



**Testimony of Day Care Council of New York
Before the New York City Council Committee on Education
Honorable Eric Dinowitz, Chair and
The Subcommittee on Early Childhood Education
Honorable Jennifer Gutierrez, Chair
On Late Payments to Child Care Providers**

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Thank you, Chair Dinowitz and Chair Gutierrez, and members of the Committee on Education and the Subcommittee on Early Childhood Education, for the opportunity to testify. We appreciate the City Council's longstanding engagement on the issue of late payments to early childhood education providers and its commitment to ensuring that on-time payments are integral to the City's move toward universal early childhood education.

The Day Care Council of New York (DCCNY) is the membership organization of early care and education providers across New York City. DCCNY envisions a future in which all children have access to high-quality early childhood education and providers and their workforce have the tools and resources needed to deliver it.

DCCNY supports its members and the broader early childhood field through policy research and advocacy, labor relations and mediation, workforce training and

professional development, and referral services for families seeking child care. Our member organizations operate more than 200 sites across all five boroughs.

Most DCCNY member organizations contract with the New York City Public Schools, while others rely on child care vouchers issued by ACS and HRA, federally funded Head Start contracts, or private funding. Collectively, DCCNY member organizations employ over 4,000 New Yorkers – predominantly Black and Brown women - and serve children and families citywide.

Early Childhood Expansion

Governor Hochul and Mayor Mamdani recently announced several historic investments in early childhood education, which have since been included in the Governor's Executive Budget Proposal. These include:

- The launch of 2-Care in New York City, beginning this year in two school districts, and
- A \$1.2 billion investment in the Child Care Assistance Program (CCAP), to help move families off wait lists and into child care.

These investments will only succeed if early childhood providers and the workforce have the infrastructure needed to operate sustainably. On-time payments to contracted child care providers are a crucial part of this infrastructure, and DCCNY looks forward to working with the administration and the City Council to strengthen payment systems and ensure stability.

Late NYCPS Payments

While NYCPS has taken steps to improve invoice processing, late payments remain a significant challenge to providers. In 2023, DCCNY surveyed over 250 early care and education providers. Of these respondents, 64% of providers remained unpaid for the previous month's services. Many rely on personal and business loans to continue to operate.

In interviews with DCCNY members, providers consistently described the financial strain caused by late payments, particularly the burden of interest and late fees incurred while awaiting NYCPS payments. Among providers forced to bridge payment gaps, 25% obtained a business loan and 26% took out personal loans. Others relied on external grants (13%) or private funds (34%). In some cases, the financial pressure caused by chronic late payments has forced programs to shut their doors.

When loans are used to cover payroll, even one month of interest payments can be devastating for already resource-constrained early care providers.

Late payments continue to result in serious consequences, including:

- Missed payroll, leading even the most dedicated staff to seek new or additional employment or struggle financially;
- Missed payments to vendors; and
- Missed payments for employee benefits.

DCCNY supports the City Council's consideration of legislation requiring NYCPS to report publicly on invoices received from contracted child care providers, including:

- The number of invoices submitted;
- The number of invoices paid in full and the number partially paid;
- The average processing time; and
- The number of outstanding invoices.

This transparency will provide critical information to providers and the public, help identify systemic issues, and support improvements to payment processes.

In addition, DCCNY urges the City to:

- **Increase advances to 75% of contract value.** Providers are guaranteed 75% of contract value; advancing the guaranteed portion would improve cash flow and allow for more effective planning and budgeting.
- **Hold providers harmless from enrollment-based penalties while NYCPS controls enrollment.** As long as enrollment is managed through a centralized system, providers should not be penalized for under-enrollment, consistent with protections afforded to early childhood programs operating in public schools.

Thank you for the opportunity to testify. We are happy to answer any questions and can be reached at gbrender@dccnyinc.org and slohr@dccnyinc.org.