

***State of New York  
Office of the State Comptroller  
Division of Management Audit  
and State Financial Services***

**OFFICE OF CHILDREN AND FAMILY  
SERVICES**

**CHILD DAY CARE PLANNING UNDER  
WELFARE REFORM**

**REPORT 97-S-50**



***H. Carl McCall***

*Comptroller*



# State of New York Office of the State Comptroller

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## Division of Management Audit and State Financial Services

### Report 97-S-50

Mr. John A. Johnson  
Commissioner  
Office of Children and Family Services  
Capital View Office Park  
52 Washington Street  
Rensselaer, NY 12144

Dear Mr. Johnson:

The following is our report on child day care planning under welfare reform.

This audit was performed pursuant to the State Comptroller's authority as set forth in Section 1, Article V of the State Constitution and Section 8, Article 2 of the State Finance Law. Major contributors to this report are listed in Appendix A.

*Office of the State Comptroller  
Division of Management Audit  
and State Financial Services*

October 19, 1998

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# Executive Summary

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## Office of Children and Family Services

### Child Day Care Planning Under Welfare Reform

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#### Scope of Audit

Effective August 20, 1997, the newly created Office of Children and Family Services (OCFS) assumed responsibility for administering the State's child welfare programs, including day care. The former Department of Social Services (Department) had been responsible for these programs. OCFS's Bureau of Early Childhood Services (Bureau) is responsible for overseeing the provision of all regulated child day care services in the State to ensure that day care is provided in secure and healthy environments.

In August 1996, the Federal government enacted welfare reforms that establish various work participation requirements for two parent families with children and single parent families with children. States which fail to achieve the participation rate for a particular year could be subject to a Federal sanction of 5 percent of their TANF Block Grant amount.

The success of welfare reform is dependent on placing persons in work activities. The availability of day care is an integral factor in enabling work activity placement. Therefore, the absence of sufficient day care would reduce a person's chances for finding employment. The cumulative effect of such a lack of day care will impact the State's ability to successfully implement welfare reform and to obtain the intended benefits.

Our audit addressed the following question relating to OCFS's child day care planning under welfare reform for the period January 1, 1996 through January 31, 1998:

- Has OCFS done adequate planning to ensure sufficient day care will be available for recipients entering work activities as a result of welfare reform?

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#### Audit Observations and Conclusions

OCFS needs to improve its planning to ensure sufficient day care will be available for recipients entering work activities. OCFS has taken steps to contact local social services districts (districts) and the various child care resource and referral agencies to initiate collaborative planning. However, it has not developed an adequate method to estimate the number and location of children who will need day care under welfare reform. As a result, OCFS could be at risk of not having a sufficient supply of day care in the locations needed.

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Advance planning is needed for OCFS to coordinate the resources to ensure adequate day care is available in the areas of most need. Our audit showed that OCFS was delayed in its planning efforts related to day care. Part of this delay can be attributed to the passage of the Federal and State welfare reform acts: the Federal legislation was vague in certain respects and the State's legislation was not passed until August 1997. Nevertheless, as early as 1994, copies of the proposed legislation were distributed to state welfare departments for review and comment. However, the Bureau did not begin regional planning sessions until April 1997. As of January 31, 1998, OCFS had not identified the number and location of children who would need day care under welfare reform. (See pp. 5-7)

We found that OCFS officials have taken steps to contact local districts concerning certain aspects of the State's day care system. However, OCFS did not seek input from the districts in determining the statewide need for day care. We believe that input from the districts is important in developing meaningful estimates of the State's day care needs. We sent a questionnaire to the districts to determine whether they had estimated their day care needs. Of 58 districts surveyed, 32 districts either did not respond to our survey or their responses contained insufficient data for our analysis. OCFS needs to address this situation to ensure that the districts are able to provide appropriate input in the determination of needed day care. (See pp. 7-8)

Our analysis of available data indicates that 108,758 additional children will need day care over the four year period ending September 30, 2001 to accommodate welfare reform. Therefore, an adequate system to plan for and develop the necessary supply of day care is needed. In addition, such a system must include a monitoring function to identify differences between the estimates and actual needs as welfare reform is implemented over the coming years. (See pp. 8-10)

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## **Response of OCFS Officials**

OCFS officials disagree with the methodology we used to estimate the number of children needing day care during the five year period ending September 30, 2001. OCFS's complete response is included as Appendix B to this report. State Comptroller's Notes, which address matters contained OCFS's response, are included as Appendix C.

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<b>Exhibit 1</b>	Estimate of the Children Needing Day Care For the Year Ended September 30, 1997
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<b>Exhibit 2</b>	Estimate of the Children Needing Day Care For the Year Ending September 30, 1998
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<b>Exhibit 3</b>	Estimate of the Children Needing Day Care For the Year Ending September 30, 1999
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<b>Exhibit 4</b>	Estimate of the Children Needing Day Care For the Year Ending September 30, 2000
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<b>Exhibit 5</b>	Estimate of the Children Needing Day Care For the Ending September 30, 2001
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<b>Appendix A</b>	Major Contributors to This Report
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<b>Appendix B</b>	Response of OCFS Officials
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<b>Appendix C</b>	State Comptroller's Notes
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# Introduction

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## Background

During a portion of the period covered by our audit, the Department of Social Services (Department) was responsible for administering the State's child welfare programs. Effective August 20, 1997, the newly created Office of Children and Family Services (OCFS) assumed responsibility for these programs, including day care. OCFS's Bureau of Early Childhood Services (Bureau) is responsible for overseeing the provision of all regulated child day care services in the State to ensure that day care is provided in secure and healthy environments.

The Office oversees the State's 58 local social services districts (districts), including the Human Resource Administration (HRA) of New York City that are responsible for administering the State's public assistance programs. Child Care Resource and Referral Agencies (CCRR) aid the Office and the districts in the administration of the State's day care programs. Inherent in these activities is the identification of the number and location of children who will require day care under welfare reform.

In New York State both regulated and legally exempt (informal) day care exist. Informal day care providers operate less than three hours per day or care for fewer than three children or care for children related to the provider. All other providers must be registered or licensed. According to OCFS, as of July 1997, there were more than 22,500 formal child day care providers statewide, with a capacity to serve 400,000 children ages six weeks through 12 years.

Regulated (formal) day care providers include:

- family day care homes, serving from 3 to 6 children plus two additional school age children when they are not in school,
  - school-age child care providers, caring for school age children less than 13 years old at a permanent site before or after school,
  - group family day care homes, serving from 7 to 12 children in a home environment, and
  - child day care centers, caring for seven or more children outside a home environment.
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In August 1996, the Federal government enacted welfare reforms that eliminated open-ended entitlement funding of the Aid to Families With Dependent Children (AFDC) program and replaced it with a block grant to the states. AFDC's replacement, the Temporary Assistance to Needy Families (TANF) program, includes a five-year lifetime limit on cash benefits. Welfare reform establishes various work participation requirements. For single parent families, the work participation rate was 25 percent for the year ended September 30, 1997 and increases 5 percent a year until reaching 50 percent for the year ending September 30, 2002 and beyond. The legislation grants states a credit to this rate based on reductions in their caseload since 1994. According to OCFS, with this credit, New York State's participation rate for the year ended September 30, 1997 was 19.3 percent. States which fail to achieve the participation rate for a particular year could be subject to a Federal sanction of 5 percent of their TANF Block Grant amount. The New York State Legislature implemented the requirements of the Federal Welfare Reform Act through legislation passed in August 1997.

The success of welfare reform is dependent on placing persons in work activities. The work requirements are intended to help recipients become self-sufficient by allowing them to transition into long-term, full-time employment. Based on the level of income the recipients receive from their employment, the recipients may still qualify for reduced TANF benefits. The availability of day care is an integral factor in enabling work activity placement. Therefore, the absence of sufficient day care would reduce a person's chances for finding employment. The cumulative effect of such a lack of day care will impact the State's ability to successfully implement welfare reform and to obtain the intended benefits.

There are exemptions from work participation requirements. For example, an exemption exists for parents of severely disabled children or parents who themselves are disabled. Also, at the time of our audit, local districts were required to give TANF recipients at least two choices of formal child care providers who are accessible, available and willing to accept the amount and type of payment offered by the local districts. (Subsequent to the passage of New York State's welfare reform legislation, TANF recipients must attempt to locate day care, and if unsuccessful, the local district must provide referrals to at least two providers, one of which must be regulated.) Local districts cannot reduce or end public assistance payments to recipients for their failing to participate in work activities due to a lack of child care.

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## **Audit Scope, Objective and Methodology**

We audited activities related to child day care planning under welfare reform for the period January 1, 1996 through January 31, 1998. The objective of our performance audit was to determine whether OCFS has done adequate planning to ensure sufficient day care will be available for recipients entering work activities as a result of welfare reform.

To accomplish our objective, we interviewed OCFS officials, assessed Bureau procedures and regulations, reviewed Bureau planning efforts, and sent questionnaires to the local districts to determine their planning efforts related to day care. We also used OCFS's Welfare Management System (WMS) to develop a methodology for estimating the number and location of children who would need day care under the Federal and State welfare reform laws. WMS is OCFS's database of information related to recipients of the State's welfare and social services programs. We did not independently verify the data on the WMS or the day care data provided by the local districts. However, OCFS officials provided us with evidence that they routinely test the reliability of WMS data. These tests document that WMS data is reasonably accurate.

We conducted our audit in accordance with generally accepted government auditing standards. Such standards require that we plan and perform our audit to adequately assess those operations which are included within our audit scope. Further, these standards require that we understand the internal controls and compliance with those laws, rules and regulations that are relevant to our audit scope. An audit includes examining, on test basis, evidence supporting transactions recorded in the accounting and operating records and applying such other auditing procedures as we consider necessary in the circumstances. An audit also includes assessing the estimates, judgments and decisions made by management. We believe that our audit provides a reasonable basis for our findings, conclusions and recommendations.

We use a risk-based audit approach when selecting activities to be audited. This approach focuses our audit efforts on those operations that have been identified through a preliminary survey as having the greatest possibility for needing improvement. Consequently, by design, finite audit resources are used to identify where and how improvements can be made. Thus, little audit effort is devoted to reviewing operations that may be relatively efficient and effective. As a result, our audit reports are prepared on an "exception basis." This report, therefore, highlights those areas needing improvement and does not address activities that may be functioning properly.

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## **Response of OCFS Officials to Audit**

Draft copies of this report were provided to OCFS officials for their review and comment. Their comments have been considered in preparing this report and are included as Appendix B.

Within 90 days after final release of this report, as required by Section 170 of the Executive Law, the Commissioner of the Office of Children and Family Services shall report to the Governor, the State Comptroller and the leaders of the Legislature and fiscal committees, advising what steps were taken to implement the recommendations contained herein, and where recommendations were not implemented, the reasons therefor.

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## Availability of Day Care

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To successfully implement the requirements of welfare reform, the State needs to have sufficient day care available in the geographic areas of most need to improve a person's chances for employment. As the State implements the welfare reform legislation and is required to move larger percentages of its public assistance caseload into work related activities, greater numbers of welfare recipients are likely to need child day care. Therefore, OCFS must have a plan in place that identifies the number and location of children who will need day care as the State proceeds through each year of Federal welfare reform.

Advance planning is needed for OCFS to coordinate the resources to ensure adequate day care is available in the areas of most need, since a certain degree of lead time is necessary to create new day care. We believe proper planning should include certain elements. For example, planning should include development of demographic information from OCFS's WMS, to identify the number and location of needed day care. OCFS should consult with local districts and the child care resource and referral agencies to confirm the accuracy of the WMS analysis and to get their input on expected child day care needs. This collaborative effort would help produce a meaningful estimate of the State's day care needs resulting from welfare reform. Ongoing monitoring of the development of day care is important to ensure that fluctuations in actual demands are being met and that if not, modifications are adequately planned for.

Although OCFS has taken steps to contact local districts concerning certain aspects of the State's day care system, OCFS did not obtain input from these districts to determine the number and location of children who will need day care. While OCFS provided us with its estimate of day care needs for the year ended September 30, 1997, OCFS has not done long range planning through September 30, 2001. Further, the estimates provided by OCFS for the year ended September 30, 1997 did not give details concerning the geographic location where the day care was needed. In addition, OCFS did not seek input from the districts in determining the statewide need. We believe the local districts can provide valuable input.

Our analysis of available WMS data indicates that OCFS's first year estimate of child day care needs was understated by over 51,000 children. Further, our analysis suggests that as many as 108,758 additional children will need day care over the four year period ending September 30, 2001. An adequate system to plan for and develop the necessary day care supply

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is needed. Such a system must include a monitoring function to identify differences between the estimates and actual needs as the implementation of welfare reform progresses.

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## **Day Care Planning**

We found that OCFS was delayed in its planning efforts related to child day care. Part of this delay can be attributed to the passage of the Federal and State welfare reform acts: the Federal legislation was vague in certain respects and the State's legislation was not passed until August 1997. Some of the delay in planning may have been unavoidable because the Federal legislation did not fully define the terms of the program's requirements. For example, the gross work participation rate in the first year was 25 percent, and the states will receive a reduction to this rate requirement for prior years' successes in reducing their public assistance caseload. Further, the legislation does not define how this rate reduction will be precisely determined, nor fully define the activities that will count toward work participation activities.

While the vagueness of the Federal legislation could have hampered the development of precise estimates of the participation rate and resulting day care needs, the planning process should have been initiated on a statewide and local district level shortly after the passing of the Federal legislation in August 1996. If this had been done, adjustments needed to reflect changes resulting from the Federal and State legislation could have been incorporated to the planning process and revision made to the original estimate of the number and location of children who will need day care.

The concept of welfare reform has been in the forefront of discussion for many years. As early as 1994, copies of the proposed legislation were distributed to state welfare departments for review and comment. However, regional planning sessions by the Bureau did not begin until April 1997.

Because the provision of day care in the State is overseen by OCFS and implemented by the local districts, we sent a questionnaire to the local districts to determine whether they had estimated their day care needs. Of 58 local districts surveyed, 32 districts either did not respond to our survey, or their responses contained insufficient data for our analysis. OCFS needs to address this situation to ensure that the local districts are able to provide appropriate input in the determination of the number and location of children needing day care.

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Twenty-six local districts provided sufficient data for analysis, including an estimate of children needing day care for the year ended September 30, 1997 and a description of their planning process (e.g., TANF caseload analysis, WMS demographics, local district data bases, and discussions with child care resource and referral agencies, local departments of labor, job training units, school districts and Head Start Programs). These 26 local districts reported that an additional 6,408 children would need day care for the first year of welfare reform ended September 30, 1997. Because there is no data for the remaining 32 local districts, which include New York City, we conclude that OCFS needs to work together with the local districts and other appropriate agencies to develop a method for determining the number and location of children who will need day care.

During our audit, OCFS officials told us that during 1997 they had begun regional sessions that brought together district commissioners and child care resource referral agency representatives for planning purposes. The purpose of these meetings was to discuss plans for the implementation of welfare reform in the districts and to describe the role of the CCRRs in this effort. These officials also stated that they have worked in conjunction with the CCRRs to expand day care capacity by setting day care development targets which include identifying under served populations and had undertaken several initiatives to strengthen and expand the quality of available day care. This includes such activities as regulation revision, parent and provider training, informal care development, and development of a computer system to automate and support the regulation of child day care. While these efforts, if successful, will improve the availability of quality day care, OCFS still needs a method to identify the children and the geographic areas in need of day care.

We also noted that OCFS received funding to subsidize 14,100 additional day care slots for the year ended September 30, 1997. We asked Bureau officials to explain the basis for the 14,100 estimate. They indicated that, from past experience, the placement of an individual into work activities resulted in an additional .7 children who would need day care. Bureau officials indicated that about 19,000 individuals had to be placed into work activities during the year ended September 30, 1997 to meet the State's participation rate of 19.3 percent. These factors contributed to the estimate of 14,100 children needing day care. In addition, the State's 1998-99 budget includes \$21 million to subsidize payments for 49,000 more children in day care than the pre-welfare reform subsidy program was able to.

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While we recognize OCFS efforts in planning for future day care needs under welfare reform, we believe that this effort would be buttressed by pro-active determinations of where day care is needed.

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## **Estimated Day Care Need Based on TANF Population**

Because OCFS did not have an effective system in place to estimate day care needs under welfare reform, we developed a methodology to estimate this need. At our request, OCFS officials provided us with a computer tape from the WMS, containing demographic information related to the approximately 725,000 children and 378,000 adult recipients who were receiving public assistance benefits as of July 31, 1997. We used this data to estimate the number and location of additional children who would need day care through September 30, 2001.

We excluded certain data from our analysis because welfare reform exempts certain TANF recipients from the work activity requirement, as follows:

- a disabled parent or disabled child,
- a primary caretaker over the age of 60,
- children age 13 or older,
- a child currently under the age of one year old and their siblings,
- ineligible aliens or persons with unknown citizenship,
- children annotated in the WMS as already in day care, and
- children only households.

In addition to the exemptions that are provided for by legislation, we excluded two parent households and 4,828 households which had missing dates of birth.

The TANF household population that remained was comprised of single parent households with children between the ages of one and 12 years old. Children in these households represented those needing day care because their parents had to locate employment or work related activities as a result of welfare reform. We then sorted this information on a county by county basis.

WMS data showed that there were 339,258 children in households receiving TANF as of July 1997. According to OCFS, for the first year of welfare reform ended September 30, 1997, the required work participation rate is 19.3 percent. Using this rate we estimated that 65,477 children ( $339,258 \times .193$ ) needed day care during the year ended

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September 30, 1997 (See Exhibit 1). Our estimate for the first year identifies children in those local districts where day care will be needed.

Additionally, while OCFS reported that the State had met the participation rate for the year ended September 30, 1997, OCFS officials could not provide us with data showing the extent that work placements came from the population of TANF cases with children needing day care. For example, work placements could have come from cases without children such as persons enrolled in the State's Home Relief program. The success of the State's implementation of welfare reform depends upon enabling employable TANF recipients, including single parents with children, to be placed in work activities. Current processes provide no assurance that this is happening.

The welfare reform work participation rate increases 5 percent each year starting at 25 percent during the year ended September 30, 1997. We have estimated the number of additional children who may need day care for each year after reducing the total population of children available by the number of children placed in prior years. Included in the population of children are those less than a year old and their siblings as they will require child care during this time period. Our estimates exclude those children who are currently nine years old or older as they will not require day care by 2001. Also not included or considered for this population are newborn children of TANF households during years two through five of welfare reform (e.g., the years ending September 30, 1998 through September 30, 2001) who will age into child care and new TANF households with children needing care. Therefore, we believe our methodology results in a conservative estimate of children that will require future day care.

We have estimated the additional child day care needs for the years ending September 30, 1998 through September 30, 2001 as follows:

Year End September 30,	Children Needing Day Care
1998	50,681
1999	19,358
2000	19,359
2001	19,360
Total	108,758

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Exhibits two through five of this report show the details of our computations.

Our estimates are based on data available to us at the time of our audit and based on assumptions we believe are appropriate to reasonably determine the number of children that will require day care as a result of welfare reform. We believe that OCFS officials could build upon our analysis to formulate their own methodology and estimate day care slots needed as a result of welfare reform. As the implementation of welfare reform progresses, the estimates used by OCFS need to be monitored to determine their continued relevance.

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## **Recommendations**

1. Work in conjunction with local districts in developing and formalizing a methodology to determine future day care needs in all areas throughout the State. Use the WMS database as well as input from the local districts as part of developing this estimate.

(OCFS officials stated that they regularly consult with local social services districts in addressing child care needs, including regional sessions, invitations to take a direct developmental and oversight role and Project Bridge.

Auditors' Comment: The OCFS's response fails to address the crux of the recommendation, which is development of a method to estimate the number and location of children who will need day care as a result of welfare reform.)

2. Review the planning process for all local districts and determine the validity and reliability of their planning methodology.

(OCFS officials stated local social services districts were awaiting passage of State law and budget and that it was unreasonable to expect that districts were in a position to develop strategic plans at the time of the audit. According to OCFS officials, since passage of the State's welfare reform legislation, local districts have been developing local responses to all aspects of Welfare Reform and will formalize the child care portions of their new approaches in the child care section of the Consolidated Services Plan.

Auditors' Comment: The issue of welfare reform has been discussed since 1995. Integral to these discussions has been the topic of work participation requirements for public assistance recipients. Although at the time of our audit State welfare reform legislation had not passed, the underpinning for this legislation, the Federal Welfare Reform Act, became law in August 1996. While the absence of State law may have precluded OCFS from developing specific policies and procedures for implementing welfare reform at the State level, OCFS could have initiated a planning process designed to determine whether sufficient day care existed in each county for the children of those public assistance recipients who would be entering work or work related activities.)

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### **Recommendations (continued)**

3. After estimating the need of each local district, initiate the development of day care providers to ensure a sufficient supply of day care exists.

(OCFS officials stated that the ongoing development of day care supply is not driven exclusively by a static needs assessment of local social services districts. According to the officials, the overall needs of New York's families require an ongoing effort to strengthen the child care market for all families. OCFS officials further stated that they have and will continue to support an agenda to expand the supply and improve the quality of child care.

Auditors' Comment: We urge OCFS officials to identify the location and number of children who will require child care as part of their efforts to expand the supply and improve the quality of child care.)

4. Continually monitor and revise as necessary the estimated need for day care as a result of the methodology developed by OCFS and the local districts.

(While disagreeing with the methodology we employed in this audit, OCFS officials concurred that any methodology developed to project need must be updated to reflect new information, trends and data.

Auditors' Comment: We encourage OCFS officials to develop a methodology which projects day care needs in each county of the State and takes account of all relevant information, trends and data.)

**Estimate of Children Needing Day Care  
For the Year Ended  
September 30, 1997**

Counties	Total Cases	Total Children	Work Activity Rate	Total Children Needing Day Care
ALBANY	3,343	2,795	19.30%	539
ALLEGANY	750	435	19.30%	84
BROOME	2,511	1,684	19.30%	325
CATTARAUGUS	804	485	19.30%	94
CAYUGA	550	320	19.30%	62
CHAUTAUQUA	2,021	1,406	19.30%	271
CHEMUNG	1,190	906	19.30%	175
CHENANGO	316	183	19.30%	35
CLINTON	676	472	19.30%	91
COLUMBIA	495	321	19.30%	62
CORTLAND	464	318	19.30%	61
DELAWARE	267	180	19.30%	35
DUTCHESS	1,710	1,268	19.30%	245
ERIE	16,578	14,049	19.30%	2,712
ESSEX	258	176	19.30%	34
FRANKLIN	496	319	19.30%	62
FULTON	490	329	19.30%	64
GENESEE	260	192	19.30%	37
GREENE	472	276	19.30%	53
HAMILTON	9	6	19.30%	1
HERKIMER	369	280	19.30%	54
JEFFERSON	1,275	827	19.30%	160
LEWIS	137	88	19.30%	17
LIVINGSTON	456	240	19.30%	46
MADISON	261	159	19.30%	31
MONROE	14,318	13,835	19.30%	2,670
MONTGOMERY	362	272	19.30%	52
NASSAU	5,707	5,379	19.30%	1,038
NIAGARA	2,848	2,362	19.30%	456
ONEIDA	2,575	2,179	19.30%	421
ONONDAGA	7,208	6,639	19.30%	1,281
ONTARIO	670	418	19.30%	81
ORANGE	3,022	2,353	19.30%	454
ORLEANS	421	236	19.30%	46
OSWEGO	1,252	903	19.30%	174
OTSEGO	203	163	19.30%	31
PUTNAM	147	82	19.30%	16
RENSSELAER	1,344	1,032	19.30%	199
ROCKLAND	1,290	925	19.30%	179
ST. LAWRENCE	1,479	928	19.30%	179
SARATOGA	423	278	19.30%	54
SCHENECTADY	1,549	1,241	19.30%	240
SCHOHARIE	151	101	19.30%	19
SCHUYLER	94	59	19.30%	11
SENECA	193	135	19.30%	26
STEUBEN	1,169	827	19.30%	160
SUFFOLK	8,392	7,339	19.30%	1,416
SULLIVAN	663	444	19.30%	86
TIOGA	434	253	19.30%	49
TOMPKINS	571	329	19.30%	63
ULSTER	1,585	1,214	19.30%	234
WARREN	202	110	19.30%	21
WASHINGTON	519	329	19.30%	63
WAYNE	847	680	19.30%	131
WESTCHESTER	9,756	9,164	19.30%	1,769
WYOMING	189	92	19.30%	18
YATES	103	41	19.30%	8
NEW YORK CITY	246,864	251,202	19.30%	48,482
TOTAL	352,708	339,258	19.30%	65,477

**Estimate of Children Needing Day Care  
For The Year Ending  
September 30, 1998**

Counties	Total Cases	Total Children	Work Activity Rate	Total Children Needing Day Care	Prior Year Placements	Net Children Needing Day Care
ALBANY	3,343	3,468	30.00%	1040	539	501
ALLEGANY	750	496	30.00%	149	84	65
BROOME	2,511	1,999	30.00%	600	325	275
CATTARAUGUS	804	601	30.00%	180	94	87
CAYUGA	550	442	30.00%	133	62	71
CHAUTAUQUA	2,021	1,744	30.00%	523	271	252
CHEMUNG	1,190	1,177	30.00%	353	175	178
CHENANGO	316	219	30.00%	66	35	30
CLINTON	676	555	30.00%	167	91	76
COLUMBIA	495	399	30.00%	120	62	58
CORTLAND	464	388	30.00%	116	61	55
DELAWARE	267	201	30.00%	60	35	26
DUTCHESS	1,710	1,574	30.00%	472	245	227
ERIE	16,578	16,872	30.00%	5,062	2,712	2,350
ESSEX	258	199	30.00%	60	34	26
FRANKLIN	496	368	30.00%	110	62	49
FULTON	490	386	30.00%	116	64	52
GENESEE	260	253	30.00%	76	37	39
GREENE	472	348	30.00%	104	53	51
HAMILTON	9	6	30.00%	2	1	1
HERKIMER	369	328	30.00%	98	54	44
JEFFERSON	1,275	962	30.00%	289	160	129
LEWIS	137	109	30.00%	33	17	16
LIVINGSTON	456	287	30.00%	86	46	40
MADISON	261	209	30.00%	63	31	32
MONROE	14,318	16,563	30.00%	4,969	2,670	2,299
MONTGOMERY	362	339	30.00%	102	52	49
NASSAU	5,707	6,227	30.00%	1,868	1,038	830
NIAGARA	2,848	2,816	30.00%	845	456	389
ONEIDA	2,575	2,666	30.00%	800	421	379
ONONDAGA	7,208	8,173	30.00%	2,452	1,281	1,171
ONTARIO	670	519	30.00%	156	81	75
ORANGE	3,022	2,891	30.00%	867	454	413
ORLEANS	421	307	30.00%	92	46	47
OSWEGO	1,252	1,068	30.00%	320	174	146
OTSEGO	203	196	30.00%	59	31	27
PUTNAM	147	97	30.00%	29	16	13
RENSSELAER	1,344	1,250	30.00%	375	199	176
ROCKLAND	1,290	1,118	30.00%	335	179	157
ST. LAWRENCE	1,479	1,081	30.00%	324	179	145
SARATOGA	423	341	30.00%	102	54	49
SCHENECTADY	1,549	1,583	30.00%	475	240	235
SCHOHARIE	151	126	30.00%	38	19	18
SCHUYLER	94	62	30.00%	19	11	7
SENECA	193	153	30.00%	46	26	20
STEUBEN	1,169	965	30.00%	289	160	129
SUFFOLK	8,392	8,534	30.00%	2,560	1,416	1,144
SULLIVAN	663	542	30.00%	163	86	77
TIOGA	434	310	30.00%	93	49	44
TOMPKINS	571	414	30.00%	124	63	61
ULSTER	1,585	1,445	30.00%	434	234	200
WARREN	202	145	30.00%	43	21	22
WASHINGTON	519	375	30.00%	113	63	49
WAYNE	847	811	30.00%	243	131	112
WESTCHESTER	9,756	10,543	30.00%	3,163	1,769	1,394
WYOMING	189	115	30.00%	35	18	17
YATES	103	51	30.00%	15	8	7
NEW YORK CITY	246,864	281,772	30.00%	84,532	48,482	36,050
TOTAL	352,708	387,188	30.00%	116,158	65,477	50,681

**Estimate of Children Needing Day Care  
For The Year Ending  
September 30, 1999**

Counties	Total Cases	Total Children	Work Activity Rate	Total Children Needing Day Care	Prior Year Placements	Net Children Needing Day Care
ALBANY	3,343	3,468	35.00%	1,214	1,040	174
ALLEGANY	750	496	35.00%	174	149	25
BROOME	2,511	1,999	35.00%	700	600	100
CATTARAUGUS	804	601	35.00%	210	180	30
CAYUGA	550	442	35.00%	155	133	22
CHAUTAUQUA	2,021	1,744	35.00%	610	523	87
CHEMUNG	1,190	1,177	35.00%	412	353	59
CHENANGO	316	219	35.00%	77	66	11
CLINTON	676	555	35.00%	194	167	27
COLUMBIA	495	399	35.00%	140	120	20
CORTLAND	464	388	35.00%	136	116	20
DELAWARE	267	201	35.00%	70	60	10
DUTCHESS	1,710	1,574	35.00%	551	472	79
ERIE	16,578	16,872	35.00%	5,905	5,062	843
ESSEX	258	199	35.00%	70	60	10
FRANKLIN	496	368	35.00%	129	110	19
FULTON	490	386	35.00%	135	116	19
GENESEE	260	253	35.00%	88	76	12
GREENE	472	348	35.00%	122	104	18
HAMILTON	9	6	35.00%	2	2	0
HERKIMER	369	328	35.00%	115	98	17
JEFFERSON	1,275	962	35.00%	337	289	48
LEWIS	137	109	35.00%	38	33	5
LIVINGSTON	456	287	35.00%	100	86	14
MADISON	261	209	35.00%	73	63	10
MONROE	14,318	16,563	35.00%	5,797	4,969	828
MONTGOMERY	362	339	35.00%	119	102	17
NASSAU	5,707	6,227	35.00%	2,179	1,868	311
NIAGARA	2,848	2,816	35.00%	986	845	141
ONEIDA	2,575	2,666	35.00%	933	800	133
ONONDAGA	7,208	8,173	35.00%	2,860	2,452	408
ONTARIO	670	519	35.00%	181	156	25
ORANGE	3,022	2,891	35.00%	1,012	867	145
ORLEANS	421	307	35.00%	107	92	15
OSWEGO	1,252	1,068	35.00%	374	320	54
OTSEGO	203	196	35.00%	69	59	10
PUTNAM	147	97	35.00%	35	29	5
RENSSELAER	1,344	1,250	35.00%	437	375	62
ROCKLAND	1,290	1,118	35.00%	391	335	56
ST. LAWRENCE	1,479	1,081	35.00%	378	324	54
SARATOGA	423	341	35.00%	119	102	17
SCHENECTADY	1,549	1,583	35.00%	554	475	79
SCHOHARIE	151	126	35.00%	44	38	6
SCHUYLER	94	62	35.00%	22	19	3
SENECA	193	153	35.00%	54	46	8
STEUBEN	1,169	965	35.00%	338	289	49
SUFFOLK	8,392	8,534	35.00%	2,987	2,560	427
SULLIVAN	663	542	35.00%	190	163	27
TIOGA	434	310	35.00%	109	93	16
TOMPKINS	571	414	35.00%	145	124	21
ULSTER	1,585	1,445	35.00%	508	434	72
WARREN	202	145	35.00%	51	44	7
WASHINGTON	519	375	35.00%	131	112	19
WAYNE	847	811	35.00%	284	243	41
WESTCHESTER	9,756	10,543	35.00%	3,690	3,163	527
WYOMING	189	115	35.00%	40	35	5
YATES	103	51	35.00%	18	15	3
NEW YORK CITY	246,864	281,772	35.00%	98,620	84,532	14,088
TOTAL	352,708	387,188	35.00%	135,516	116,158	19,358

**Estimate of Children Needing Day Care  
For The Year Ending  
September 30, 2000**

Counties	Total Cases	Total Children	Work Activity Rate	Total Children Needing Day Care	Prior Year Placements	Net Children Needing Day Care
ALBANY	3,343	3,468	40.00%	1,387	1,214	173
ALLEGANY	750	496	40.00%	198	174	24
BROOME	2,511	1,999	40.00%	800	700	100
CATTARAUGUS	804	601	40.00%	240	210	30
CAYUGA	550	442	40.00%	177	155	22
CHAUTAUQUA	2,021	1,744	40.00%	698	610	88
CHEMUNG	1,190	1,177	40.00%	471	412	59
CHENANGO	316	219	40.00%	88	77	11
CLINTON	676	555	40.00%	222	194	28
COLUMBIA	495	399	40.00%	160	140	20
CORTLAND	464	388	40.00%	155	136	19
DELAWARE	267	201	40.00%	80	70	10
DUTCHESS	1,710	1,574	40.00%	630	551	79
ERIE	16,578	16,872	40.00%	5,749	5,905	844
ESSEX	258	199	40.00%	80	70	10
FRANKLIN	496	368	40.00%	148	129	19
FULTON	490	386	40.00%	154	135	19
GENESEE	260	253	40.00%	101	88	13
GREENE	472	348	40.00%	139	122	17
HAMILTON	9	6	40.00%	2	2	0
HERKIMER	369	328	40.00%	131	115	16
JEFFERSON	1,275	962	40.00%	385	337	48
LEWIS	137	109	40.00%	44	38	5
LIVINGSTON	456	287	40.00%	115	100	15
MADISON	261	209	40.00%	84	73	11
MONROE	14,318	16,563	40.00%	6,625	5,797	828
MONTGOMERY	362	339	40.00%	136	119	17
NASSAU	5,707	6,227	40.00%	2,491	2,179	312
NIAGARA	2,848	2,816	40.00%	1,126	986	140
ONEIDA	2,575	2,666	40.00%	1,066	933	133
ONONDAGA	7,208	8,173	40.00%	3,269	2,860	409
ONTARIO	670	519	40.00%	208	181	27
ORANGE	3,022	2,891	40.00%	1,156	1,012	144
ORLEANS	421	307	40.00%	123	107	16
OSWEGO	1,252	1,068	40.00%	427	374	53
OTSEGO	203	196	40.00%	78	69	9
PUTNAM	147	97	40.00%	39	34	5
RENSSELAER	1,344	1,250	40.00%	500	437	63
ROCKLAND	1,290	1,118	40.00%	447	391	56
ST. LAWRENCE	1,479	1,081	40.00%	432	378	54
SARATOGA	423	341	40.00%	136	119	17
SCHENECTADY	1,549	1,583	40.00%	633	554	79
SCHOHARIE	151	126	40.00%	50	44	6
SCHUYLER	94	62	40.00%	25	22	3
SENECA	193	153	40.00%	61	54	7
STEUBEN	1,169	965	40.00%	386	338	48
SUFFOLK	8,392	8,534	40.00%	3,414	2,987	427
SULLIVAN	663	542	40.00%	217	190	27
TIOGA	434	310	40.00%	124	109	15
TOMPKINS	571	414	40.00%	166	145	21
ULSTER	1,585	1,445	40.00%	578	506	72
WARREN	202	145	40.00%	58	51	7
WASHINGTON	519	375	40.00%	150	131	19
WAYNE	847	811	40.00%	324	284	40
WESTCHESTER	9,756	10,543	40.00%	4,217	3,690	527
WYOMING	189	115	40.00%	48	40	6
YATES	103	51	40.00%	20	18	2
NEW YORK CITY	246,864	281,772	40.00%	112,709	98,620	14,089
TOTAL	352,708	387,188	40.00%	154,875	135,516	19,359

**Estimate of Children Needing Day Care  
For The Year Ending  
September 30, 2001**

Counties	Total Cases	Total Children	Work Activity Rate	Total Children Needing Day Care	Prior Year Placements	Net Children Needing Day Care
ALBANY	3,343	3,468	45.00%	1,560	1,387	173
ALLEGANY	750	496	45.00%	223	198	25
BROOME	2,511	1,999	45.00%	900	800	100
CATTARAUGUS	804	601	45.00%	270	240	30
CAYUGA	550	442	45.00%	199	177	22
CHAUTAUQUA	2,021	1,744	45.00%	785	698	87
CHEMUNG	1,190	1,177	45.00%	530	471	59
CHENANGO	316	219	45.00%	98	88	10
CLINTON	676	555	45.00%	250	222	28
COLUMBIA	495	399	45.00%	180	160	20
CORTLAND	464	388	45.00%	175	155	20
DELAWARE	267	201	45.00%	90	80	10
DUTCHESS	1,710	1,574	45.00%	708	630	78
ERIE	16,578	16,872	45.00%	7,592	6,749	843
ESSEX	258	199	45.00%	90	80	10
FRANKLIN	496	368	45.00%	165	148	17
FULTON	490	386	45.00%	174	154	20
GENESEE	260	253	45.00%	114	101	13
GREENE	472	348	45.00%	157	139	18
HAMILTON	9	6	45.00%	3	2	1
HERKIMER	369	328	45.00%	148	131	17
JEFFERSON	1,275	962	45.00%	433	385	48
LEWIS	137	109	45.00%	49	44	5
LIVINGSTON	456	287	45.00%	129	115	14
MADISON	261	209	45.00%	94	84	10
MONROE	14,318	16,563	45.00%	7,453	6,625	828
MONTGOMERY	362	339	45.00%	153	136	17
NASSAU	5,707	6,227	45.00%	2,802	2,491	311
NIAGARA	2,848	2,816	45.00%	1,267	1,126	141
ONEIDA	2,575	2,666	45.00%	1,200	1,066	134
ONONDAGA	7,208	8,173	45.00%	3,678	3,269	409
ONTARIO	670	519	45.00%	234	208	26
ORANGE	3,022	2,891	45.00%	1,301	1,156	145
ORLEANS	421	307	45.00%	138	123	15
OSWEGO	1,252	1,068	45.00%	481	427	54
OTSEGO	203	196	45.00%	88	78	10
PUTNAM	147	97	45.00%	44	39	5
RENSSELAER	1,344	1,250	45.00%	563	500	63
ROCKLAND	1,290	1,118	45.00%	503	447	56
ST. LAWRENCE	1,479	1,081	45.00%	486	432	54
SARATOGA	423	341	45.00%	153	136	17
SCHENECTADY	1,549	1,583	45.00%	712	633	79
SCHOHARIE	151	126	45.00%	57	50	7
SCHUYLER	94	62	45.00%	28	25	3
SENECA	193	153	45.00%	69	61	8
STEUBEN	1,169	965	45.00%	434	386	48
SUFFOLK	8,392	8,534	45.00%	3,840	3,414	426
SULLIVAN	663	542	45.00%	244	217	26
TIOGA	434	310	45.00%	140	124	16
TOMPKINS	571	414	45.00%	186	166	20
ULSTER	1,585	1,445	45.00%	650	578	72
WARREN	202	145	45.00%	65	58	7
WASHINGTON	519	375	45.00%	169	150	19
WAYNE	847	811	45.00%	365	324	41
WESTCHESTER	9,756	10,543	45.00%	4,744	4,217	527
WYOMING	189	115	45.00%	52	46	6
YATES	103	51	45.00%	23	20	3
NEW YORK CITY	246,864	281,772	45.00%	126,797	112,709	14,088
TOTAL	352,708	387,188	45.00%	174,235	154,875	19,360

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# Major Contributors to This Report

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Kevin McClune  
Michael Solomon  
Richard Sturm  
Robert Mainello  
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Valerie Grey  
Donald Collins  
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ALCOCK BELLER  
100 N. WASHINGTON ST.  
RENSSELAER, NY 12144

George E. Pataki  
Governor

State of New York  
**Office of Children and Family Services**

Capital View Office Park  
52 Washington Street -- Rensselaer, NY 12144

John A. Johnson  
Commissioner

July 17, 1998

Honorable H. Carl McCall  
Comptroller, State of New York  
Alfred E. Smith State Office Building  
Albany, NY 12224

Re: OSC Report #97-S-50  
Child Day Care Planning Under  
Welfare Reform

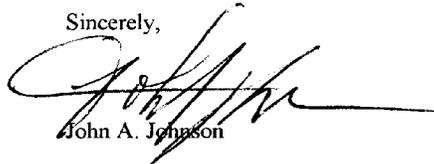
Dear Mr. McCall:

I have reviewed the above-referenced draft audit report. Our detailed response is attached for your information. We at the Office of Children and Family Services are committed to and engaged in continuous improvement of the child day care program.

Unfortunately, we do not believe that this audit of our planning for child care needs under welfare reform was helpful. The audit was undertaken in connection with the broader audit of child care licensing and inspection activities. It was an effort to assess the degree to which New York State had effectively planned for the child care needs associated with welfare reform legislation. Unlike the broader study, this section of the study is based on faulty methodology, overlooks major relevant activities, and does not attempt to offer any constructive assistance to the Office's ongoing efforts to meet the challenge of welfare reform.

Please contact me if you have any questions or wish to discuss this further.

Sincerely,



John A. Johnson

Att.

cc: R. King  
D. Winslow

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**Appendix B**

Office of Children and Family Services  
Response to OSC Report 97-S-50  
Child Day Care Planning Under Welfare Reform

Staff of the Office of Children and Family Services have taken the opportunity to review the draft document issued as a result of the Office of State Comptroller's audit of planning for child care under welfare reform.

**Overall Concerns with Timing and Methodology:**

The Comptroller's Office added this section to the audit at a midway point of the licensing audit, timing this expansion to the debate among the Senate, Assembly and Governor's Office concerning the passage of the 1997-98 Budget and Welfare Reform Legislation. OSC described the audit as an evaluation of whether the then Department of Social Services had effectively planned for the child care needs under the State's Welfare Reform efforts. While willing to discuss efforts we were taking to generally expand child care and ready communities for the impending welfare reform changes, we tried to impress on OSC staff that it was impossible to present policies and activities to implement laws that had not been passed.

As an example of the problems caused by the timing of the audit, the last paragraph of page 2 of the report states that local districts must give TANF recipients at least two choices of formal child care providers who are accessible, available and willing to accept the amount and type of payment offered by the local districts. While that statement was true prior to the passage of New York State's welfare reform legislation, it is no longer accurate. The requirement is now that the TANF recipient must attempt to locate care, and if unsuccessful, the local district must provide them with referrals to at least two providers, one of which must be a regulated provider. This fundamental change is a clear example as to why certain aspects of planning for child care needs under welfare reform could not be finalized until the legislative process was completed.

Another inaccuracy in the report occurs in the last paragraph of page 7, which states that the State's 1998-99 budget includes \$21 million to subsidize payments for 49,000 children in day care during the year ending September 30, 1998. This is incorrect. The \$21 million is not targeted to support subsidy for 49,000 children. Rather, the overall subsidy program, with these additional funds, now supports 49,000 more children than the pre-welfare reform subsidy program was able to.

There are also methodological flaws and omissions in the report. They are outlined below.

First, the report continues to confuse child care subsidy counts with child care slot capacity needs. While increased child care utilization has a direct relationship with the need to increase licensed and registered capacity, it is not a "one-for-one" relationship. Our subsidy caseload reflects both part-time and full time child care cases. It also includes children in all forms of care, both exempt and licensed. The report does acknowledge that some percentage of children will use informal or exempt care. However, it neglects the fact that in the regulated arena, more than one child may be accommodated in a single child care slot. Especially in family day care and school aged care, there are numerous instances of a

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Note  
1

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Note  
2

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Note  
4

program having enrollment well above their licensed capacity due to the complimentary hours of program utilization among children.

In addition, the report seems to work from the perception that every child care slot in the State of New York was in full utilization and thus the addition of each child required expansion beyond current licensed capacity. While we all concur that significant expansion is necessary, a random round of phone calls to licensed and registered providers will reveal empty slots, especially for the 3-4 year old age group.

\*  
Note  
4

As stated earlier, the report offers an alternative to the Governor's projection of the number of children requiring child care in year one of welfare reform. That number is 65,477. The first year is over and caseload increases far more closely resemble the Governor's projections than the OSC projection. In addition, we did meet our work participation requirements. therefore, by definition, there was no unmet child care needs related to TANF requirements in federal fiscal year 1996-97.

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Note  
5

\*  
Note  
6

It is important to correct the misconceptions under which OSC constructed their projection. OSC simply took all children on the ADC caseload and subtracted out certain categories such as disabled parent, children under the age of one and their siblings, children over 13, etc. These reductions were based on the premise that these children would be in families that would not be engaged in a work activity.

Even this adjustment would be insufficient. This "subtraction" approach suggests that every work assignment triggers a need for child care. This has clearly not been the experience in the past either for public assistance families or other families. For many school aged children, work assignments are fully accommodated during the child's school day, alleviating any need for child care. As was demonstrated in the Governor's original budget submissions, claiming history showed that for every adult engaged in a work activity, it triggered .7 additional child care subsidy cases. Since child care funding was an open-ended entitlement prior to welfare reform, trending off of claiming history is a much more reliable predictor of future growth than simply looking at the global child population on public assistance. This flaw in logic is repeated in the projections made for each of the other years.

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Note  
7

Another concern we have with the OSC methodology is the assumption they use in years two through five relating to the required work activity rates. In the absence of hard data, OSC assumed a worst case scenario of 30 percent in year two, increasing by five percentage points each year thereafter.

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Note  
8

The federal requirement for year one was 25 percent, subject to downward adjustments based on caseload reductions. In New York, this reduced the work activity rate from 25 percent to 19.3 percent in year one. We believe it is unrealistic to use 30 percent in year two. If 25 percent were used instead of 30 percent (which we believe is realistic based on New York's continuing success in lowering its TANF caseload), the OSC projections would be significantly lower in year two. We believe that similar reductions in years three to five are also warranted.

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Note  
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Note  
8

The caseload reductions (which have continued into the current federal fiscal year) have a compounding effect on child care need because each case closing also reduces the number of children on TANF. Thus, if one examines

\*  
Note  
9

Exhibits 1 to 5, not only are the work participation rates in question, but so is the column labeled "children available". Taken together, a more realistic projection of these two factors would potentially eliminate the number of children needing day care in order to meet required work participation rates for many counties.

\*  
Note  
9

The report gives passing reference to the intensive work undertaken to strengthen the overall capacity and responsiveness of the child care system. We believe strongly that parents in low income and TANF families should have access to the overall child care market. It is a basic principle of New York State's child care system that poor children's child care needs should not be planned for separately, cordoned off into segregated child care facilities designed to meet the needs of welfare agencies. Thus, our efforts have been to significantly expand capacity and plan for child care needs at the local level.

We have been intensively working to increase licensed and registered capacity. At the time that OSC requested data on licensed and registered care, the Statewide capacity was 388,000. As of September 30, 1997, that number had increased to over 417,000, and as of March 31, 1998, the Statewide capacity is over 427,000. Through the targeted investment of state and federal funding, additional expansion is under way. Our current year investments to quality and capacity expansion are yielding concrete results. Over the course of this fiscal year, we have funded child care start up activities that have, or will, result in the following increases in capacity:

47,848 new family day care slots  
1,465 day care center slots  
890 school aged child care slots.

In addition, numerous providers received grants to improve the health and safety of existing programs. This enhances the retention of existing slots.

The report also neglects the following initiatives:

- o As part of Welfare reform, the Governor called for, and succeeded in winning, the **establishment of standards for informal child care providers who are receiving subsidy funds**. This "hole" in our net has long been lamented by many within the child care community. While fully recognizing that many parents will choose informal child care, and respecting their decision to do so, this Administration believes that with the investment of public funds, we have the right to partner with the parent to ensure that the environment in which the child is cared for is safe and appropriate.
  - We are currently finalizing regulations and procedures that will be used by local social services districts in ensuring that these standards are complied with.
  - We have contracted with Cornell University to develop and pilot specialized training and support strategies for informal child care providers. Recognizing that many of these providers are part of the extended family or support system of the family receiving care, the project will look to build off family preservation and support models rather than traditional training strategies.

- The budget contains funds to offer informal child care providers assistance in meeting health and safety standards, such as supplying first aid kits, fire extinguishers etc. and encourage their use of toy and equipment loans through child care resource and referral councils.
- o **The Bridge Child Care Training and Placement Program** is a collaborative effort among various state agencies to prepare TANF recipients to be employed as day care center or school age child care program workers or to operate their own family day care business. It is anticipated that this program will increase the supply of child care, thus enabling other TANF recipients to participate in work activities. The program provides intensive training, internship and placement assistance. Thirty-six counties are currently implementing this program.
- o **Parent Education strategies are under development.** We must empower the most important monitors of care; parents and guardians. Therefore, we will be unveiling shortly a parent education campaign to first help parents make good, quality choices when selecting child care, whether it is in an informal setting or an accredited day care center. Second, it will remind parents that their choice is remade every day they drop their child off at care, and to realize they are responsible to help and ensure the continued appropriateness of that selection. We will continue to fund a Statewide 800 # for parents with questions and concerns about their child care program.
- o **Training for child care providers has been revamped and expanded.** All child care providers in New York State must participate in ongoing training. Over the past year, we have revolutionized our approach to supporting the training needs of child care providers. Unlike the previous approach which essentially locked providers into one way of meeting the training requirement, the new approach recognizes that individual providers have varying needs for information and support. It offers a variety of options and permits providers to select those which best address their specific training needs, interests, and abilities as well as those which are the best fit for their individual learning styles and personal schedules and responsibilities including:
  - Building on the research which shows that the level of provider education and training is a crucial contributor to the quality of care, an Educational Incentive Program has been established furnishing scholarships to help eligible providers pay costs associated with taking credit-bearing courses, attending conferences and workshops, and attaining an early childhood credential or certificate.
  - Through advances in teleconferencing technology, we now bring recognized experts in the child care field to the provider community in a cost effective manner. Monthly interactive teleconferences are attended by over 2500 providers at 80 sites statewide.
  - In addition, we sponsor specialized training contracts in the language and culture of providers, including Chinese, Spanish, Haitian Creole, and Yiddish/Russian. At the same time, we continue to ensure that most basic training needs - CPR, First Aid and Program Management - are included in the training plan.

- o **Special Needs Children are being more fully included in the child care community.** The Office of Children and Family Services, the State Education Department and the Department of Health are working aggressively to make sure that infants and pre-schoolers with handicapping conditions are encouraged to participate in inclusionary child day care programs, and that any special services are delivered in these settings. The collaborative efforts include special training programs and other supports.
- o **Child care resource & referral network (CCR&R) has been refocused on the needs of low income and TANF families.** The accessibility of child care is mitigated by the degree to which parents have the knowledge and support to seek out and negotiate workable child care arrangements. While these agencies have been a valuable resource to the general public, they were not well used by low income and public assistance families. Therefore, in the last year, the contracts for the 40 State funded CRRs have been restructured with specific performance milestones for increasing service to low income and TANF families.
- o **A new Child Care Facility Computer System is being developed.** OSC has been fully briefed on this effort as part of the licensing segment of this audit. However, as a reminder, we are currently building the capacity to automate and support the regulation of child day care, including registration/licensure and inspection. The system will give parents, resource and referral staff and others more accurate information in their search for the right child care placement for their child. It will also allow us to track enforcement actions more aggressively, and finally will interface with the claiming and payment systems to ensure compliance with Federal laws regarding the payment of child day care subsidies.

**Agency Response to specific recommendations:**

- Recommendation #1: Work in conjunction with local districts in developing and formalizing a methodology to determine future day care needs in all areas throughout the State. Use the WMS database as well as input from the local districts as part of developing this estimate.**

The Office consults regularly with local social services districts in addressing child care needs. Beyond the regional sessions referenced above, we have also issued an invitation to local social services districts to take a more direct role in the development and oversight of family day care and school aged child care. The description of Project Bridge, above, provides another concrete example of tools and partnership for local social services districts.

We are also holding regional technical assistance sessions throughout the State during late-June through July to assist local social services districts in developing county child care plans. While the major focus of the plans is the structure of county child care subsidy programs, the plan document is also structured to provide input on broader child care needs.

What the OSC report fails to acknowledge is that there is not, and should not be, a segregated child care system for poor children. Thus, our efforts have been to bring low income families and local social services districts into a more empowered position in shaping the overall child care market within their communities. To this end, the contracts with child care resource and referral agencies as described above, have been restructured to ensure local social services districts' needs are incorporated into the work conducted by these key actors in the local child care community.

**Recommendation #2: Review the planning process for all local districts and determine the validity and reliability of their planning methodology.**

At the time of the OSC survey, local social services districts were awaiting passage of State law and budget. Thus it was unreasonable to expect that they were in a position to develop strategic plans at the time of the audit. Local districts, since passage of the State's welfare reform legislation, have been developing innovative and progressive local responses to all aspects of welfare reform. Over the course of the next few months, they will formalize the child care portions of their new approaches in the child care section of the Consolidated Services Plan. As noted before, OCFS will be holding technical assistance sessions for counties on the development of that plan in June and July.

**Recommendation #3: After estimation the need of each local district, initiate the development of day care providers to ensure a sufficient supply of day care slots.**

As mentioned previously, the ongoing development of day care supply is not driven exclusively by a static needs assessment of local social services districts. The overall needs of New York's families require an ongoing and aggressive effort to strengthen the child care market for all families, including low income and TANF families. The Office of Children and Family Services has, and will continue to support an aggressive agenda to expand the supply and improve the quality of child care in New York State. A review of the companion audit to this report on the Office's enormous progress in ensuring the health and safety of child care is testament to our work in this arena.

**Recommendation #4: Continually monitor and revise as necessary the estimated need for day care slots as a result of the methodology developed by OCFS and the local districts.**

While we do not concur with the narrow focus of the methodology, we fully concur that any methodology developed to project need must be updated to reflect new information, trends and data.

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# State Comptroller's Notes

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1. Contrary to the statement by OCFS officials, we did not add this section to the audit at the midway point of the "licensing audit," timing the expansion to the debate among the Senate, Assembly and Governor's Office concerning the passage of the 1997-98 Budget and Welfare Reform legislation. We undertook an audit of child day care, a component of which was planning for welfare reform. However, the Bureau of Early Childhood Services was unable to document its efforts to identify those counties in New York State where children of welfare recipients needed day care. To provide the time to pursue this matter, we divided our audit into two reports, and issued a separate report on one component titled Monitoring Health and Safety at Child Day Care Providers (96-S-88, issued June 10, 1998). This report, Child Day Care Planning Under Welfare Reform, covers the second component of the audit.
2. The issue of welfare reform has been discussed since 1995. Integral to these discussions has been the topic of work participation requirements for public assistance recipients. Although at the time of our audit State welfare reform legislation had not passed, the underpinning for this legislation, the Federal Welfare Reform Act, became law in August 1996. While the absence of State law may have precluded OCFS from developing specific policies and procedures for implementing welfare reform at the State level, OCFS could have initiated a planning process designed to determine whether sufficient day care existed in each county for the children of those public assistance recipients who would be entering work or work related activities.
3. We have amended the final report to reflect OCFS's comments in response to the draft report.
4. We disagree with the statements by OCFS officials that our report confuses child day care subsidy counts with child care slot capacity needs and that our report seems to work from the perception that every child day care slot in New York State was in full utilization and, thus, the addition of each child required expansion beyond current licensing capacity. As we state consistently throughout our report, we attempted to estimate the number and location of children who would need day care under welfare reform. Additionally, OCFS could not provide us with the data necessary to convert the number of children needing day care into day care slots.
5. OCFS officials state that the first year of welfare reform is over and caseload increases far more closely resemble the Governor's projection than the OSC projection. However, the OCFS officials did not include the Governor's projection of day care needs in their response and when we asked them for the number they did not provide it to us.
6. According to OCFS officials, they met Federal work participation requirements and therefore there were no unmet child care needs related to TANF requirements in Federal fiscal year 1996-97. This statement is misleading. New York State has prepared and sent to the Federal government its documentation that it met the work participation requirements. However, this documentation, which is based on a statistical sampling of public assistance recipients who entered the job market, is subject

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to audit and adjustment by the Federal government. Therefore, until the data is audited and accepted by the Federal government, New York State may not have met Federal work participation requirements. Additionally, during the course of our audit, OCFS officials could not provide us with data showing the extent to which work placements came from the population of TANF cases with children needing day care, and not, for example, from the population of Home Relief cases.

7. Throughout the course of their response, OCFS officials disagree with our methodology for estimating the number and location of children who will need day care because of welfare reform. At several points during the audit, including the exit conference, we explained our methodology and asked for input. At the same time, we asked OCFS officials to provide us with documentation of their methodology for estimating the number of children needing day care by county. OCFS officials did not provide us with alternatives to our methodology or the details of their methodology.
8. The OCFS response accurately states that our methodology for estimating the number and location of children needing day care used work participation rates for years two through five as contained in the Federal welfare reform statute. These rates increase 5 percent each year from 30 percent in year two to 45 percent in year five. New York State is eligible to receive a reduction in the work participation rate in the first year, which is 25 percent, subject to downward adjustment based on prior year caseload reductions. According to OCFS officials, the Federal government will reduce New York State's work participation rate for the first year to 19.3 percent from 25 percent. Further, according to OCFS officials, similar reductions in work participation rates in years two through five are also warranted. However, as explained in note 6 above, New York's asserted 19.3 percent work participation rate has not been accepted by the Federal government, and is subject to audit and adjustment. We believe that our estimate of the number of children needing day care is conservative and less likely to underestimate the number of children needing day care.
9. According to OCFS officials, continuing caseload reductions have a compounding effect on child care need because each case closing also reduces the number of children on TANF and, as a result, the column labeled "Children Available" on Exhibits 1 through 5 is in question. We based our analysis on the welfare roles as of July 31, 1997. We did not consider the effect that caseload reductions would have on our estimates. In this regard, OCFS officials did not provide any data to support their assertion regarding caseload reductions. To clarify our report, we revised the column headings on Exhibits 1 through 5 to state "Total Children Needing Day Care" and "Net Children Needing Day Care." Exhibit 1 displays the number and location of children who we estimate will need day care during the year ended September 30, 1997. Exhibit 2 displays the total number and location of children who we estimate will need day care during the year ending September 30, 1998. We reduced this total by the number of children accounted for in the year ended September 30, 1997. Exhibits 3 through 5 use a similar methodology to arrive at the net number of children who may need day care.