

# NYC's Child Care Affordability Crisis:

## The Unaffordable Cost of Care Burdens Families and Impedes Pandemic Economic Recovery in New York City

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### Introduction

High quality early care for infants and toddlers (referred to as child care) is essential to children's healthy development and plays a fundamental role in supporting the economic stability and mobility of working parents and caregivers. Access to this essential service, however, is limited by its cost, which is unaffordable for most families in New York City.

Exacerbating this affordability crisis, the COVID-19 pandemic has forced working families to find alternative child care options or forced caregivers out of the workforce altogether. In fact, approximately 13% of families with children in the New York City metropolitan area reported not working during the pandemic because they are caring for children who are not in school or day care.<sup>1</sup> This is in addition to the 56% of families who are not working because of pandemic related furloughs, layoffs, or temporary or permanent business closures.<sup>2</sup> Working mothers are carrying a disproportionate share of this burden—27% of women of prime parenting age (25 to 44 years old)

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<sup>1</sup> Citizens' Committee for Children of New York analysis of US Census Bureau's Household Pulse Survey (April 23 to July 21 microdata)

<sup>2</sup> Ibid.

who are out of work cite caring for children as the main reason for not working, while only 11% of prime parenting age men who are out of work report the same.<sup>3</sup> Addressing the economic crisis stemming from the pandemic and the child care cost burden and affordability crisis that preceded it demand bold actions at all levels of government.

To better inform needed actions, this brief examines two economic dimensions of access to child care—child care cost burden and affordability. For both analyses, data on the cost of either center-based or home-based child care in New York City come from the 2019 New York State Child Care Market Rate Survey Report.

Citywide, the annual cost of center-based child care for infants and toddlers (\$18,746) consumes about 31% of median household income for all families with young children. In communities where median incomes are lower, this cost burden is higher and consumes as much as 65% of median income. The annual cost of home-based care is less expensive (\$10,296), yet still consumes 17% of median household income for all families with young children. Again, in communities where median incomes are lower, the cost burden for home-based care is higher, and consumes as much as 36% of median income. Families with young children headed by single parents have even lower median income compared to families headed by married couples. Therefore, child care cost burden is higher for single parents as care consumes 54% of median income for center-based care and 30% of median income for home-based care.

Using a federally recommended affordability threshold of 7% of household income, center-based child care is unaffordable for 93% of families with young children, and home-based care is unaffordable for 80% of families with young children. Only 1% of single parent families citywide can afford center-based care, and only 5% can afford home-based care.

Following details on how we calculated both child care cost burden and affordability, we share findings on how these economic dimensions of child care access vary geographically across the city by boroughs and community districts, and household compositions—single parent or married couple-headed families with at least one child under five years of age. Together these findings make clear how child care is out of reach for far too many families. We conclude with the actions federal, state, and local policymakers must advance to create a robust and affordable child care infrastructure and prevent even greater threats to New York City's economic recovery and the well-being of children and families.

### **Estimating Child Care Cost Burden and Affordability in NYC Communities**

Our analysis examines child care cost burden and affordability trends across New York City's 59 Community Districts. First, we define child care cost burden as the share of median household income for families with at least one child under five years of age that would be consumed by either center-based or home-based child care for infants and toddlers. Second, child care affordability examines the share of families with at least one child under five years of age for whom care would

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<sup>3</sup> Ibid. Figures for adults 25 to 44-year-olds living with children in New York Metropolitan Statistical Area who are out of work due to child care excluding those retired/not seeking work.

cost no more than 7% of their household income, a threshold the U.S. Department of Health and Human Services recommends for child care copayments.<sup>4</sup>

Both child care cost burden and affordability estimates are based on the 2019 New York State Office of Children and Family Services' *Child Care Market Rate Survey Report*, a telephone survey of random child care providers across the state between September 14, 2017, and March 14, 2018.<sup>5</sup> This survey informs the maximum rate at which the state makes subsidy payments, which is set to the 69<sup>th</sup> percentile of reported rates. However, federal guidelines suggest that state payment rates should be set at the 75<sup>th</sup> percentile or higher of the most recent survey.<sup>6</sup> This means our analyses may even underestimate child care cost burden and overestimate affordability rates.

In order to create an annual cost of care for children under three years of age in either center-based or home-based settings, which include both Family Day Care and Group Family Day Care, we averaged and annualized weekly rates for infants and toddlers in both settings.

	Weekly rates		Average weekly rates	Average annual rate
	Infant	Toddler		
Center-based	\$406	\$315	\$361	<b>\$18,746</b>
Home-based	\$200	\$196	\$155	<b>\$10,296</b>

Our estimates for both cost burden and affordability account for the cost of care for one child; therefore, families in need of care for more than one infant or toddler will experience even greater child care cost burden.

We used five-year estimates from the 2014-2018 American Community Survey Public Use Microdata Sample file to calculate median household income for families with at least one child under five years of age. We calculated estimates for NYC's 59 Community Districts using the Public Use Microdata Areas (PUMAs) as proxy districts.<sup>7</sup> We also disaggregated cost burden and affordability indicators by household composition—households headed by either a single parent or married couple. These data are publicly available in detail on our online database, [data.cccnewyork.org](http://data.cccnewyork.org), and we summarize these figures in the appendix.

## Infant and Toddler Child Care Cost Burden in NYC

Child care for infants and toddlers in center-based settings consumes 31% of median household income for all families with young children in NYC, while home-based care consumes about 17% of their median household income.

<sup>4</sup> U.S. Department of Health and Human Services, Office of Child Care (2016 December 14) Child Care and Development Fund Rule Frequently Asked Questions, <https://www.acf.hhs.gov/occ/resource/ccdf-final-rule-faq>

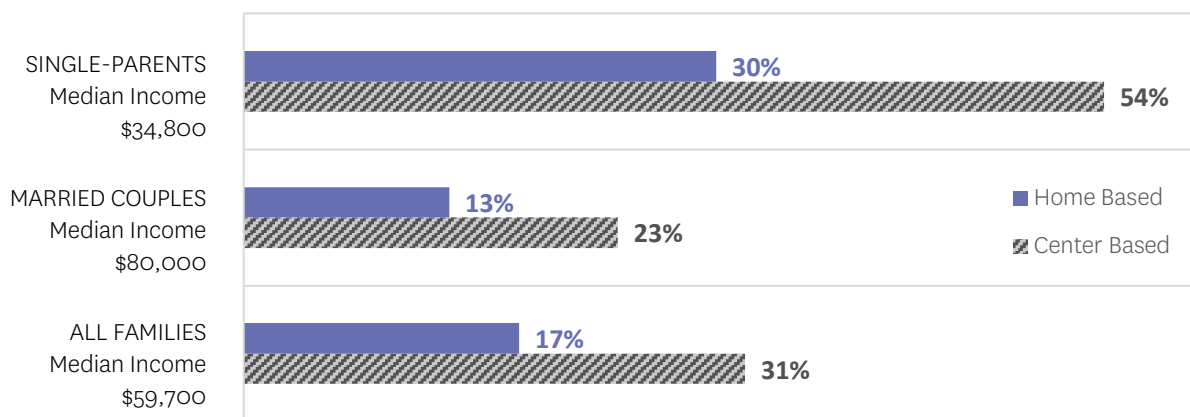
<sup>5</sup> New York State Office of Children and Families. (2019) *New York State Child Care Market Rate Survey Report*, <https://ocfs.ny.gov/main/reports/2019-Child-Care-Market-Rate-Survey.pdf>

<sup>6</sup> National Center for Child Care Subsidy Innovation and Accountability (n.d.) *CCDF Payment Rates — Understanding the 75th Percentile*, [https://childcareta.acf.hhs.gov/sites/default/files/public/508ed-75th\\_percentile\\_exercise.pdf](https://childcareta.acf.hhs.gov/sites/default/files/public/508ed-75th_percentile_exercise.pdf)

<sup>7</sup> More information on PUMAs below in the section *Notes and Data Sources*.

The cost of child care is much more burdensome for single parents with young children who have a lower median income (\$34,800) compared to families headed by married couples (\$80,000). **For single-parent families with young children, the cost burden for center-based care is about 54%, about twice the child care cost burden of 23% for married-couple families with young children.** While home-based care is less expensive, it also poses a burden to single parents and consume 30% of their income, compared to 13% for married couples.

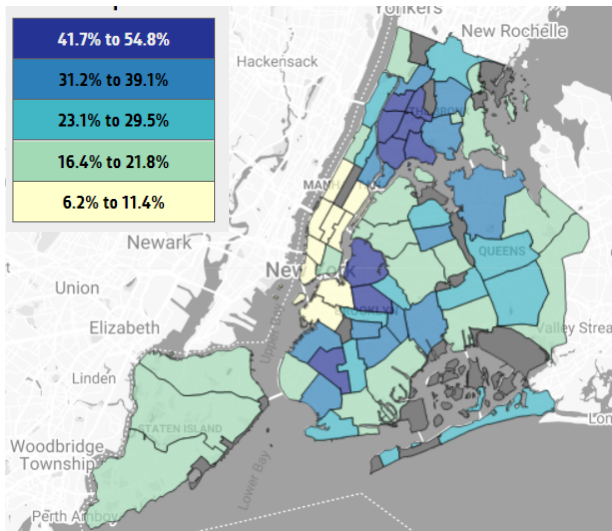
**MEDIAN CHILD CARE COST BURDEN AS A SHARE OF MEDIAN INCOME FOR FAMILIES WITH CHILDREN UNDER FIVE YEARS**



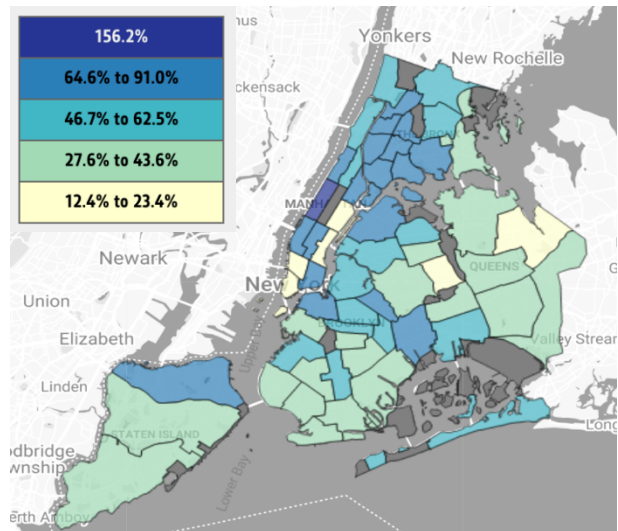
We see notable differences across communities for both household types. Families living in the Bronx and central Brooklyn neighborhoods would allocate more than half of their income for infant and toddler center-based care. While the landscape for married-couples mirrors that of all families, single parents in several communities would use most of their income on the cost of center-based care and more than a third of their income on home-based care.

## CENTER-BASED COST BURDEN BY COMMUNITY DISTRICT

MARRIED COUPLES

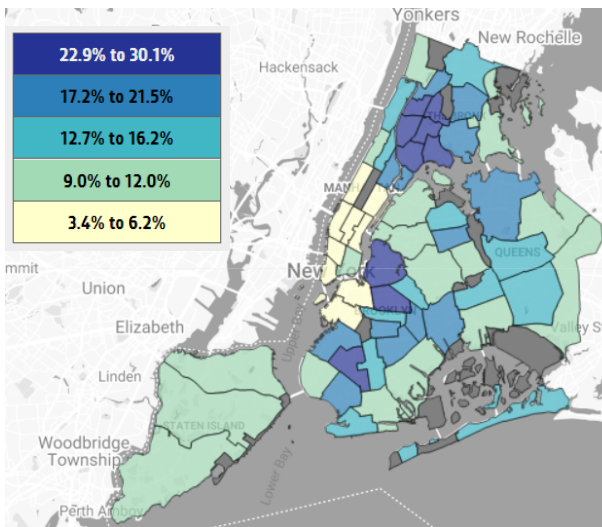


SINGLE PARENTS\*

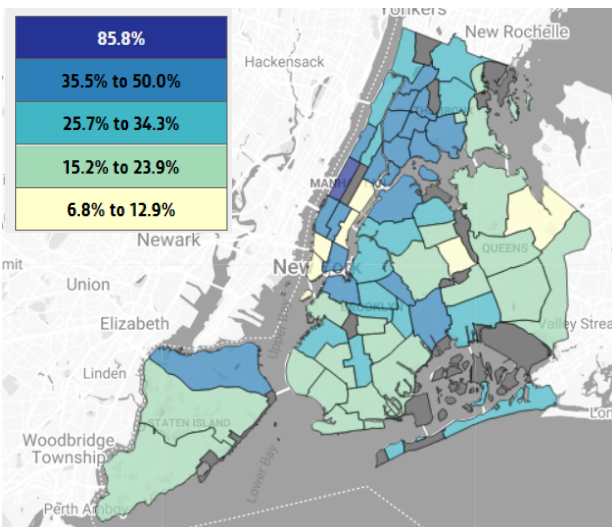


## HOME-BASED COST BURDEN BY COMMUNITY DISTRICT

MARRIED COUPLES



SINGLE PARENTS\*



\*The unweighted sample sizes for single parent families with young children are very small in two PUMAs, Murray Hill/Stuyvesant (N=7) and Upper West Side (N=8). Estimates for single parent families in these two communities should be interpreted with caution.

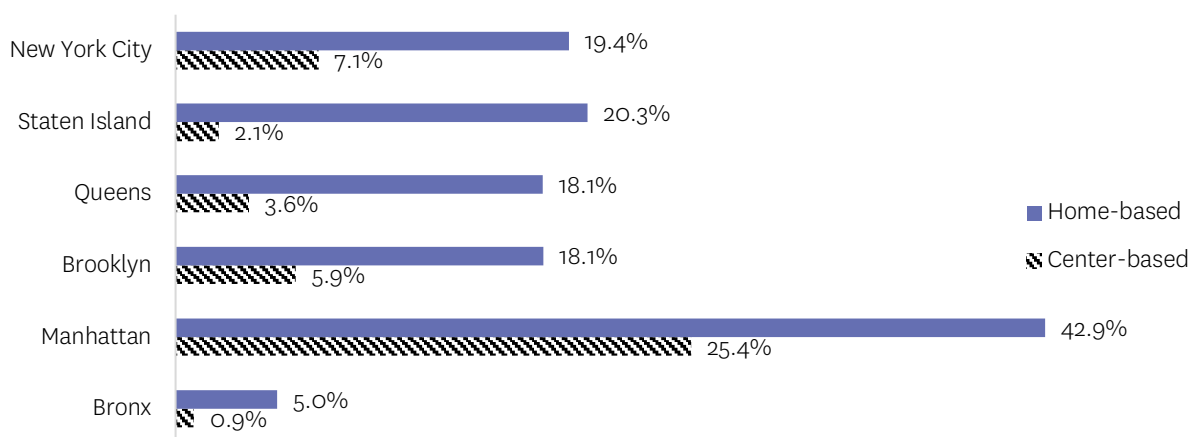


## Infant and Toddler Child Care Affordability in NYC

Child care affordability measures the share of families who can afford center-based or home-based care for infants and toddlers using the federal recommendation that co-payments for child care not exceed 7% of a family's income. **We find that only 7.1% of all families with children under five can afford the current market rate for center-based care; therefore, about 93% of all families cannot. Only 19.4% of all families with young children can afford home-based care; 80% cannot.**

Since median incomes for families with young children vary significantly across and within boroughs, so too do the share of families who can afford child care. **The share of families in Brooklyn, Queens, and Staten Island who can afford either center-based or home-based care are similar to the citywide average. Alternatively, in Manhattan, around 25% of all families with young children can afford center-based child care, and 43% can afford home-based care.** These higher rates are driven by the concentration of families with young children and high incomes living in some Manhattan neighborhoods. For example, median household income among these families is as high as \$300,000 in Battery Park, Tribeca and Greenwich Village. **However, even in these high median income neighborhoods, half of families with young children living in these areas cannot afford center-based care, and a quarter cannot afford home-based care.**

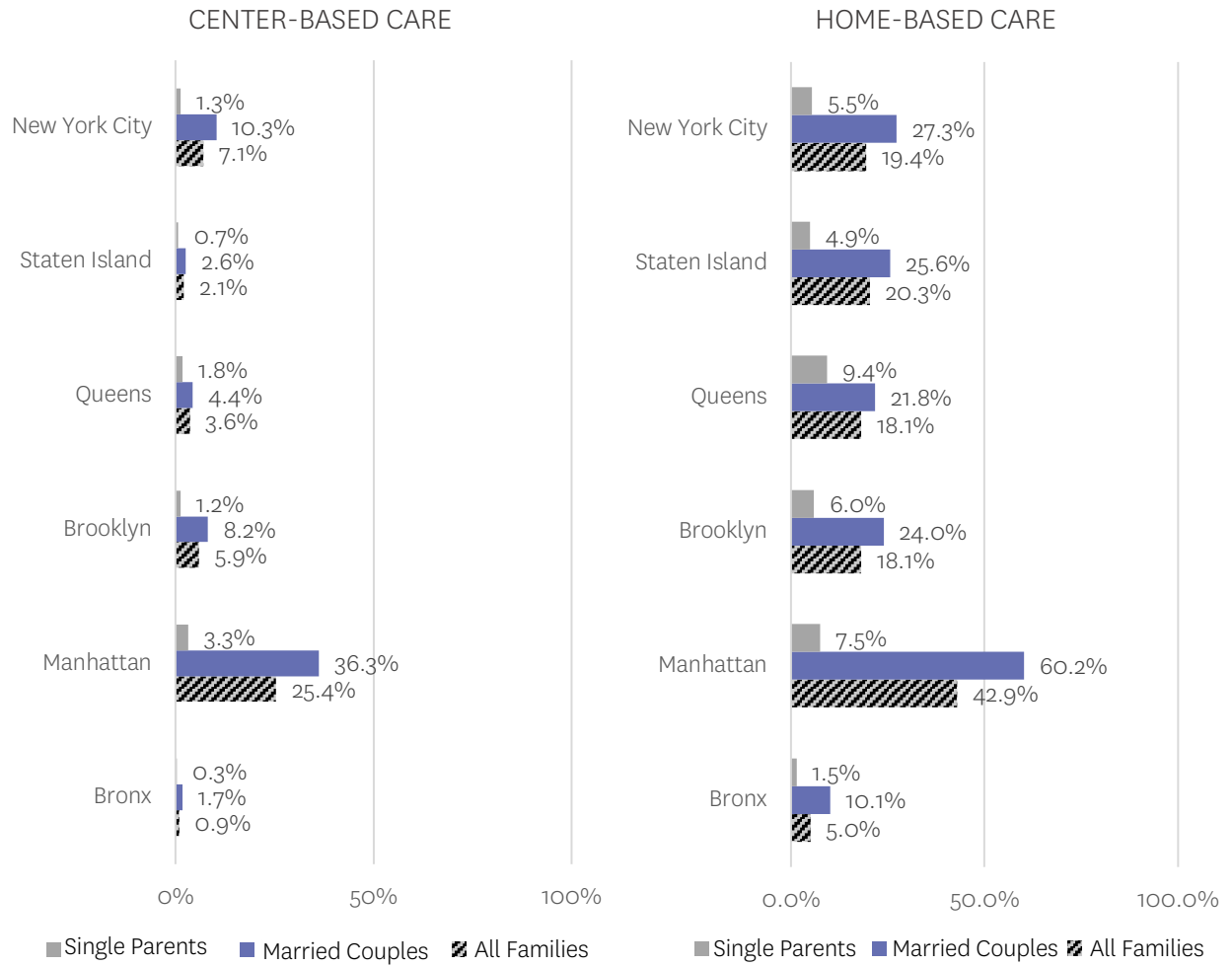
### SHARE OF FAMILIES WITH CHILDREN UNDER FIVE WHO CAN AFFORD CHILD CARE BY BOROUGH



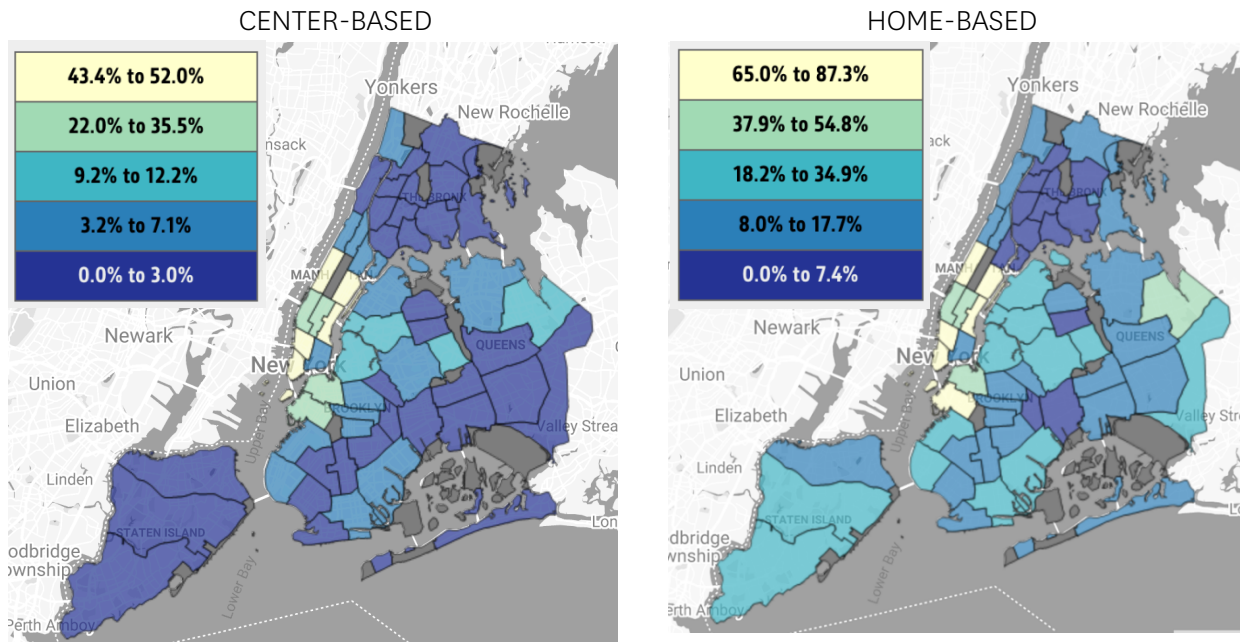
The full price of care is, effectively, unaffordable to families with young children in the Bronx where less than 1% of all Bronx families can afford center-based care and only 5% can afford home-based care. Partially explaining this trend is the higher share of single parent families in the Bronx communities compared to other parts of the city. In some areas, half of families with young children are headed by a single parent. Child care options are essential for these families, not only to support a caregiver's employment, but also because single parent families, particularly those headed by Black or Latina women, are more likely to face economic insecurity because of the combination of race- and gender-based wage discrimination.<sup>8</sup> Yet, child care for infants and toddlers is effectively unaffordable for families headed by married couples living in the Bronx, as well.

<sup>8</sup> Citizens' Committee for Children of New York (2019) *NYC Children and Families, 2018: Statistics from the U.S. Census Bureau's 2018 American Community Survey*, <https://www.cccnewyork.org/wp-content/uploads/2019/10/SingleParentAnalysis-2019.pdf>

# SHARE OF FAMILIES WHO CAN AFFORD INFANT AND TODDLER CARE BY BOROUGH AND HOUSEHOLD COMPOSITION

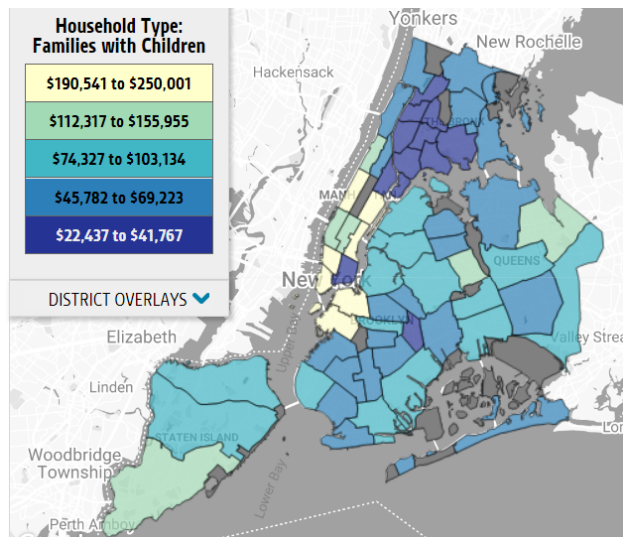


## SHARE OF FAMILIES WHO CAN AFFORD INFANT AND TODDLER CARE BY COMMUNITY DISTRICT

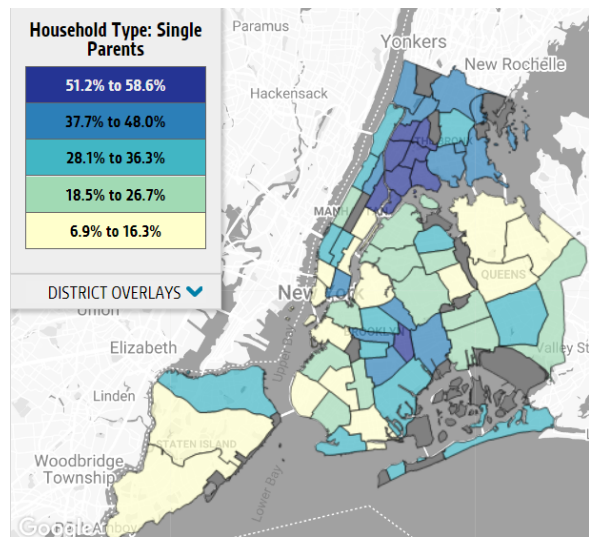


These and hundreds of other indicators on child and family well-being are available on our online database, [data.cccnewyork.org](http://data.cccnewyork.org)

## MEDIAN INCOME FOR FAMILIES WITH CHILDREN



## SINGLE PARENT HOUSEHOLDS



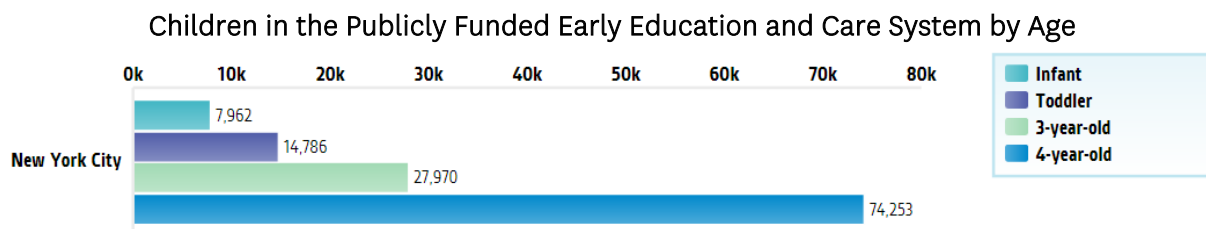


## Policy Considerations

Without a robust and affordable child care infrastructure, New York City families face immense challenges maintaining stable employment. We know too that securing child care has become even more challenging during the COVID-19 pandemic and puts additional financial pressure on families when they cannot work because they are looking after their children.

Even before the pandemic, many families struggled to secure child care, especially for infants and toddlers whose care routines are more demanding and therefore more expensive. The cost of infant and toddler-care may be a family's biggest expense, as big or even bigger than rent or the cost of college tuition.<sup>9</sup> The median rent burden for all households in New York City is around 30% of household income, which is about equal to the child care cost burden of center-based care for families with infants and toddlers. This means families with young children in New York City face compounding cost burdens for basic needs.

New York City has made progress on a publicly subsidized system of early education and care, but options for infants and toddlers do not go nearly far enough to meet the demand for affordable care. In 2019, the city's system of public care for infants and toddler—consisting of EarlyLearn programs and vouchers—only served around 23,000 infants and toddlers. This is only 7% of the city's 327,000 children under three, and 14% of children under three in households under 200% of the federal poverty line.<sup>10</sup> While there have been groundbreaking efforts to ensure universal early education for 4-year-olds and the expansion of programs for 3-year-olds, little to no progress has been made on aging down these services to reach greater numbers with infant and toddler care.<sup>11</sup>



**In order to significantly expand access to affordable infant and toddler care, bold actions and substantial investments are needed at all levels of government.** At the federal level, another stimulus package is required immediately, to prevent further economic devastation as the pandemic continues. Parents out of work need assistance, and states and localities need direct federal aid to avoid crippling austerity measures, while child care providers need grants to remain open and operational through the pandemic and to support a recovery.

In the long-term, a new administration offers the federal government the opportunity to think differently about child care and take bold steps. During his campaign, President-Elect Joe Biden

<sup>9</sup> NYC Office of the Comptroller (2019) *NYC Under 3: A Plan to Make Child Care Affordable to NYC Families*, <https://comptroller.nyc.gov/wp-content/uploads/documents/Child-Care-Report.pdf>

<sup>10</sup> Citizens' Committee for Children of New York. *Keeping Track Online Database: Enrollment in Publicly Funded Care for Children Under Five, 2019*, <https://data.cccnewyork.org/data/map/1316/enrollment-in-publicly-funded-care-for-children-under-5#1316/a/3/1536/62/a/a>

<sup>11</sup> <https://data.cccnewyork.org/data/map/1316/enrollment-in-publicly-funded-care-for-children-under-5#1317/153/3/1537/62/a/a>

outlined an ambitious platform to expand child care, including nationwide universal Pre-Kindergarten for 3 and 4-year-olds, an \$8,000 child care tax credit per child for families making less than \$125,000 a year, and most notably for infants and toddlers – increased subsidy funding to ensure no family earning below 1.5 times the median income in their state will have to pay more than 7% of their income for any age child care.<sup>12</sup> Were it to get adequately funded and pass Congress, these steps could define a new era of investment in child care and make a real difference in accessibility and affordability for the youngest children and their families.

At the state level, New York is facing a dire budget situation, which makes utilization and distribution of available federal funds for child care more important than ever. Unfortunately, the state has not adequately distributed grants made available through the federal CARES Act. The application process was unnecessarily arduous, distribution of the funds has been painfully slow, and by limiting grants to only reimbursable expenses New York has excluded cash-strapped providers, many of whom are family child care providers who already operate on razor-thin margins and are responsible for the bulk of infant-toddler care. Citizens' Committee for Children recently joined other advocates to demand that the state expedite these grants and overhaul their next distribution to help ensure early care continues during the pandemic.<sup>13</sup>

New York State also has an opportunity to support and build a strong child care sector independent of the federal government. Substantial state investments in child care subsidies could significantly expand access to affordable infant and toddler care and support raising eligibility thresholds statewide, reducing family copayments to standardize them across counties, and prioritizing care for marginalized families including those who are unemployed and seeking work or higher education, who have experienced domestic violence, or family homelessness. Additionally, the State's Empire State Child Tax Credit, which is restricted to qualifying children over four and up to seventeen years of age, should be reformed such that children under and up to age four qualify for the credit and importantly, that the credit provided for young children should be more robust at \$1,000 per child.<sup>14</sup> The Governor's Child Care Availability Task Force is set to release a report and we encourage the task force to include these recommendations as vital components in New York's long-term recovery.

At the local level, New York City must do everything it can to protect current capacity for infant and toddler care against the dual threat of budget cuts and the shifting of system capacity away from infants and toddlers in newly awarded contracts. The city must ensure that the newly awarded

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<sup>12</sup> Biden, J. (2020) *The Biden Plan for Mobilizing American Talent and Heart to Create a 21st Century Caregiving and Education Workforce*, <https://joebiden.com/caregiving/#>

<sup>13</sup> Empire State Campaign for Child Care. "Letter to Commissioner Poole Re: Recommendations from child care provider networks and advocacy organizations for improving the administration of CARES Act funds as the state prepares to roll out round III of funding." October 5, 2020.

<sup>14</sup> Schuyler Center for Analysis and Advocacy. Testimony before the Joint Fiscal Committees on the SFY 2020-21 Executive Budget Taxes Budget Hearing. February 13, 2020, [https://scaany.org/wp-content/uploads/2020/02/SchuylerCenter\\_Taxes-Testimony-2020-21.pdf](https://scaany.org/wp-content/uploads/2020/02/SchuylerCenter_Taxes-Testimony-2020-21.pdf); National Academies of Sciences, Engineering, and Medicine. (2019). A roadmap to reducing child poverty. National Academies Press, <https://www.nationalacademies.org/our-work/building-an-agenda-to-reduce-the-number-of-children-in-poverty-by-half-in-10-years>

contracts for home-based family child care and center-based care do not result in a net loss of seats for infants and toddlers and it must protect against budget cuts that fall hardest on working families already struggling to afford child care.

Moving forward, the incoming mayoral administration and City Council, set to be elected in November 2021 and sworn In January 2022, should pursue a robust agenda for early care and education. This should include universal approaches full day, year-round care including Pre-K programs for 4-year-olds and 3-year-olds and the leveraging of federal, state, and city resources to dramatically expand access to affordable infant and toddler care, by increasing subsidies and expanding local child care tax credits. Finally, any expansion to the city's early care capacity must also be accompanied by a steadfast commitment to supporting an equitably compensated workforce, maintaining high-quality programming and active parent engagement within programs.

## Appendix: Community District Summary

Public Use Microdata Area	FIPS Code	Total Families with Children Under Five	Median Household Income (\$)	Child Care Cost Burden		Share of Families with Children Under Five Who Can Afford...	
				Center-based	Home-based	Center-based Care	Home-based Care
Battery Park, Tribeca/ Greenwich Village	101 102	7,066	300,000	6%	3%	52%	77%
Lower East Side	103	3,908	47,650	39%	22%	7%	15%
Midtown Business District Chelsea/Clinton	104 105	4,321	155,000	12%	6%	31%	53%
Murray Hill/Stuyvesant	106	4,235	240,000	8%	4%	45%	85%
Upper West Side	107	8,113	235,000	8%	4%	43%	70%
Upper East Side	108	9,225	270,000	7%	4%	51%	76%
Manhattanville	109	4,650	40,000	42%	23%	6%	17%
Central Harlem	110	7,652	39,000	48%	26%	5%	12%
East Harlem	111	5,788	32,600	58%	32%	4%	6%
Washington Heights	112	9,444	55,000	34%	19%	1%	11%
Hunts Point/ Mott Haven	201 202	9,163	32,400	55%	30%	1%	2%
Morrisania/ East Tremont	203 206	11,349	28,700	65%	36%	0%	2%
Concourse/Highbridge	204	7,584	30,000	62%	34%	0%	3%
University Heights	205	9,243	28,000	65%	36%	0%	2%
Bedford Park	207	9,774	30,000	60%	33%	0%	2%
Riverdale	208	6,120	70,000	27%	15%	5%	17%
Unionport/Soundview	209	10,604	32,000	57%	31%	0%	4%
Throgs Neck	210	5,070	70,400	26%	14%	0%	14%
Pelham Parkway	211	6,473	45,000	41%	22%	1%	6%
Williamsbridge	212	7,465	54,000	35%	19%	3%	9%
Williamsburg/Greenpoint	301	10,173	44,400	42%	23%	9%	19%
Fort Greene/Brooklyn Heights	302	7,086	133,000	14%	8%	22%	47%
Bedford Stuyvesant	303	9,541	36,500	51%	28%	3%	12%
Bushwick	304	6,336	38,600	47%	26%	1%	10%
East New York	305	9,865	41,000	42%	23%	1%	6%
Park Slope	306	8,021	199,020	9%	5%	36%	68%
Sunset Park	307	9,033	49,800	37%	21%	5%	18%
Crown Heights North	308	6,535	48,000	39%	21%	6%	12%
Crown Heights South	309	5,457	49,200	37%	21%	3%	12%
Bay Ridge	310	6,026	85,700	22%	12%	6%	27%
Bensonhurst	311	10,799	54,000	35%	19%	2%	14%
Borough Park	312	16,456	40,000	47%	26%	2%	9%
Coney Island	313	5,972	58,340	28%	16%	2%	12%
Flatbush/Midwood	314	10,347	57,500	31%	17%	3%	14%
Sheepshead Bay	315	8,917	72,000	26%	14%	6%	19%
Brownsville	316	6,082	35,000	54%	29%	1%	5%
East Flatbush	317	6,482	50,000	37%	21%	1%	11%
Canarsie	318	10,733	80,000	23%	13%	4%	22%
Astoria	401	6,777	70,000	27%	15%	4%	23%
Sunnyside/Woodside	402	6,009	80,000	23%	13%	12%	31%
Jackson Heights	403	10,051	51,000	37%	20%	2%	9%
Elmhurst/Corona	404	7,578	46,500	40%	22%	1%	6%
Ridgewood/Glendale	405	9,098	78,000	24%	13%	4%	18%
Rego Park/Forest Hills	406	6,139	106,700	18%	10%	10%	35%
Flushing	407	11,748	57,000	32%	18%	3%	17%
Fresh Meadows/Briarwood	408	8,464	69,400	27%	15%	3%	17%
Woodhaven	409	7,576	69,000	27%	15%	3%	14%
Howard Beach	410	6,484	66,000	28%	15%	1%	13%
Bayside	411	5,070	115,000	16%	9%	9%	40%
Jamaica/St. Albans	412	12,291	67,500	28%	15%	1%	10%
Queens Village	413	8,908	96,000	20%	11%	1%	23%
The Rockaways	414	9,275	62,000	30%	17%	3%	18%
St. George	501	8,330	60,000	26%	14%	2%	14%
South Beach	502	6,252	90,000	20%	11%	2%	22%
Tottenville	503	7,173	97,000	19%	11%	2%	26%

## Notes and Data Sources

The United States Census Bureau uses Public Use Microdata Areas (PUMAs) to report American Community Survey estimates for geographic areas that contain at least 100,000 people. Currently, there are 55 PUMAs in New York City, which are delineated to approximate the Community District boundaries shown in the maps, but they are not the same. There are four PUMAs that encompass two Community Districts each: PUMA 3710 includes Mott Haven (201) & Hunts Point (202); PUMA 3705 includes Morrisania (203) & East Tremont (206); PUMA 3810 includes Battery Park (101) & Greenwich Village (102), and PUMA 807 includes Chelsea/ Clinton (104) & Midtown (105). For these Community Districts, percentages and dollar amounts reported are identical because they come from the same PUMA.

### Cost Burden for Infant/Toddler Child Care

CCC Analysis of U.S. Census Bureau, American Community Survey PUMS Files (2014-2018), retrieved from: <https://data.census.gov/cedsci/>; NYS Office of Children and Family Services, Child Care Market Rates 2019, retrieved from: [https://ocfs.ny.gov/main/policies/external/ocfs\\_2019/](https://ocfs.ny.gov/main/policies/external/ocfs_2019/)

### Infant/Toddler Child Care Affordability

CCC Analysis of U.S. Census Bureau, American Community Survey PUMS Files (2014-2018), retrieved from: <https://data.census.gov/cedsci/>; NYS Office of Children and Family Services, Child Care Market Rates 2019, retrieved from: [https://ocfs.ny.gov/main/policies/external/ocfs\\_2019/](https://ocfs.ny.gov/main/policies/external/ocfs_2019/)