

# Suffolk County Legislature



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## WELFARE TO WORK COMMISSION

of the Suffolk County Legislature  
c/o Clerk of the Legislature  
725 Veterans Memorial Highway  
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631-499-6725

October 25, 2012

To: Members of the Suffolk County Legislature

As you know, over the past three years the Welfare to Work Commission has been studying the disturbing pattern of State child-care funding cuts to SCDSS despite a 47% increase in the demand for services. We are grateful for the letter to Governor Cuomo that each of you signed in August calling upon the Governor to provide \$3.9 in emergency funding to SCDSS and to revise the funding formula that the Office of Children and Family Services (OCFS) has used to unfairly penalize SCDSS.

The economic stakes for Suffolk County are high in this funding dispute. For this reason, the Commission is providing you with our report, "The Negative Impacts of State Reductions in Child-Care Funding on the Suffolk County Economy." Based on a careful analysis of the impacts that the funding cuts have had on nine large Suffolk Day Care Centers, as well as other data, our study has concluded that the \$5.3 in funding reductions by the OCFS, which led to the loss of subsidized child care to 2,000 children in working poor families this year:

- Could lead to 400 layoffs of child-care workers;
- Have already forced some child-care providers to reduce or end services;
- Might cost providers \$17 million in lost revenues this year that will result in a \$34 million loss to the Suffolk economy.

While these negative economic impacts are disturbing, they do not convey the pain and suffering of working-poor families whose children have either lost their child care or are now placed in substandard, perhaps dangerous, child-care settings. **We therefore urge you to follow the lead of those Nassau legislators who will be introducing a 2013 budget amendment to provide Nassau County funding for child care to prevent a reduction in eligibility requirements.**

**The Commission will formally present the report to the Human Services Committee on November 16th followed by a press conference.** We invite you to attend the Committee meeting so that we can answer any questions you might have. If you wish to speak at the press conference, please contact us at 631-499-6725 or [rkmicahli@gmail.com](mailto:rkmicahli@gmail.com) by November 6th.

Yours truly for the Commission,

*Richard Koubek*

Richard Koubek, PhD, Chair

*Kathy Liguori*

Kathy Liguori, Vice Chair

# **The Negative Impacts of State Reductions in Child-Care Funding On the Suffolk County Economy**

**Prepared by Kathy Liguori, Vice Chair and Richard Koubek, PhD, Chair  
Welfare to Work Commission of the Suffolk County Legislature**

**October, 2012**

**The OCFS Cuts:** In June of 2012, the New York State Office of Children and Family Services (OCFS) announced a \$143,000 reduction in child-care funding for the Suffolk County Department of Social Services (SCDSS.) This reduction compounded \$3.5 million in previous funding reductions made by OCFS since 2009 despite a 47% increase in the number of children receiving subsidized child care during this period, from 2,552 children in 2009 to 3,770 children in 2012. These OCFS cuts had their full impact in 2012 when SCDSS was forced to reduce the eligibility for subsidized child care from 200% of the Federal Poverty Level or FPL (\$46,100 for a family of four) to 100% of FPL (\$23,050 for a family of four) between January and June of 2012.

These State funding cuts and resulting SCDSS changes in eligibility devastated many working-poor parents who rely on subsidized child care to maintain their employment. Between January and June of 2012, SCDSS eliminated 2,200 children of working-poor families from the subsidized child-care rolls.

**A Survey of Provider Impacts:** During August, Kathy Liguori, who chairs the Child Care Committee of the Welfare to Work Commission, surveyed 12 licensed Day Care Centers in Suffolk County to determine the impact of the OCFS funding reductions on their businesses. These are the large child-care providers with a license capacity to serve 130 or more children in a non-home (i.e., non-residential) setting. Understanding the reluctance of these centers to provide sensitive business data in a competitive and stressed child-care market, the Commission was pleased to receive nine responses (a 75% return.) There are 190 licensed Day Care Centers in Suffolk which are one of four types of licensed child-care providers in Suffolk that total 924 providers\*. (The complete survey results and survey instrument are attached.)

Here is a **summary of the survey results** of the nine Day Care Centers that responded:

- Children cut from their programs: 345
- Loss in revenue for 2012: \$2.5 million
- Staff laid off: 64
- Loss of staff salaries \$1.6 million
- Salary freezes or possible salary reductions 6 centers

It should be noted that a 2004 study, *The Child Care Industry – An Integral Part of Long Island's Economy* by Mildred Warner of Cornell University and funded by the Rausch

Foundation, found that every \$1 spent on child care adds almost \$2 in additional dollars to the Long Island economy. Thus, the almost \$2.5 million in lost revenues to these nine licensed Day Care Centers will result in a \$5 million loss to the Suffolk economy in 2012.

**The Impacts on Suffolk’s Economy:** What are the implications of these data from nine Day Care Centers for the wider Suffolk economy? A conservative extrapolation of the survey data suggests that the 2,200 children removed from subsidized child care in 2012 could lead to about 400 child-care staff layoffs, county wide. At the current Suffolk County Living Wage rate of \$10.50 an hour, these 400 layoffs could cost Suffolk County over \$10 million in lost wages in 2012.

These pressures on an already stressed child-care industry will surely take an even greater toll in the months ahead. A Commission analysis of the OCFS website, for example, identified 69 Suffolk child-care providers that have already closed or 7% of the total number of providers.\* This number will likely increase as the full impacts of the OCFS funding reductions are felt. Already, Father Fagan’s Little Flower in Wading River has eliminated all its child-care services and the EOC/East Patchogue child-care center which mainly relies on OCFS funding may have to close its doors.

What are the projected losses to the child-care industry in Suffolk? With the typical monthly SCDSS subsidy payment of \$641 per child to child-care providers, the loss of 2,200 children from their enrollments could cost Suffolk child-care providers about \$17 million in lost revenues in 2012. This projection does not take into account the 30% parent copay, the dollar amount of which varies widely depending upon family income. Reversing the Rausch Foundation’s formula that \$1 in child-care spending yields \$2 to the larger economy, a \$17 million loss to the child-care industry will cost Suffolk’s economy about \$34 million in 2012 as staff are laid off and even more, as parents quit their jobs because they lost child care or child-care providers go out of business or other negative economic multipliers kick in.

**A Call for Emergency Funding:** For these reasons, the Welfare to Work Commission has joined the Suffolk County Legislature and SCDSS in urging Governor Andrew Cuomo and OCFS to provide \$3.9 million in emergency funding for Suffolk County for 2012-2013. This emergency funding will allow the Department to restore subsidized child care to families earning 125% of the Federal Poverty Level (\$28,812 for a family of four) thereby restoring child-care subsidies to hundreds of the 2,200 children eliminated from the rolls since January.

\*OCFS identifies the following modalities or types of licensed child-care providers in Suffolk County:

Modality	Number of Providers
• Day Care Center	190
• Family Child Care	270
• Group Family Day Care	353
• School-Age Child Care	<u>111</u>
TOTAL	924

**Welfare to Work Commission of the Suffolk County Legislature**  
**Impact of NY State OCFS Child Care Cuts on Suffolk County Providers**  
**Survey of 9 Licensed Day Care Centers - September 2012**

<b>12 centers polled, 9 responded with data *</b>	<u>Center 1</u>	<u>Center 2</u>	<u>Center 3</u>	<u>Center 4</u>	<u>Center 5</u>	<u>Center 6</u>	<u>Center 7</u>	<u>Center 8</u>	<u>Center 9</u>	<u>Total/ Resp</u>
<b>Total Employees before cuts</b>	29	39	39	22	55	27	50	29	20	310
Only 9 of 12 centers complete employee data										
Employees Full Time	17	26	25	18	35	16	38	17	15	207
Employees Part Time	4	4	15	2	15	2	7	12	5	66
<b># Children cut</b>										
Jan-12	9	6	0	5	0	10	13	9	4	<b>56</b>
Apr-12	9	5	0	8	0	19	19	6	8	<b>74</b>
Jul-12	10	14	14	17	0	28	6	12	12	<b>113</b>
Sep-12	9	13	16	7	17	21	5	7	7	<b>102</b>
<b>TOTAL Children Cut</b>	<b>37</b>	<b>38</b>	<b>30</b>	<b>37</b>	<b>17</b>	<b>78</b>	<b>43</b>	<b>34</b>	<b>31</b>	<b>345</b>
<b># Eliminated Staff Positions</b>										
Full time (F/T)	6	6	5	2	3	7	5	0	0	34
Part time (P/T)	2	3	2	0	2	2	0		0	11
Reduced Hours F/T Elimiated Employee Equivalent **	4.5	4	1.25	0	1	0	5.25	3.15	4.71	24
<b>Total Reduction F/T Eliminated Employees</b>	<b>11.5</b>	<b>11.5</b>	<b>7.25</b>	<b>2</b>	<b>5</b>	<b>8</b>	<b>10.25</b>	<b>3.15</b>	<b>4.71</b>	<b>64</b>
Reduced hours/month	735	630	200	0	160	0	840	504	756	3825
Full Time employee equivalent of reduced hours	5	4	1	0	1	0	5	3	5	24
Reduced Employee benefits Y/N	N	N	N	N	N	N	Y	N	N	11%
Moratorium/Freeze on salary increases Y/N	Y	Y	N	N	N	N	Y	Y	Y	56%
Planned salary reductions Y/N	N	N	Y	N	N	N	Y	N	N	22%
<b>Estimated Annual Revenue loss</b>										
January 2012 -200% -180% Federal Poverty Level (FPL	\$ 80,883	\$ 54,978	\$ -	\$ 166,605	\$ -	\$ 116,721	\$ 148,225	\$ 97,650	\$ 51,821	\$ <b>716,883</b>
April 180% to 150% FPL	\$ 64,160	\$ 87,360	\$ -	\$ 173,200	\$ -	\$ 161,287	\$ 79,520	\$ 56,532	\$ 77,662	\$ <b>699,721</b>
July 150% - 100% FPL	\$ 43,830	\$ 51,805	\$ 70,000	\$ 45,000	\$ -	\$ 148,554	\$ 34,375	\$ 67,179	\$ 139,166	\$ <b>599,909</b>
September 100% FPL	\$ 40,500	\$ 28,000	\$ 60,000	\$ 103,920	\$ 67,000	\$ 66,849	\$ 11,988	\$ 33,514	\$ 41,432	\$ <b>453,203</b>
<b>TOTAL</b>	<b>\$ 229,373</b>	<b>\$ 222,143</b>	<b>\$ 130,000</b>	<b>\$ 488,725</b>	<b>\$ 67,000</b>	<b>\$ 493,411</b>	<b>\$ 274,108</b>	<b>\$ 254,875</b>	<b>\$ 310,081</b>	<b>\$ 2,469,716</b>

\* Providers surveyed comprised of large day care centers with license capacity of 130 or more children who offered information confidentially

\*\* Reduced hours Full Time Eliminated Employee equivalent = Reduced hours divided by 4.33 weeks per month divided by 37 hour week

**Suffolk County Welfare to Work Commission  
2012 Report on Suffolk County Child Care Closures  
September 14, 2012**

**Suffolk County Licensed Child Care Providers 2012**

<u>Modality</u>	<u># licensed</u>	<u># listed closed</u>	<u>% closed</u>
Day Care Center	197	7	4%
Family Day Care	308	45	15%
Group Family Day Care	367	14	4%
School Age Child Care	114	3	3%
<b>Total</b>	<b>986</b>	<b>69</b>	<b>7%</b>

**Day Care Centers** - provide care for more than six children at a time, not in a personal residence.

**Family Day Care Homes** - provide care for three to six children at a time in a residence; may add one or two school-age children. The maximum allowable number of children will depend on whether there are and how many infants are in care.

**Group Family Day Care Homes** - provide care for seven to twelve children at a time in a residence; may add one or two school-age children. The maximum allowable number of children will depend on whether there are and how many infants are in care. A provider must use an assistant when more than six children are present.

**School-Age Child Care Programs** - provide care for more than six children from kindergarten through age twelve. Care for children during non-school hours; also may provide care during school vacation periods and holidays.

