toddler care of \$12,280 is equivalent to 21% of the state’s median household income. A family earning the median household income of \$58,003 with an infant and a toddler in center-based child care would be spending 47% of their total household income on child care.

	MEDIAN INCOME (MI)	AGE	CENTER	% OF MI	FCC	% OF MI
NY	\$58,003	Infant	\$14,508	25%	\$10,727	18%
		Toddler	\$12,280	21%	\$9,962	17%
US	\$53,046					

Source: U.S. Census Bureau, 2014c; Child Care Aware of America, 2014b

NEW YORK CITY

In New York City average annual cost of child care surpasses the state average; yet, median household income varies significantly by borough. Consequently, the average annual cost of child care, which ranges from \$11,180 to \$17,160 depending age, can account for up to 50% of median household income.

FAMILY CHILD CARE

The state determines the rate paid to family child care providers who serve the subsidized child care market, also known as the reimbursement rate. “Federal and New York State law require the State to establish payment rates for child care subsidies that are sufficient to ensure equal access to child care services for eligible children” (NYS OCFS, 2014b). In this most recent setting of child care market rates, the reimbursement rate established for each group was at the 69th percentile.

**CHILD CARE MARKET RATES 2014-2015 FOR GROUP 5 COUNTIES
(THE 5 NYC BOROUGHES)**

REGISTERED FAMILY DAY CARE

	Age of Child			
	Under 1 1/2	1 1/2 - 2	3 - 5	6 - 12
Weekly	\$175	\$160	\$150	\$150
Daily	\$33	\$32	\$31	\$30
Part-Day	\$22	\$21	\$21	\$20
Hourly	\$16	\$12	\$13.25	\$13

GROUP FAMILY DAY CARE

	Age of Child			
	Under 1 1/2	1 1/2 - 2	3 - 5	6 - 12
Weekly	\$200	\$185	\$175	\$175
Daily	\$38	\$37	\$35	\$35
Part-Day	\$25	\$25	\$23	\$23
Hourly	\$18.75	\$16	\$13.25	\$14

Source: NYS OCFS, 2014b



CENTER-BASED CARE

More granular data brings into sharper focus how costly child care is in New York City. The challenge of locating affordable child care is increasingly a middle class concern.

ANNUAL COST OF CHILD CARE IN NYC							
		UNDER 1.5 YEARS OLD	1.5 TO 2 YEARS OLD	3 TO 5 YEARS OLD	6 TO 12 YEARS OLD		
		\$17,160	\$13,260	\$12,116	\$11,180		
BOROUGH	MEDIAN INCOME	COST OF CHILD CARE AS % AGE OF BOROUGH'S MI BY AGE					
BRONX	\$34,388	50%	39%	35%	33%		
BROOKLYN	\$46,085	37%	29%	26%	24%		
MANHATTAN	\$69,659	25%	19%	17%	16%		
QUEENS	\$57,001	30%	23%	21%	20%		
STATEN ISLAND	\$72,569	24%	18%	17%	15%		

Source: Eisanstadt, 2014 and U.S. Census Bureau: State & County Quick Facts, 2014a, 2014b, 2014c, 2014d, and 2014e

UNIONIZATION

Following a 2006 veto by then New York State Governor Pataki of a bill that would have unionized family child care providers, in 2007 Governor Spitzer issued Executive Order No. 12 effectively mandating the unionization of family child care providers who received direct or indirect payments from state funds. The selected unions were the United Federation of Teachers (“UFT”) for family child care providers within the New York City area, and the Civil Service Employees Association (“CSEA”) for providers throughout the rest of the state (Gregory, 2007).

Prior to New York State, Illinois, Oregon, Iowa, New Jersey, and Wisconsin had instituted similar policies with regard to family child care providers (Gregory, 2007). By 2010, Washington, Michigan, Pennsylvania, Kansas, Maryland, Ohio, Maine, and New Mexico had also participated in this trend (Blank, Duff Campbell and Entmacher, 2010). As of October 2013, the total number of states implementing similar policies remained at 14 as Connecticut, Rhode Island and Massachusetts came on board and Maine, Michigan and Wisconsin reversed their policies (Blank, Duff Campbell, and Entmacher, 2014).

The schemes were viewed as a mechanism for conveying collective bargaining rights to this constituency, which did not have a way for their voices to be heard. Additionally, it was envisioned that “organized labor would help day-care providers comply with state agency rules and regulations and assist them in carrying out their child-care responsibilities” (Gregory, 2007). More recently this unionization scheme has been challenged at the Supreme Court level in the *Harris v. Quinn* case. In this case the Supreme Court ruled, in a 5-4 decision, that Illinois could not force home care assistants to pay dues when they had not elected to join a state-mandated union (McMahon, 2014). In December of 2014 a group of New York family child care providers filed a federal lawsuit challenging the 2007 executive order enacted by Governor Spitzer. The women “seek a refund of illegally-seized union dues” (National Right to Work Legal Defense Foundation, 2014). Considering Illinois’ similarities to New York State’s unionization of family child care providers, it was anticipated that the law would be challenged.

NEEDS ASSESSMENT

The Committee for Hispanic Children and Families, Inc. (CHCF) recognizes that Family Child Care (FCC) providers are business owners and that there is a need to broaden and deepen the professional development programming addressing the business components of Early Care and Education programs. With the aim of filling gaps in best practices as well as enhancing programming to family child care providers CHCF conducted an assessment to better understand family child care providers’ needs, their nature and causes, and important next steps for collaborating with FCC providers to help them achieve economic empowerment.

With regard to Family Child Care (FCC), the focus of academics, practitioners, philanthropists, and advocates has concentrated on the care and education components of the programs. Consequently, the services and professional development available have addressed competencies and best practices with regard to health, safety, and curriculum. Yet, the primary reason early care and education (ECE) programs fail is financial mismanagement, a phenomenon that has not received much attention (Entrepreneur, 2001; Stoney and Blank, 2011).

In New York State a nod of acknowledgement to the relevance of business management know-how is extended by requiring that the 30-hour Child Care Provider License Renewal class cover “business record maintenance and management” and “statutes and regulations pertaining to child day care” (handbook, 2010). Nonetheless, the state does not specify the number of hours that need be dedicated to instruction in these areas, nor has the state developed and disseminated best practices with regard to business management of family child care programs.

METHODOLOGY

CHCF has worked with child care providers since 1982, assisting them in building quality and successful child care programs. CHCF hosts an annual Spanish-language conference (attendance earns providers continuing education credits) and offers bilingual one-on-one assistance with licensing and grant application processes, and workshops on a myriad of child care related topics. This is complemented by home visits to assess and advise providers on how to improve the operations of their programs. These visits have furnished CHCF with firsthand information regarding providers' environments, skills, strengths, and needs. Consequently, CHCF observed a need to incorporate business and financial education into programming.

From September 2013 to February 2014, CHCF conducted a financial needs assessment of FCC providers. The assessment was performed via on-site visits, telephone surveys, questionnaires, and analysis of information obtained from providers' start-up and health and safety grants applications.

On-site visits with providers. In total, twelve (12) family child care providers were visited. Three of these represented a husband-wife operation, the remainder were sole proprietorships operated by women. Seven (7) providers visited were located in Queens, the other five (5) were in Brooklyn.

Pre-conference telephone survey. The child care providers called were members of CHCF's network and/or had attended either our 30-hour license renewal course or the Child Development Associate (CDA) course. The survey consisted of five questions. There were thirty (30) respondents to the survey, nine (9) of whom were also Childcare & Early Education Conference 2013 attendees. All but one (1) of the respondents were women.

Analysis of Health and Safety Grant applications. Start-up and Health & Safety Grants are government funded streams that help offset the cost of opening and operating a quality child care program. The monies can be utilized by child care professionals to obtain health and safety equipment, materials, supplies, and/or training to meet New York State Office of Children and Family Services child care regulations, licensure, and registration.

During FY2013, sixty-nine (69) applications were processed. Any applications submitted by attendees of the Conference 2013 as well as those submitted by persons with insufficient history were excluded. The remaining number totaled sixty (60). All of the applicants were female.

Anonymous questionnaire. The questionnaire was disseminated to all the childcare providers who attended CHCF's Childcare & Early Education Conference 2013. There were seventy-seven (77) attendees; sixty-five (65) questionnaires were turned in, and five (5) were excluded due to level of incompleteness and/or illegibility.

Post-conference telephone survey. This survey was conducted to 2013 conference attendees. Contact was made with thirty-five (35) of the seventy-seven (77) conference attendees, one of whom opted out.

The aggregate number of unique child care providers contacted totaled 140. It is important to note that the sample size of each of the research activities conducted is relatively small. In addition, due to CHCF’s mission, the demographic surveyed is comprised primarily of Spanish-speaking providers serving low-income families in New York City and is not representative of the broader family child care provider workforce. Consequently, caution should be applied to extrapolating from the results. That said, common themes with external data emerged.

CHCF’s needs assessment and the analysis, presented in the subsequent section, have been supplemented with information on the early care and education field, financial education/literacy programs, and the Internal Revenue Service.

FINDINGS

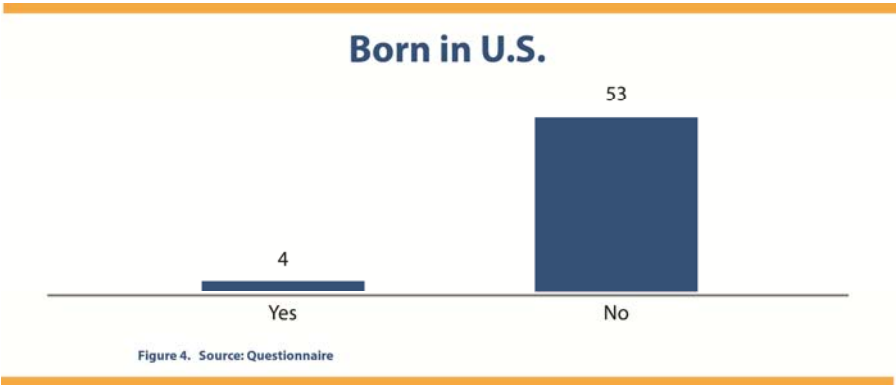
DEMOGRAPHIC PROFILE

GENDER

The vast majority of the child care providers are women. The questionnaire did not explicitly inquire about gender, but attendance sheets indicate that there were an extremely small number of men who attended the annual conference. Further, site visits, telephone surveys and grant applications were all for female owned programs. The men we surveyed collaborated in varying degrees with their wives/partners. Partnerships comprise a markedly small number of the sample.

COUNTRY OF BIRTH

Most of the women were immigrants to the United States from Spanish-speaking countries, largely reflective of CHCF’s role as a key provider of Spanish-language programming.



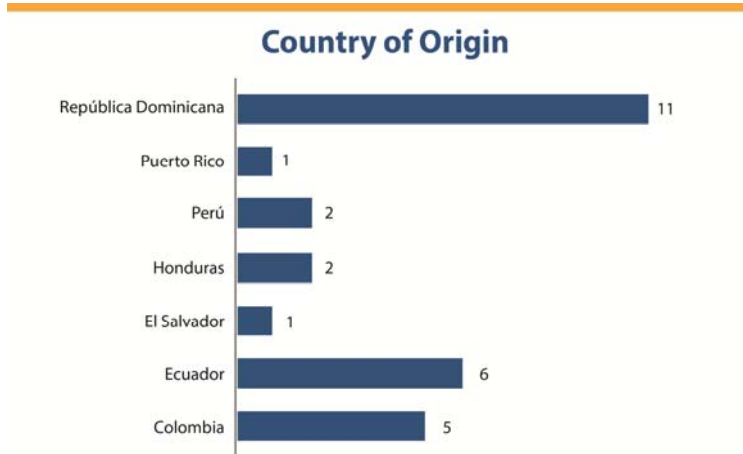


Figure 5. Source: Questionnaire

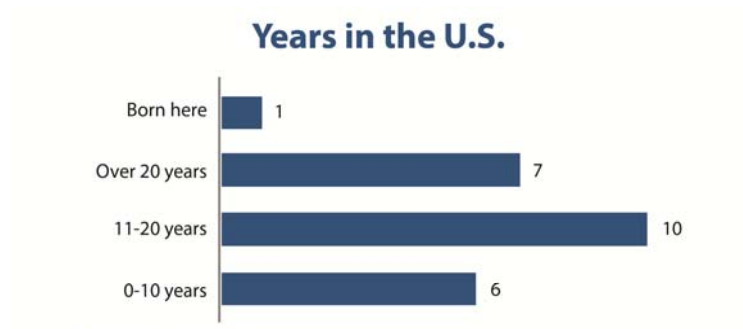


Figure 6. Source: Questionnaire

EDUCATIONAL ATTAINMENT

The post-conference survey indicates a relatively well educated pool of providers, with the majority having a Bachelor’s degree or some college (either in the U.S. or in their country of origin). Yet, this survey is limited to 24 respondents; consequently, data should be interpreted with caution. Conversations with providers during site visits would indicate a considerably lower level of educational attainment.

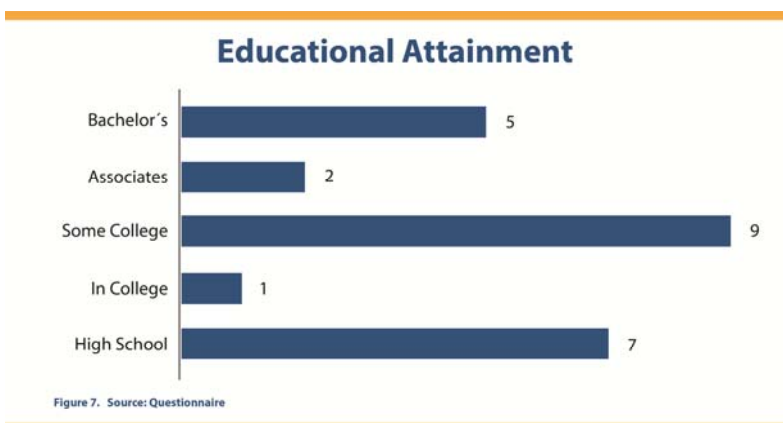
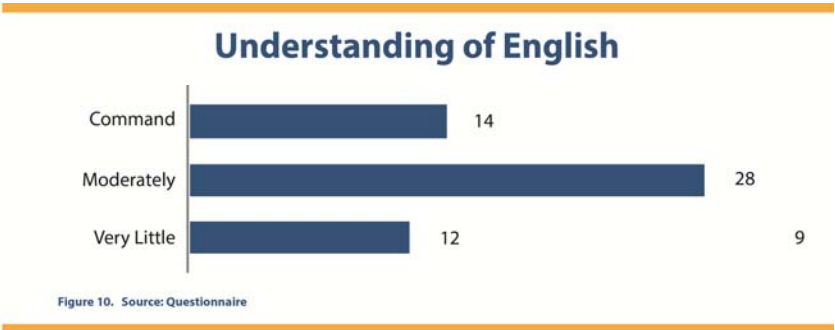


Figure 7. Source: Questionnaire

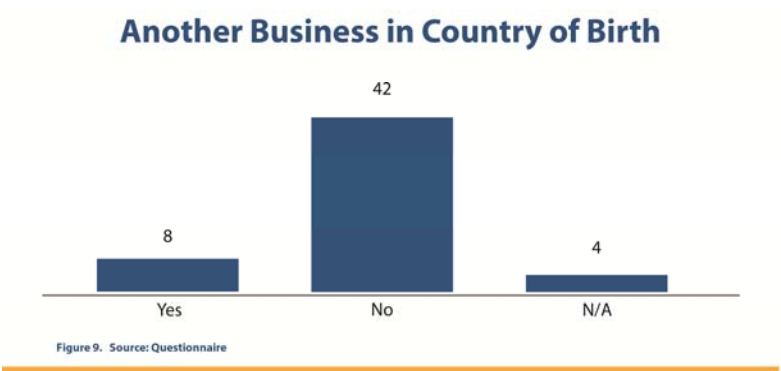
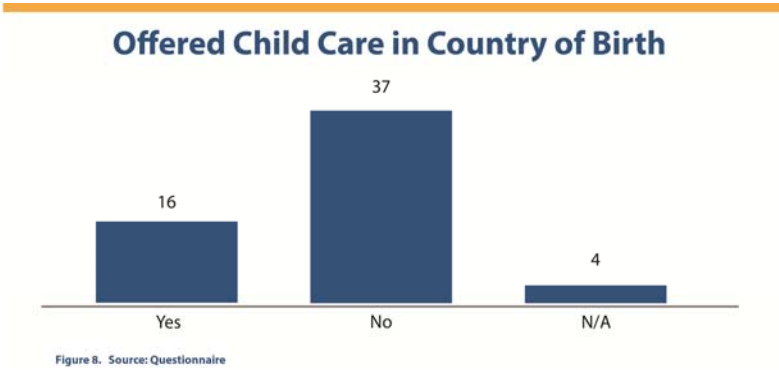
ENGLISH LANGUAGE PROFICIENCY

Most of the women ranked their understanding of English as moderate and this primarily in verbal capabilities. Further, in some instances, limited literacy, in general, is noted.



BUSINESS EXPERIENCE

Most of the women did not have a history of providing child care in their country of origin, nor did they operate any other type of business.



Understanding of English

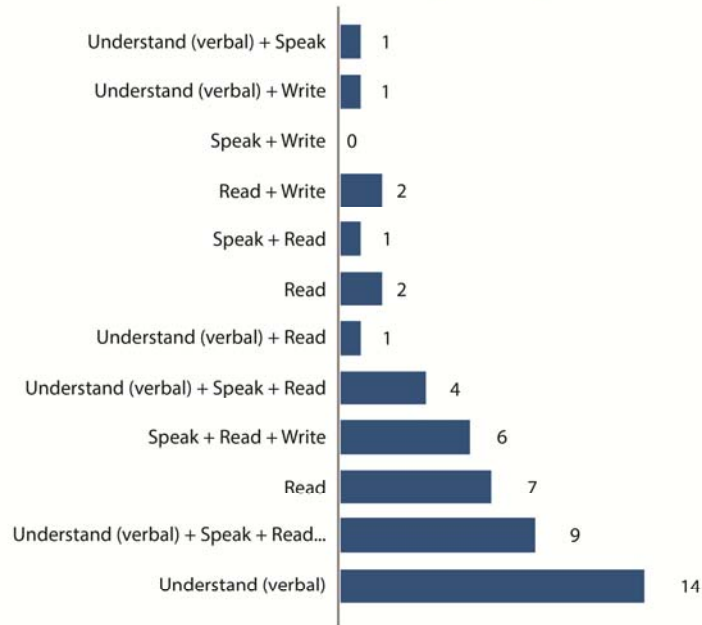


Figure 11. Source: Questionnaire

HOMEOWNERSHIP

Roughly a quarter of the family child care providers owned their place of residence. Of those who rented only a minor portion relied on housing assistance.

Residence

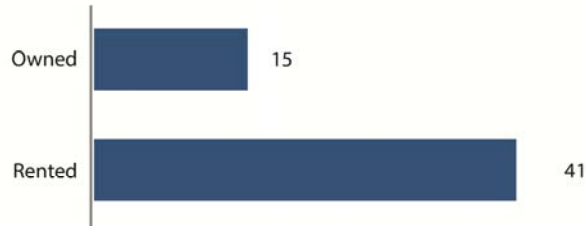


Figure 12. Source: Questionnaire

Rental Assistance



Figure 12. Source: Questionnaire

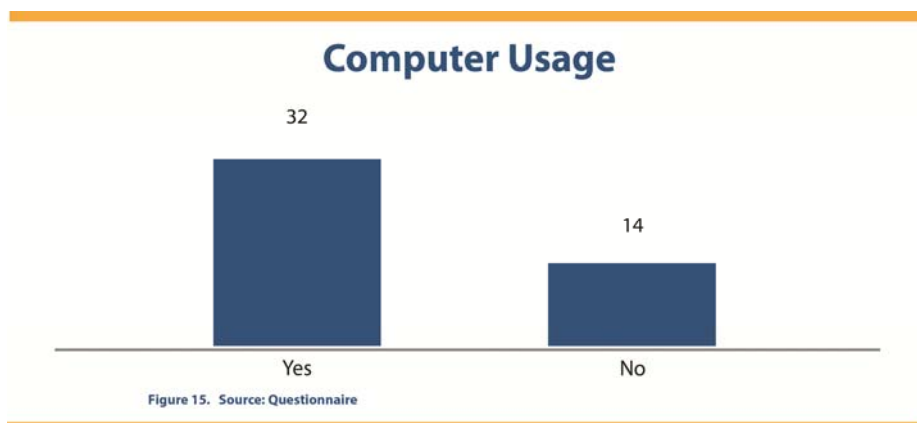
LANDLORD ISSUES

The majority of providers who rent have not experienced any issues with their landlord.



USE OF TECHNOLOGY

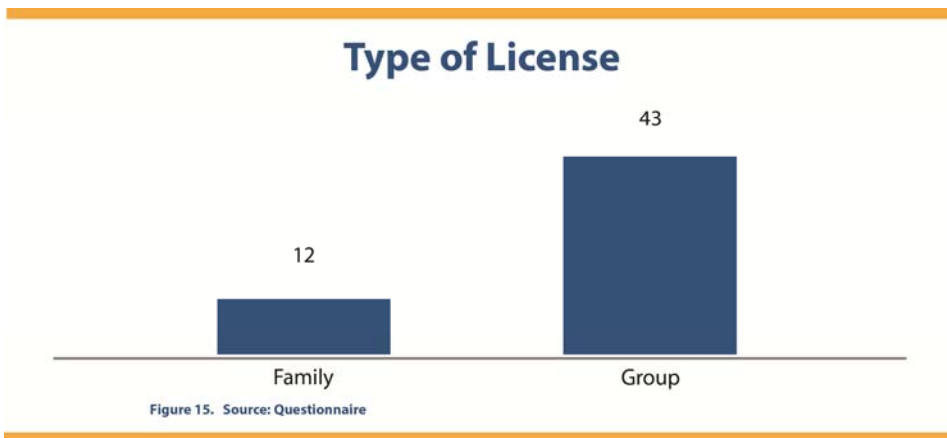
Computer usage is common, yet not being utilized to its fullest potential. A number of providers shared that their relatives, usually their children, offered assistance in the use of computers.



CHILD CARE PROGRAM PROFILE

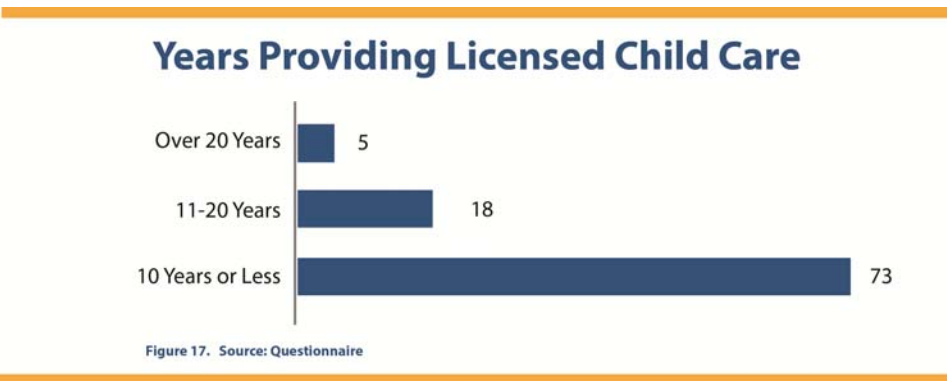
TYPE OF LICENSE

The majority of family child care providers had a group license, meaning the provider may care for up to 16 children subject to a number of stipulations. A family child care license permits a lone provider or assistant to care for a maximum of eight children when at least two of the children are school age and at most two children are infants.



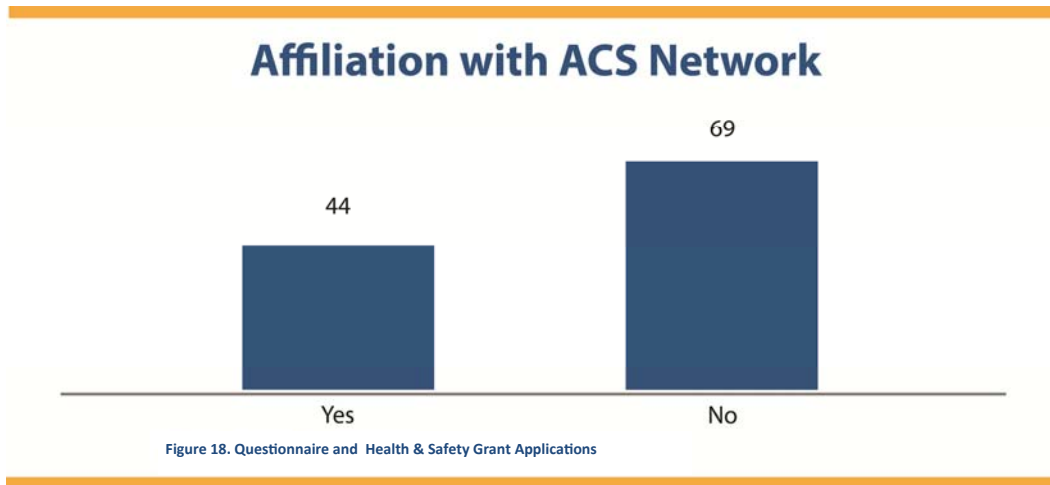
YEARS OF EXPERIENCE IN CHILD CARE

The data indicates that most providers have less than 11 years of experience in child care. This may reflect an issue of self-selection as newer providers may be more inclined to attend conferences, trainings, etc.



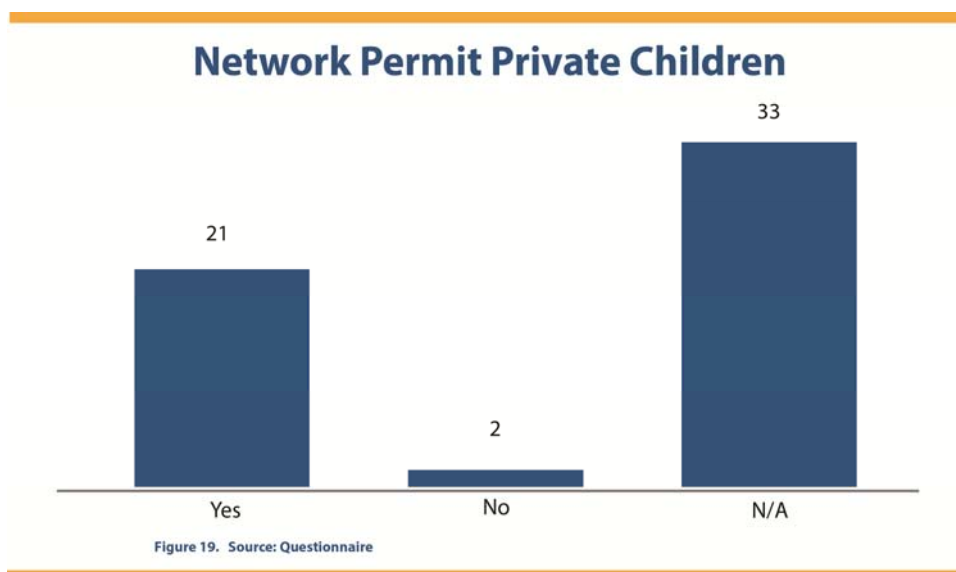
ACS NETWORK AFFILIATION

More than half of the providers are not affiliated with an ACS Network. An ACS network is a private or non-profit entity that has a contract with ACS to provide publicly-funded childcare.



ACS NETWORK POLICY ON PRIVATE CLIENTS

The majority of conference attendees affiliated with an ACS network indicated that they were able to also enroll private clients.



Affiliation with ACS Network

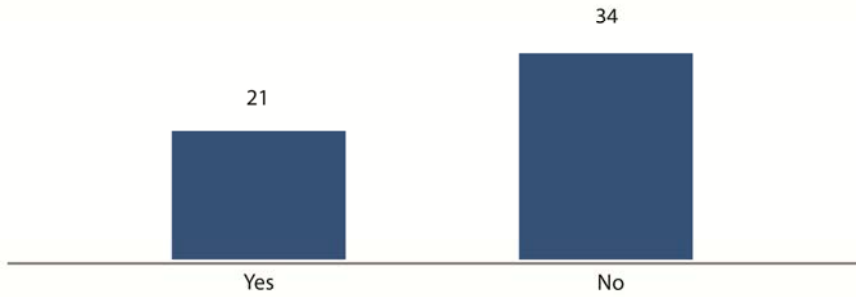


Figure 20. Source: Questionnaire

PROGRAM ENROLLMENT

The data indicates that most providers are operating at full capacity.

Number of Children Enrolled

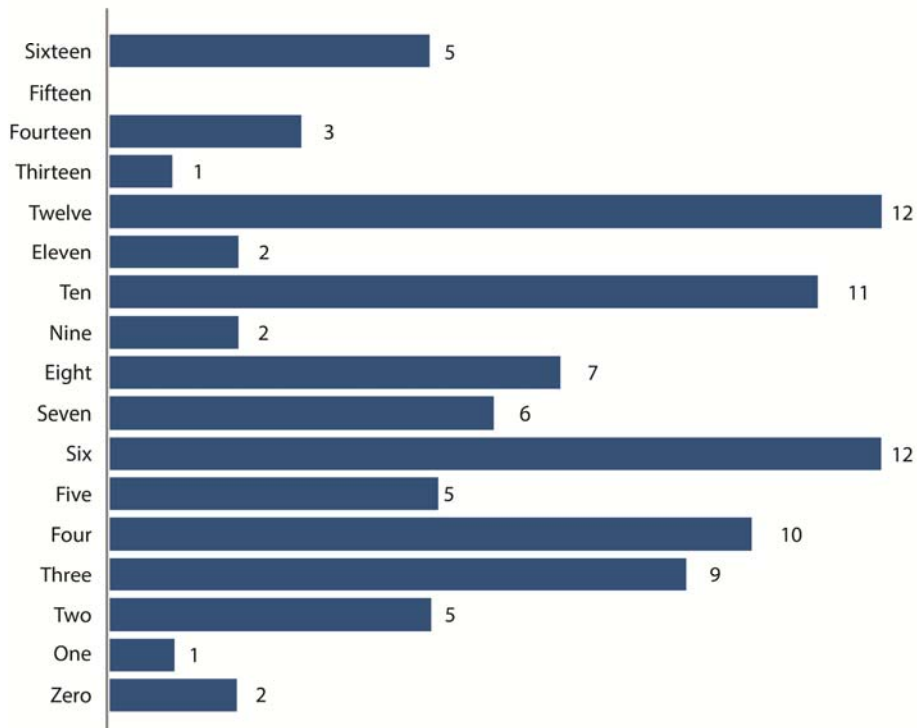
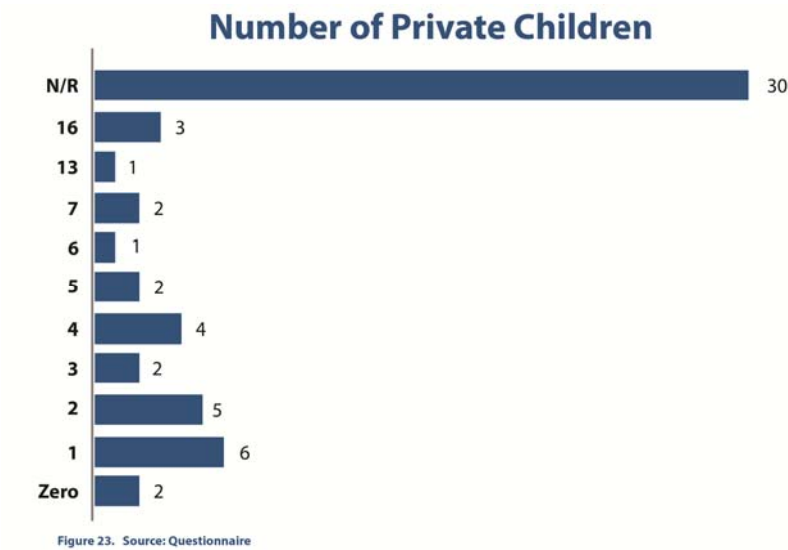
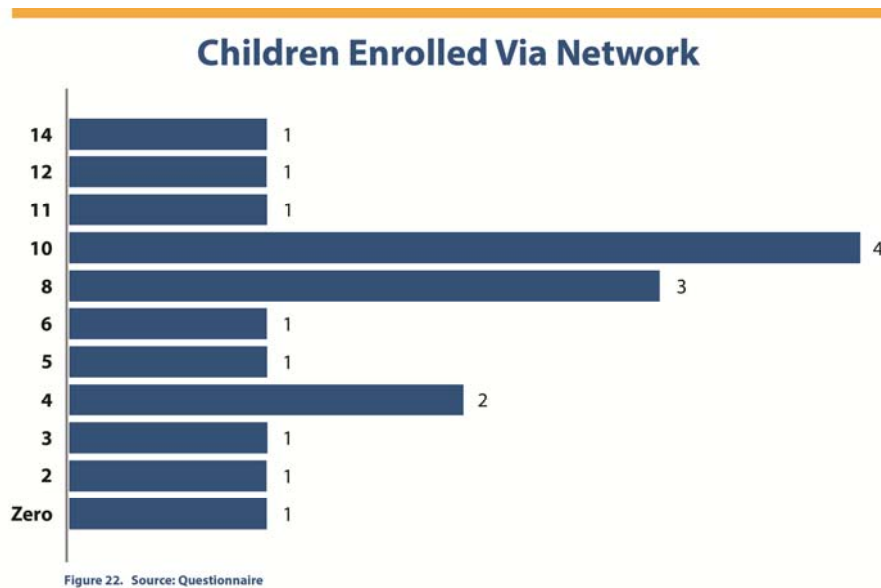


Figure 21. Source: Questionnaire + H&S Grant Applications

COMPOSITION OF ENROLLMENT

Enrollment was skewed toward subsidized children. Twenty-six questionnaire respondents indicated enrollment of private children, while 16 questionnaire respondents indicated enrollment of subsidized children. Enrollment of private children was at the lower end with frequency concentrated in 1 to 4 children range. However, 3 respondents indicated enrollment of 16 private children. Enrollment of subsidized children was concentrated in 8 to 10 children range. A respondent may have enrollment of both private and subsidized children.



BUSINESS INCOME

Income is concentrated in the \$0-15K and \$26K-35K ranges. It is likely the lower range corresponds to family child care (licensed to care for up to 8 children), while the upper range corresponds to group family child care (licensed to care for up to 16 children). The child care programs tend to be the primary source of household income; that is, these women are sustaining 2-4 person households on fairly low incomes.

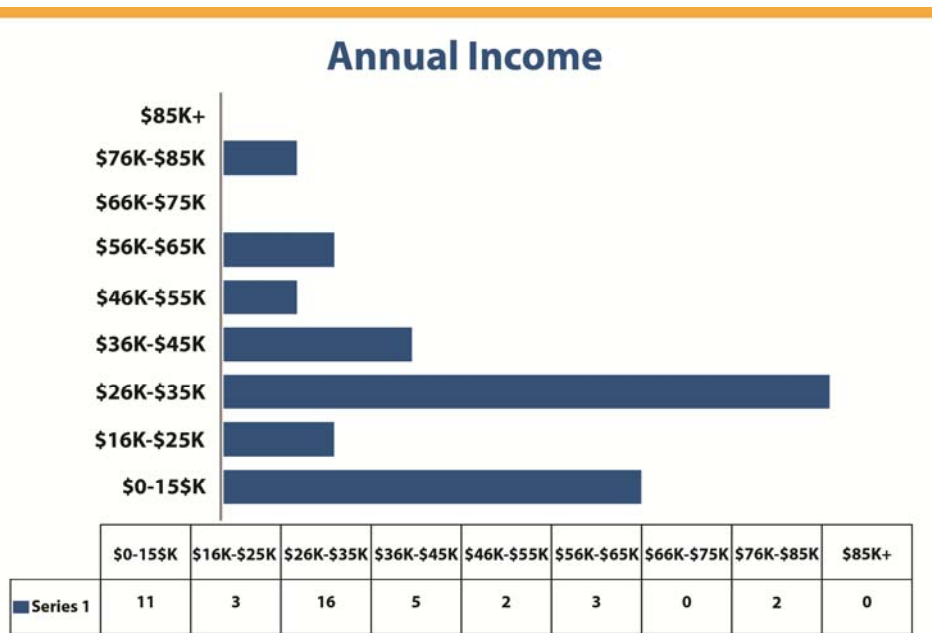


Figure 24. Source: Questionnaire

Program is Primary Household Income

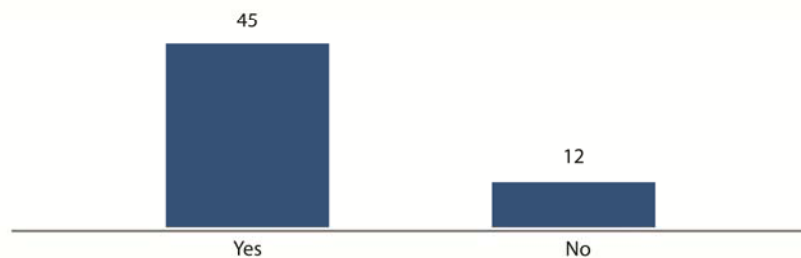
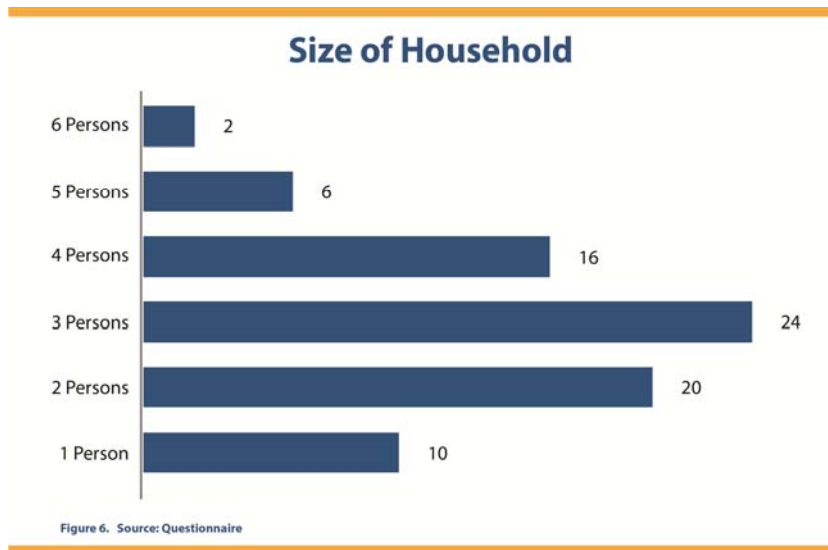


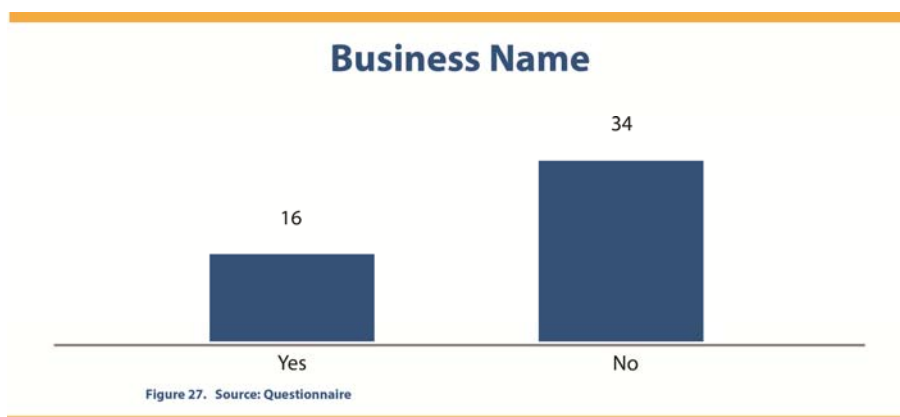
Figure 25. Source: Questionnaire

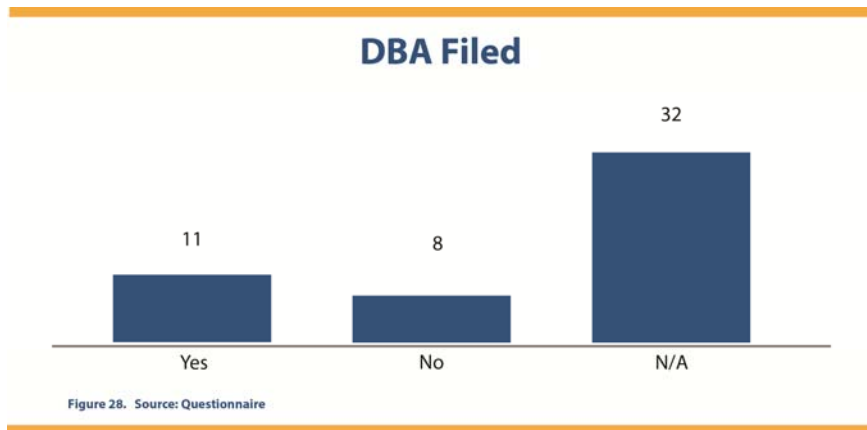


BUSINESS PRACTICES

BUSINESS NAME

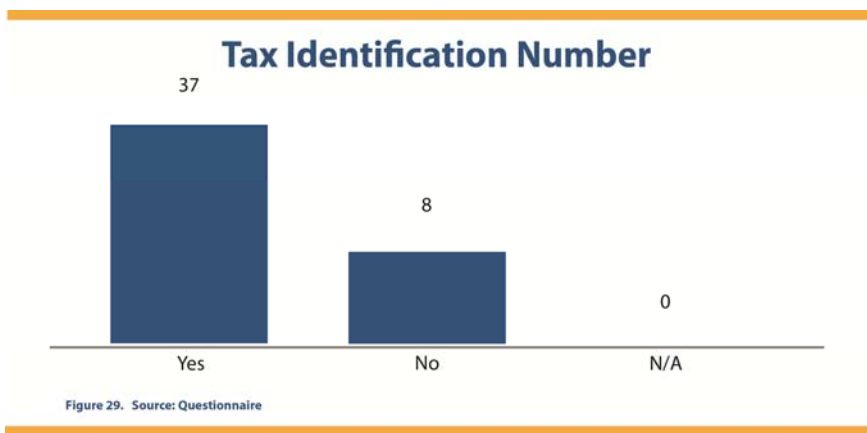
Most providers do not operate under an assumed name. Providers operating under an assumed name, by and large, have filed the requisite Doing Business As (DBA) documentation. Nonetheless, conversations with providers reveal that the issue of business structure and the respective implications is not well understood.





TAX IDENTIFICATION NUMBER/EMPLOYER IDENTIFICATION NUMBER

Most family child care providers have a federal tax identification number, despite the limited understanding of tax issues.



SEPARATION OF BANK ACCOUNTS

Nearly half of providers indicated that they had a separate bank account for their child care program; yet, conversations revealed that maintaining track of business expenses is very challenging, particularly when expenses are so intermingled with the household expenses, e.g. rent, utilities, food, etc. Considering how intertwined the business and home expenses are, providers have a difficult time envisioning the practicality of a separate account.

Separate Business & Personal Account



Figure 30. Source: Questionnaire

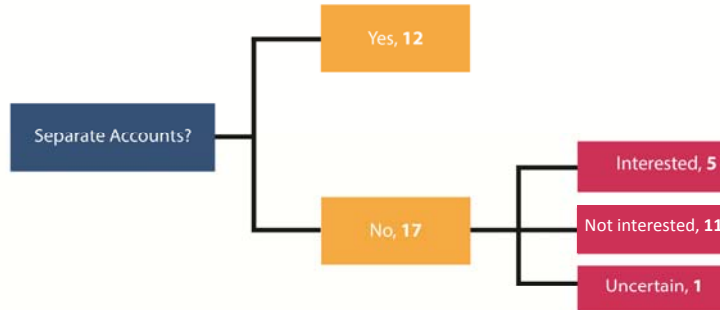


Figure 31. Source: Pre-conference Survey

OPERATING BUDGET

More than half of the questionnaire respondents indicated that they prepare a monthly budget. Yet, data gathered from the pre-conference as well as other conversations suggests that this exercise is not addressed through a formalized process. In contrast to the idea of separate accounts, providers demonstrated a greater interest in learning about the preparation of operating budgets.

Monthly Operating Budget

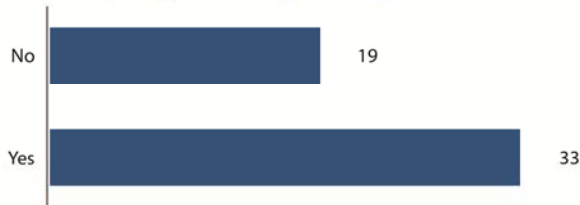


Figure 32. Source: Questionnaire

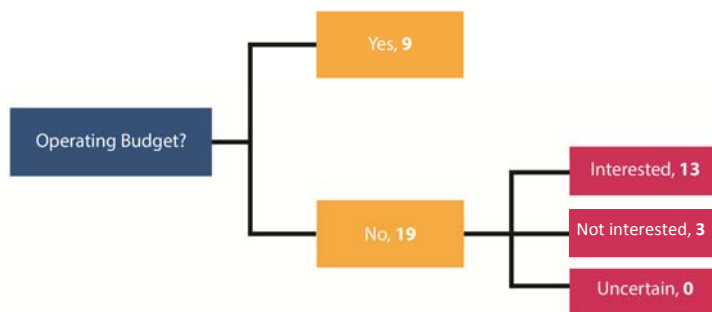


Figure 33. Source: Pre-conference Survey

EMPLOYMENT PRACTICES

Regulations permit a lone provider or assistant to care for up to eight children when at least two of the children are school age and a maximum of two children are infants; otherwise, an assistant is necessary. Essentially all group family day care providers require an assistant. Yet, while 43 questionnaire respondents indicated having a group family license, only 36 questionnaire respondents indicated having an employee and only 13 indicated that they provide employee compensation or other labor related benefits, including worker compensation. In short, family child care providers are not complying with the appropriate labor related regulations. This in large part due to employment of relatives as well as ignorance of said regulations.

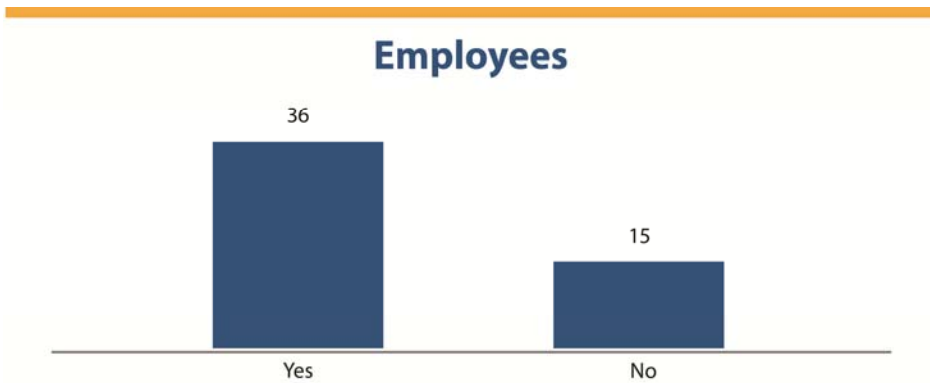


Figure 34. Source: Questionnaire

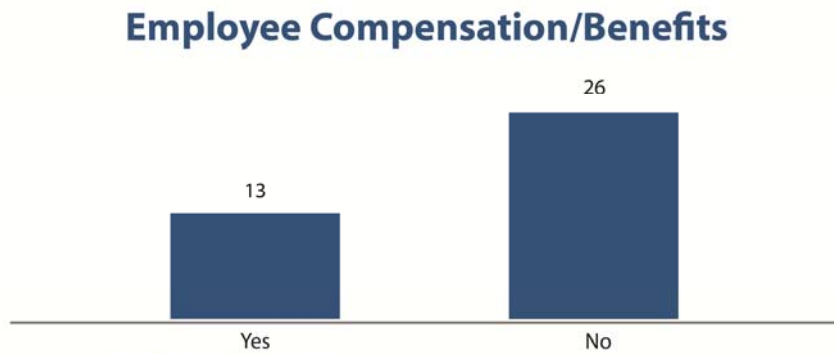


Figure 35. Source: Questionnaire

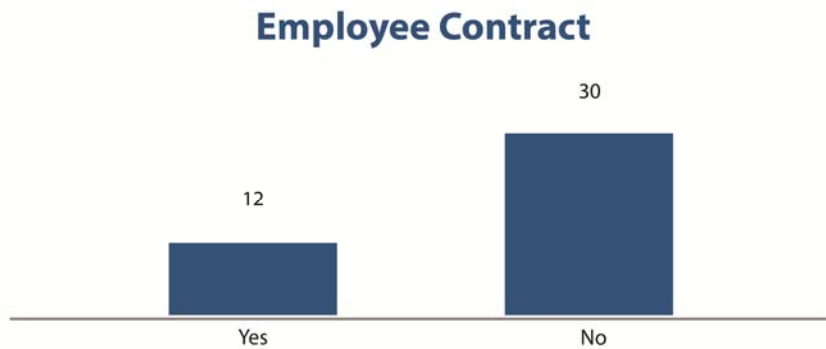
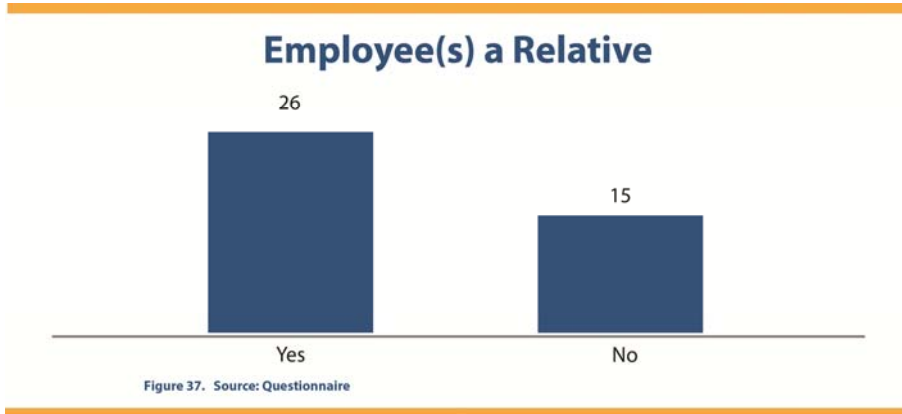
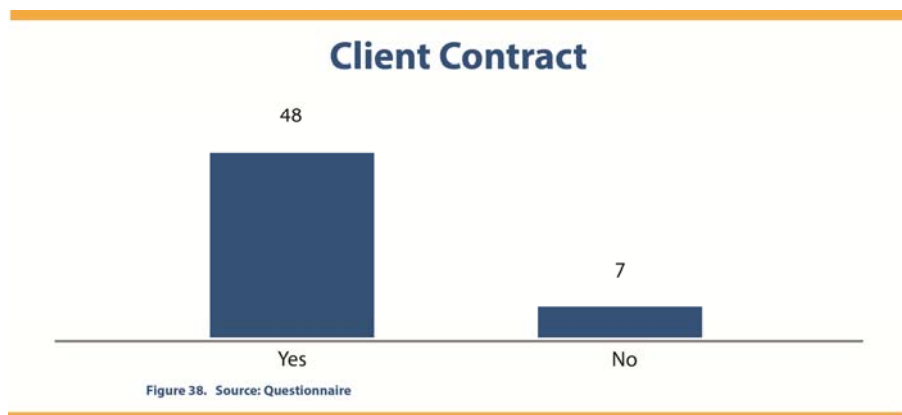


Figure 36. Source: Questionnaire



USE OF CLIENT CONTRACTS

A significant discrepancy exists between what CHCF has observed and the providers' responses regarding use of client contracts. Responses to the needs assessment indicate the vast majority of providers have client contracts, but CHCF believes this may be an overestimate. Providers have indicated that subsidized parents are reluctant to enter into an additional contract other than the one in place with the network. It is possible that providers are considering their ACS network's contract with the parents as having a contract with the client. Or the discrepancy may be reflective of a common downside to self-reporting—the practice of responding to make one-self look better.



LIABILITY INSURANCE

A significant number of providers indicated having liability insurance. This may be the result of ACS networks mandating their contracted providers to obtain insurance as well as the significant presence of providers serving the private market at the conference.



Figure 39. Source: Questionnaire

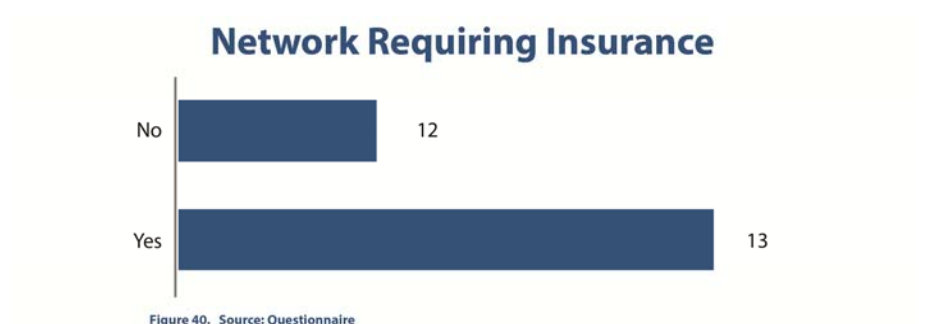


Figure 40. Source: Questionnaire

MARKETING

A combination of business cards, flyers and referrals is the most common method of marketing utilized by providers. One provider shared that she hosts a Thanksgiving dinner for parents and holds an open house for Christmas. A provider who is in partnership with her husband, a former barber, provides low cost haircuts in their front yard during the summer – enrolled children get their haircut for free.

Marketing

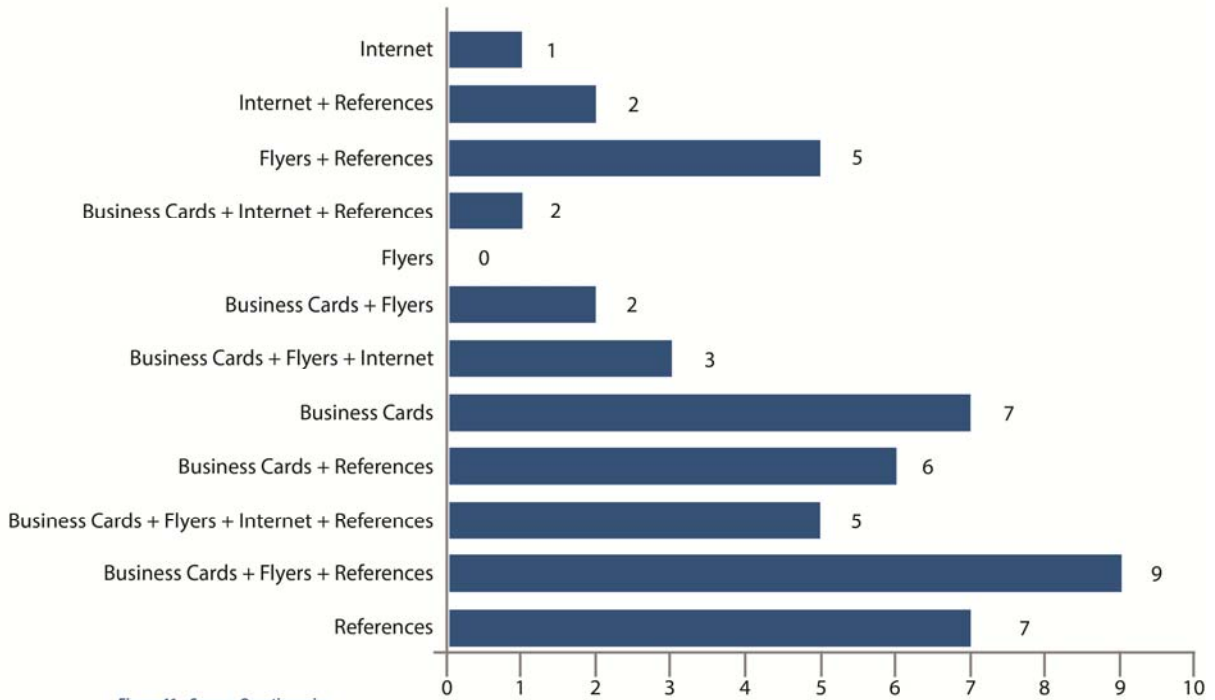


Figure 41. Source: Questionnaire

PROGRAM EXPANSION AND MAXIMIZING CAPACITY

A majority of the providers expressed an interest in expanding their program by maximizing capacity utilization rates rather than increasing capacity.

Wish to Expand Program



Figure 42. Source: Questionnaire

Plan for Expansion Designed

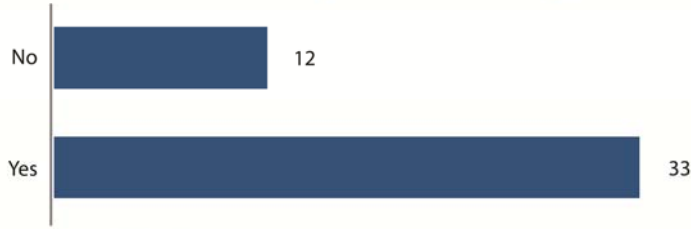


Figure 43. Source: Questionnaire

PERSONAL FINANCES

BANK ACCOUNTS

Checking accounts are more widely held than savings accounts. This may be explained in part by the remittance of savings to their home countries where they feel they are earning higher interest rates.

Saving Account

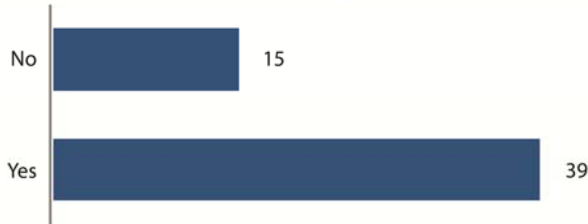


Figure 44. Source: Questionnaire

Checking Account



Figure 45. Source: Questionnaire

LONG-TERM GOALS

Paying for their children’s education and homeownership are the most common goals amongst family child care providers.



Figure 46. Source: Questionnaire

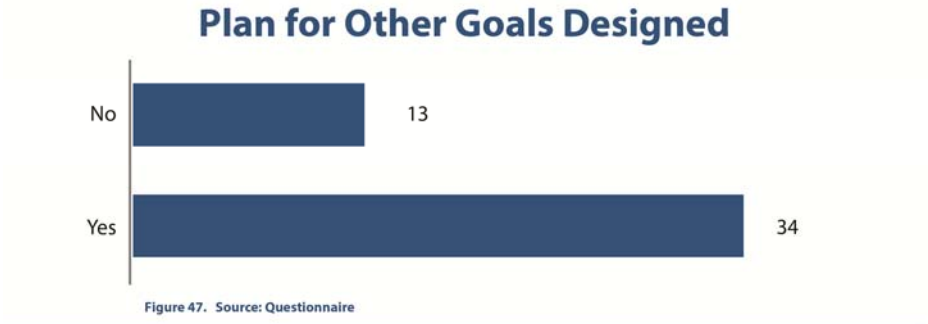


Figure 47. Source: Questionnaire

DEBT

In light of family child care providers’ limited access to financing, related to their business structure and income levels, the most common type of debt is credit card debt.



Figure 48. Source: Questionnaire

ANALYSIS

The vast majority of the child care providers are women. The men surveyed were at varying degrees of collaboration with their wives/partners. Partnerships comprise a very small number of the sample.

Most of the women are immigrants to the United States from Spanish-speaking countries, reflective of CHCF's mission to serve Latino children and families. The women did not have a history of child care in their country of origin, nor did they operate any other type of business. A common narrative was that entry into the profession had initially been motivated by a desire to care for their own children—a narrative shared across the broader spectrum of women who have entered the sector (Helburn and Howes, 1996; Porter, Paulsell, Del Grosso, Avellar, Hass and Vuong, 2010). A number of the providers previously had been employed caring for non-related children in on-site or center settings, yet were not available to their own children. Furthermore, the salaries being earned were not sufficient to warrant the expense associated with child care for their own children. Not only was becoming a provider a way to care for their own children, but it was also a financially prudent decision.

In keeping with traditional gender roles, Latina and Asian women are more likely than their White and Black counterparts to be stay-at-home mothers. In 2012 the national percentage of Asian and Latino children cared for by stay-at-home mothers was 37% and 36%, respectively. Meanwhile, the percent of White and Black children cared for by stay-at-home mothers was 26% and 23%, respectively (Cohn, D., Livingston, G. and Wang, W., 2014).

The family child care providers are among the disproportionate number of immigrants who operate their own business. In 2011, immigrants were twice as likely to start a business as those born in the U.S. Immigrants, who tend to have limited job prospects related to language barriers, low educational attainment and/or status, are overcoming these obstacles by observing a market need and finding a way to satisfy it (Lauren Williams & Kasey Wiedrich, 2014). In general women comprise a sizeable percentage of micro-business owners in the U.S. A 2005 study of micro-business owners by the Aspen Institute indicated that approximately 82% of the participants were women (Kim, 2012).

CHCF's research finds that these women generally do not perceive themselves as businesswomen, this despite the fact that they are the sole proprietors of an enterprising entity; they are the key decision makers of said entity; they are the administrators of the entity; and they are the providers of the goods and services offered by the entity. Moreover, the family child care program tends to be the household's primary source of income.

There may be other factors behind this self-perception, yet comments such as “si el negocio fuera uno mas normal” (if the business were a more normal one), “no tengo empeño por tamaño” (I have no motivation due to size) and “negocio no deja suficiente” (business doesn't yield

enough) provide context for the low income generated by their commercial activities as being a hindrance to viewing their entity as a business; and, in turn, a hindrance to identifying themselves as business owners.

“The child-care industry has more workers with earnings falling below the poverty line than any other industry, with over fifty percent of providers earning at the poverty level” (Gregory, 2007).

The annual income levels of the family child care providers in the assessment are clustered in the \$0-15K and \$26-\$35K ranges, likely representing family child care (capacity limit of 8) and group family child care (capacity limit of 16), respectively. These women are sustaining a 2-4 person household on fairly low incomes. Utilizing this very same reasoning, the population at large has also excluded child care providers from classification as business owners. “Given the low income generated by family child care, it is more appropriate to think of family child care providers as self-employed individuals who work at home for a variety of reasons rather than as entrepreneurs who are motivated by profits” (Helburn and Howes, 1996).

While the perception regarding early child care providers is in flux, there is still a stronghold in the view that they are merely baby sitters. The process of professionalization is in its infancy, but like a child, if it is nurtured and educated it will develop.

The impact of low income levels goes beyond self-perception and not identifying as business owners. For the most part, these family child care providers have not created business plans, nor have they prepared operating budgets, nor have they established separate bank accounts for their child care programs. **Most family child care providers had checking accounts, but a smaller number of family child care providers had savings accounts. This may demonstrate the limited financial acumen possessed by the child care providers or may reflect the low level of income that can make bank fees and balance requirements costly.** Generally, immigrants are less likely than native-born Americans to have a bank account in the United States; yet, a study of immigrants in NYC indicates that the lack of an account does not necessarily mean a lack of savings (Office of Financial Empowerment, 2013). The lack of a savings account possibly reflects the remittance of savings to home countries where they feel they are earning higher interest rates.

Although the data show that both family child care and group family child care programs were generally operating at capacity, many of the women expressed concern regarding significant volatility with regard to enrollment. This concern appears to be supported by the income levels reported. These are considerably less than what would correspond to year-round, full-capacity income levels. Children are frequently aging out (that is, moving to center-based care at age 4) or there are changes in the parents’ eligibility status (which can be reviewed every 6 months or less). Also, it has been calculated that every year 22% young children move to a new home (Barnett, Brown and Shore, 2004), which can potentially result in the loss of a client.

Revenue for providers in ACS Networks is also affected by inclement weather, sick days and vacation periods, all of which reduce the number of days a child attends. Networks will pay for only a certain number of absences per child. Any absences exceeding the networks' allotted amount represent unpaid days. **The volatility in enrollment as well as attendance rates result in cash flow concerns.**

A report by Corporation for Enterprise Development (CFED), *In Search of Solid Ground: Understanding the Financial Vulnerabilities of Microbusiness Owners*, published July 2014, indicated that "difficulty managing cash flow was the challenge most frequently reported by microbusinesses of every age and size" (Williams and Wiedrich, 2014).

Another factor affecting providers' cash flow is the commonplace delays in food reimbursements and payment from ACS networks. Providers expressed that affiliation with an ACS network on the one hand can offer a pipeline of clients, but on the other hand the terms and conditions may be disadvantageous. For example, in addition to a yearly membership fee (most commonly reported as \$130), there is a daily administrative fee per child of \$5 (approx.), participation in the network's food program may be compulsory, some networks may impose an exclusivity clause that restricts the ability to recruit private (non-subsidized) clients, some networks require providers turn over any existing private clients to the network, and children four years of age must attend the center site. (Center-based programs must fill 50% of their slots with 4 year olds in order to receive UPK (Universal Pre-Kindergarten) funding from the City of New York (Gelatt and Sandstrom, 2014).) These conditions adversely affect stability in enrollment figures as well as earnings potential.

Additionally, tax liabilities are an important contributor to cash flow concerns. Providers are classified as independent contractors. This classification implies that taxes are not automatically withheld from their revenues, subsequently providers tend to have a tax liability come April 15th. Unless the provider has planned ahead, there may be insufficient funds available to cover the amount due. **Furthermore, providers may be overpaying taxes since they are not familiar with the business expenses that may be deducted. CHCF's research shows that while many of the providers utilize a tax preparer, providers do not seem to be benefiting from the full deductions allowable.**

There is the sentiment among providers that there is a contradiction between their independent contractor status and the fact that, if affiliated with an ACS network, the network dictates the days and hours of operation, how their job is to be performed and their fee rate. This dynamic has contributed to the providers' belief that is okay to classify their assistants as independent contractors.

Granted, not all requirements for how they are to perform their job derive from ACS network regulations. Rules and regulations are also defined by the New York State Office of Children and Family Services as well as New York City's Department of Health. Family child care providers operate in a highly regulated and frequently changing environment. **They interact with a web of agencies each with their own rules and regulations. Further, there are inconsistencies**

of categories and measurements across agencies. The differences between these agencies and their relationships to each other are not clear to many providers.

Another source of confusion is the issue of insurance, labor-related insurance as well as liability insurance. While nearly half of questionnaire respondents indicated having liability insurance, information gathered during site visits points to a lack of both liability and labor-related insurance. The provision of employee related benefits is low. This in part reflects the fact that many employ family and/or other immigrant women and the sentiment that cash outlays for insurance would cut into already slim earnings. Liability insurance is not legally mandated for family child care providers and as such a significant number of providers have not concerned themselves with obtaining coverage. Non-profit child care networks were able to purchase liability coverage through the Central Insurance Program at rates bargained by the city. This program was dismantled in 2013, forcing ACS networks to acquire their insurance directly from carriers (Nocenti, 2013). In turn, some ACS networks are requiring their contracted providers to not only acquire their own liability insurance, but to also indemnify the network in their policies.

Family child care providers express feeling overwhelmed with the system not only because of the regulatory structure, but also due to the increasing demands being placed on them. **In the effort to close the achievement gap and make early care and education seamless, family child care providers are being asked to play a greater role as educators. Among these demands are the implementation of research based curriculum and the performance of assessments. The fact that these women have limited education attainment levels (let alone knowledge of child development theories), are not well versed in the English language and are not computer savvy makes complying with these demands extremely challenging.** At the same time, the introduction of universal pre-kindergarten has some concerned about the loss of children to this new program.

Furthermore, providers were unaware or unclear as to their state-mandated union affiliation to the United Federation of Teachers (UFT) and the corresponding membership dues of \$21 per month. There is confusion regarding the deduction and what is being offered in exchange.

FCC Providers' efforts to obtain clarification regarding sector regulations and to advocate for themselves are hampered by the providers' restricted command of English. The limited English skills make the complex structure of child care even more challenging to comprehend. Maneuvering financial issues is likewise affected by the language barrier; while many financial institutions may employ bilingual staff, documentation is in the English language.

While not all microbusinesses are in highly regulated sectors, the CFED report noted that government regulation is one of the top problems shared by many microbusinesses (Williams and Wiedrich, 2014).

Although their status as sole proprietors of microbusiness all but disqualifies providers from accessing traditional loans, access to credit was not cited as a problem. The providers that expressed interest in expansion were seeking to do so through the availability of grants. Appe-

tite for credit was curbed. Additionally, any expansion of capacity in many instances would require physically moving into a new home or renting commercial property, too expensive a proposition, particularly, for providers serving the subsidized market.

While not frequently mentioned, **some providers reported that landlords raised rent or threatened eviction based on their family child care program; neither is permissible by law.** Concern was expressed about the ability to obtain approval of a rental application if the occupation of child care provider was indicated on the application form. Since the assessment, we have learned of other providers experiencing tenant-landlord issues. Knowledge of tenant rights is limited among family child care providers.

As sole proprietors family child care providers are responsible for every facet of their enterprise and play multiple roles. When they are not managing the day to day operations, there are other tasks to be performed: lesson planning, record-keeping/documentation, preparing marketing materials, purchasing supplies, etc. These women also have their own families and friends that require time and attention. Scheduling professional development is a challenge.

Paradoxically, many providers expressed trepidation about advancing or growing their business, and are deterred by the fact that asset accumulation could result in the loss of government benefits, while still being unable to fully sustain household expenses without the assistance.

Family child care providers encounter many of the same challenges of any sole proprietor, any micro-enterprise and/or any highly regulated enterprise. Additional challenges arise from limited educational attainment and financial acumen as well as cultural and linguistic barriers.

Similar to the mothers who immigrated to the United States at the turn of the 20th century, these women are confronting a new environment, cultural differences, language barriers, low-paying skills and challenges to caring for their families. Nonetheless these women, by noting that all families invariably must address the issue of child care, have turned their need into an opportunity.

CONCLUSION

In order to address the existing ECE demands, child care programs not only need to provide quality education and care, but they also need to be economically viable and sustainable. It has been determined that “there is a positive association between providers’ personal financial resources and the global and instructional quality of the learning environment” (McCormick Center for Early Childhood Leadership, 2014).

The economic viability of family child care providers is an important factor for many of our communities as it directly impacts the financial well-being of families, providing parents’ the ability to participate in the workforce and hence sustain their families. The financial health of

family child care programs may also correlate to the quality of the program. Higher quality programs are not only safer, but also better contribute to the cognitive and emotional development of children. The economy benefits from the commercial and personal consumption of the child care providers as well as the higher disposable income related to a greater participation in the workforce. Additionally, healthy and solid foundations provided to the children in quality child care is touted as having long term socio-economic effects.

The Committee for Hispanic Children and Families, Inc. recognizes that FCC providers are business-owners and that there is a need to broaden and deepen the professional development programming addressing the business component of ECE programs. Offering basic financial knowledge, tailored to the child care sector, would provide these women the tools to leverage their own drive and efforts; and, consequently, build their sense of ownership and authority.

RECOMMENDATIONS

With adequate support for FCC providers to maintain and grow viable businesses, CHCF projects this will have powerful, positive implications on low-income communities in New York City. CHCF together with policymakers, advocates, other community based organizations and funders can collaborate to provide this support and promote a virtuous cycle of sustainability and quality that will enhance the net earnings of providers, increase the availability of affordable child care, facilitate participation of a greater number of persons in the workforce, and improve the quality of early care and education for children throughout the City. Further, the local economy benefits from the contribution of providers via commercial and personal consumption and the increased disposable income related to a greater participation in the workforce. The following list of recommendations includes activities already underway at CHCF as well as goals for the future:

OFFER FINANCIAL EDUCATION AND SMALL BUSINESS TRAINING TO FAMILY CHILD CARE PROVIDERS

CHCF has designed a Spanish-language comprehensive 15-hour financial education curriculum that approaches the topics of business structure, policies & contracts, taxes/record-keeping, insurance, budgeting, savings & credit, marketing, business plan preparation and professional development from the perspective of a family child care provider.

Funders can support the expansion of this training, which will broaden the professionalization and financial capabilities of family child care providers and could allow CHCF to reach a greater number of providers throughout the five boroughs, positively impacting the supply and quality of child care by improving sustainability.

MAKE AVAILABLE AN INFORMATION CLEARINGHOUSE TO FAMILY CHILD CARE PROVIDERS

CHCF aims to be the premier source of information on early care and education. Both the staff and our website will be reliable resources for regulatory updates, best practices in early care and education, and guidance on small business administration and financial matters. This would require in-house professional development and capacity building. To further enhance the breadth and depth of coverage, CHCF could partner with other organizations so that the site would link to other resources, and those sites would link to CHCF's site.

Funders can support this access to thorough and reliable information, which will also serve to broaden the professionalization and financial capabilities of family child care providers and could serve as a gateway to CHCF's professional programming, further positively impacting the professional development of family child care providers.

CONDUCT AND FACILITATE ADVOCACY

Family child care providers have played a perfunctory role in shaping legislation and policies that govern the sector. The dispersion of family child care providers throughout the five boroughs means that they operate in relative isolation from each other. CHCF endeavors to give voice to by collaborating with family child care providers to inform early childhood influencers and decision-makers in the field for the continued professionalization of the early care and education sector, including networking/support groups.

Local policymakers can support this by

becoming familiar with the family child care market in their district and engaging with their area's family child care providers; understanding that FCC providers play a vital role in communities by facilitating participation in the workforce and creating employment opportunities as well.

Policies that would support FCC providers would include:

- Market rates that address the financial vulnerability of many FCC providers
- Timely payments from ACS networks
- Ability to determine their client mix, which also means permitting parents to choose their child care
- Alignment of categories, measurements and regulations across agencies

DEVELOP PARTNERSHIPS

CHCF intends to identify and develop partnerships to deliver relevant professional programming, particularly in the areas of business administration and financial expertise that is culturally and linguistically aligned with the needs of the family child care providers we serve.

Community based organizations serving communities with a need for affordable and quality early care and education can support this by being open to exploring where there may be synergy, thereby creating an outcome greater than the sum of our separate efforts.

ENCOURAGE AND EXPLORE FACILITATING WORKSHOPS IN AUXILIARY SUBJECTS

English language lessons

Gaining an understanding of the English language, both written and verbal, would permit the family child care providers to reduce their legal and financial vulnerability through a better understanding of documentation related to any contractual agreement (business and personal), to better communicate with clients, and to better advocate for themselves.

Computer classes (Use of internet, Word and Excel)

While initially a time commitment, this in the long run could be a time management

tool, facilitating online shopping, banking and marketing. Computer know-how would also permit providers to learn English online at their convenience.

Community based organizations that currently offer these workshops as well as funders can support this training, which will improve the efficiency of operations and enhance the ability of family child care providers to better represent themselves and safeguard their interests and could.

Full Disclosure: CHCF administers Mid-Bronx CCRP Early Childhood Center, Inc., an ACS network.

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