Reaching Independent Providers: Reimagining Networks and Contracts for Universal Child Care in NYC

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Sharrock Strategy Group partners with organizations working to advance early childhood and K-12 education systems, bringing added capacity in research, facilitation, policy, and program design.

Acknowledgments

Providers, networks, and advocates who know this system from the inside want a voice in designing the universal child care system Mayor Mandami has committed to build. In that vein, this report is the product of a collaborative research and design process with these and other community stakeholders. Their lived experience and voices were the primary source of both the data and the ideas in these pages. Our role was to listen closely and to iterate with them on policy solutions that respond to the challenges and opportunities they see in the field. The individuals and organizations who participated are listed in Appendix A. We extend special thanks to Danielle Demeuse for convening her network colleagues, and to ECE on the Move for bringing providers together to shape and test these ideas.

We acknowledge our colleagues at the Center for New York City Affairs. We thank Lauren Melodia for her thought partnership. We thank Kristin Morse, Emily Nonko, and Yuku Kusanagi for editorial and design support.

We also thank the dedicated leaders across our City agencies and the Mayor’s office for their thoughtful engagement as we began the work of imagining how these proposals can be implemented inside our complex government systems.

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Executive Summary

The architecture of universal child care, a core campaign promise of Mayor Mamdani, is being set in New York City today. But for many child care providers, the current system doesn't work well enough to encourage them to partake in this historic expansion. **As the City implements an ambitious rollout of 2-K, nearly 5,500 Family Child Care providers, most of them low-income women of color, are at risk of being left out[1].**

Family Child Care (FCC), small businesses owned and operated by providers in their own homes, has long been a core component of the city's care infrastructure. While the Mayor made a promise to include FCC providers in the universal program, bureaucratic obstacles stand in the way and create an existential threat for the FCC community.

Since 2019, the City has overseen the contracted child care system under New York City Public Schools (NYCPS) and primarily through contracts with Family Child Care Networks (FCCN), member organizations offering technical assistance, training, and peer support. FCCNs also manage payments and enrollments for affiliated providers. As part of the expansion to universal care, all FCC providers are required to contract with the City through an FCCN. Many unaffiliated FCC providers are hesitant to do so: current contract terms, centralized enrollment, and payment processing constrain providers and networks alike.

Given this urgent challenge, the Center for New York City Affairs (CNYCA) and Sharrock Strategy Group came together to develop actionable recommendations for reforming New York City's Family Child Care contracting and network system. This report is the result of extensive engagement encompassing more than 30 interviews across 20 organizations, 10 focus groups, and six months of iterative design based on feedback from FCC providers, FCCN staff, advocates, national experts, the Mayor's Office of Child Care and Early Childhood Education, NYCPS Division of Early Childhood Education, and other stakeholders.

The current landscape

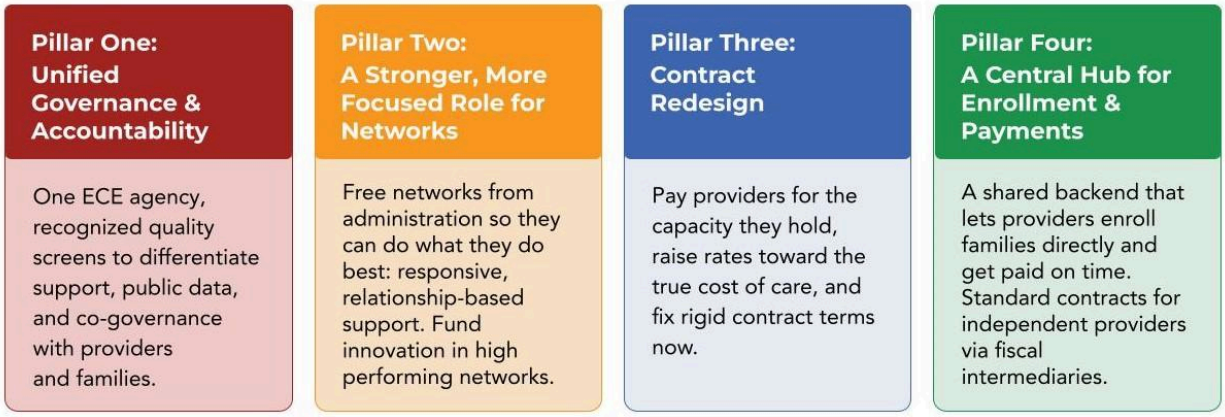
In Section One, the report documents the current landscape for networks and providers based on this engagement. Here we highlight an existing alternative – in which NYCPS directly contracts with Group Family Child Care (GFCC) providers – that demonstrates the City already possesses the contracting infrastructure, oversight model, and budget templates necessary to fund and contract with FCC providers at parity with center-based programs.

[1] CNYCA analysis of Citizens Committee for Children (2023); New York State Office of Children and Family Services (2025).

Section Two outlines where the care architecture is currently breaking down: a centralized enrollment system, procurement rigidity, 3-K funding models, compensation below minimum wage, compliance-driven network constraints, and a lack of clarity on current policy and procedures. The patterns documented across our research point to a contract architecture and agency capacity that is insufficient for either providers or networks to succeed.

The path forward: four pillars of reform

Feedback from FCC providers and network staff informed an ambitious proposal for a path forward, envisioned in Section Four as four distinct pillars of reform. Each pillar is designed to support every type of FCC provider within a unified ecosystem: those affiliated with networks, those with direct contracts, and independent providers who want to join a universal system.



In one focus group with the leadership council of ECE on the Move, only 33 percent of providers said they were likely to participate in 2-K in the current network model. When asked if they would participate in 2-K if the City implemented the proposals described in this report, 78 percent of providers said they would.

What the City can do today

This level of systemic change will take time. What is required now is the willingness to test, innovate, and invest in new systems and approaches that can increase FCC provider access to and participation in a publicly-funded universal system. Pursuing all four reforms in parallel gives the City real-world data before scaling, responds to urgent provider concerns, and helps ensure that new public investments strengthen rather than inadvertently destabilize the sector.

Section Six outlines three phases of implementation (planning and testing, building and evaluating, scaling and consolidating) over the next three years. Phase One includes immediate reforms we urge the city to invest in right away.

When we asked providers what the City should prioritize to prevent them from going out of business while it works towards universal care, top responses focused on increased funding to keep providers in business. **This report urges the Mayor's Office of Child Care and Early Childhood Education to expand its investment and broaden eligibility for its Emergency Microgrant Fund through a workforce fund.**

The report also urges the City to reconsider its ambitious implementation timeline and sole focus on using NYCPS's existing network contracts to reach universal access. Instead, **the City should continue to invest in not just reducing but ending the voucher waitlist and quickly pursuing alternative structures for contracted care so providers can participate in 2-K expansion.**

Most importantly, for the City to make universal child care a meaningful reality, it must invest upfront in a co-designed approach grounded in participation and continuous feedback from stakeholders including FCC providers. These recommendations are a starting point, not a conclusion.

While the majority of stakeholders agree that the current system cannot support our ambitions for universal care, they are hungry for reform, risk taking, innovation, and change. CNYCA plans to bring providers, network staff, and City partners together to discuss and strengthen these proposals and determine next steps.

Introduction

It is well established that the expansion of Pre-K and then 3-K left many Family Child Care (FCC) providers out. During the 3-K expansion, the city lost 1,300 FCC businesses as a result.

As soon as it became clear that the Mamdani administration would utilize the network requirement and contracts to implement universal child care, the Center for New York City Affairs (CNYCA) and Sharrock Strategy Group came together to develop actionable recommendations for reforming New York City's Family Child Care contracting and network system. We set out to examine the opportunities and also the structural challenges of the current network model and to propose both near-term changes to existing network contracts and longer term changes needed to create equitable, sustainable pathways for all FCC providers and the families and communities they serve.

Our engagement included interviews and focus groups with licensed FCC and Group Family Child Care (GFCC) providers, network directors and staff, City agency staff, stakeholders working in the field, and advocates. We asked what is actually working, what is not, and what alternatives are viable in practice. As ideas took shape, we brought them back to providers and network leaders in focus groups to test assumptions, surface risks, and refine the proposals. We also shared these proposals with City leadership and agency staff to better understand their needs and perspectives.

We have integrated all of this feedback into this report, which proposes and outlines a new model. The proposals included here strengthen the role of networks, potentially increasing their appeal to providers, and creates a pathway for independent providers to contract with the City. In a focus group of ECE on the Move's (ECEOTM) leadership committee, only 33 percent of providers said they are likely to participate in 2-K in the current network model. When asked if they would participate in 2-K if the City implemented the proposal described in this report, 78 percent of providers said they would (ECE on the Move, focus group, 2026).

Many current challenges stem from strong ideas that faltered in implementation. For the City to make universal child care a meaningful reality, it must invest upfront in a co-designed approach, grounded in participation and continuous feedback from stakeholders. CNYCA plans to bring providers, network staff, and City partners together to discuss and strengthen these proposals and determine next steps. This is a starting point, not a conclusion. We hope you will join us.

With respect and in partnership,

Emily Sharrock, Sharrock Strategy Group
Lauren Melodia, Center for New York City Affairs at The New School
on behalf of the FCC providers and networks engaged in this project

1. The Current Landscape

Family Child Care networks

Nationally, FCC networks (FCCNs) have been a promising vehicle for supporting and sustaining Family Child Care (FCC) programs. Affiliation with a staffed FCCN is closely associated with higher-quality care, as these organizations provide essential, ongoing professional development that is often unavailable to isolated providers (Bromer 2009; Bromer and Porter 2019). By offering relationship-based technical assistance and peer support, networks help ameliorate the professional isolation inherent in FCC programs and increase providers' sense of professionalism and self-efficacy (Bromer and Porter 2019; Melvin et al. 2025).

The rationale for these networks is rooted in their ability to bridge the gap between independent small businesses and complex public systems, serving as essential intermediaries that help providers navigate state licensing, child care subsidy programs, and Quality Rating and Improvement Systems (QRIS) (Bromer and Porter 2019; Melvin et al. 2025). They offer scalable infrastructure for delivering comprehensive services – such as developmental screenings and mental health consultations – directly to families and providers (Bromer and Porter 2019; Erikson Institute and Home Grown 2022). Ultimately, networks provide infrastructure that promotes both the economic sustainability of providers and the healthy development of children (Bromer 2009; Erikson Institute and Home Grown 2022).

In New York City, there are many strengths of City-contracted FCCNs. They are primarily housed by established community-based organizations with deep roots in the neighborhoods they serve. The organizations currently operating FCCNs have long histories serving immigrant and low-income families across all five boroughs, in the languages their communities speak, through relationships built over decades. Several FCCNs are housed at multi-service organizations offering a broad portfolio of family and social services, with institutional infrastructure and organizational capacity.

When the City's contract payment delays occur, many of these organizations have had to draw down their reserves to continue paying providers on time while they waited on invoices that sat with the City unprocessed for months (Network staff, interview, 2026). Most providers and smaller FCCNs could not absorb that.

FCCN staff in New York City possess significant expertise, credentials, and familiarity with FCC programs and providers. Network directors are required to hold Master's degrees in social work or early childhood education and relevant experience working in family child care or infant and toddler care. Education directors must hold graduate

degrees and active teaching licensure. Education specialists must have a BA in early childhood or be on a study plan to obtain that credential.

Family Child Care providers

Children thrive when they have a stable, long-term relationship with a trusted caregiver. As mixed-age learning environments, FCC programs are uniquely positioned to offer this quality (Bromer et al. 2021; Sharrock 2025). In New York City, FCC providers are especially critical for outer borough families and those working nontraditional hours. Living in communities they serve, providers offer culturally responsive and linguistically familiar care, and function as community anchors: connecting families to resources, supporting first-time parents, and caring for siblings across multiple years.

New York City Public Schools (NYCPS) require FCCs to be members of a network in order to provide 3-K and now 2-K services on behalf of NYCPS. Only about 20 percent of FCC providers in the city are network affiliated. Many providers deliberately chose not to affiliate with a network, perceiving that the benefits of NYCPS contracts do not currently outweigh the bureaucratic and operational costs.

Providers in the city have expressed a preference for maintaining control over their businesses, fearing that network affiliation brings micromanagement and loss of business identity with little added value. Providers described current NYCPS processes as overly bureaucratic and restrictive and noted no clear financial benefit to contracting, citing low and often delayed payments, long waitlists, and lack of information around opportunities (Melodia and Paredes 2025).

Existing alternative: NYCPS direct contracts with GFCC providers

In the NYCPS system, there is a strict administrative separation between NYC Early Education Centers (NYCEECs), community-based organizations providing early childhood education (ECE) in centers that have direct contracts with NYCPS, and FCC programs, which must be network-affiliated to participate. However, a handful of Group Family Child Care (GFCC) providers operate with independent vendor status, allowing them to bypass traditional networks and hold direct contracts.

According to interviews with one of these providers, the pathway was created through two Requests for Proposals (RFPs) open to providers in targeted zip codes and districts (Independent provider, interview, 2026). Applicants had to satisfy criteria that paralleled the requirements for NYCEECs under Article 47, such as having a lead teacher with a Master's degree and State certification, and the full set of NYCPS vendor requirements (Independent provider, interview, 2026). The direct-contract budget was originally constructed to "make the provider whole" – to cover the realistic operating costs of

running a small business, including rent, payroll, workers' compensation, classroom supplies, and office supplies. Providers received start-up funds of $10,000 to $15,000 to renovate their classroom space when these contracts were launched, compared to roughly $1,000 start-up costs typically available through networks. This allowed direct-contract GFCCs to start their contracts with classroom environments equipped to the same visible standard as NYCEECs (Independent provider, interview, 2026). The initial multi-year contract structure (a two-year term, followed by a five-year term) and budget calibration enabled the first cohort of providers to pay Master's-level teachers a competitive salary at the time of the original RFP – approximately $68,000, which was comparable to the NYCPS rate at the time (Independent provider, interview, 2026).

These current direct contracts are not without flaws. The contracts auto-renew without a cost-of-living adjustment, meaning the original "made whole" budget eroded over seven years as wages, rent, and operating costs increased. More recently, the NYCPS re-enforced enrollment-based budget adjustments – 100 percent of the budget for 12 children enrolled, dropping to 75 percent if enrollment falls below 11 – reintroducing the financial volatility common in the network system, despite fixed underlying costs for staff and rent (Independent provider, interview, 2026). These limitations, however, are correctable parameters within a fundamentally sound architecture.

The direct-contract GFCC cohort demonstrates that the City already possesses the contracting infrastructure, oversight model, and budget templates necessary to fund FCC providers at parity with center-based programs while preserving provider independence and bypassing the network intermediary. However, the contracting process is resource intensive and requires significant technical knowledge to complete. The costs the City incurs by renegotiating contracts with each independent provider – and the risks and challenges this poses to individual providers – could be reduced by offering a standard contract option. It therefore offers a useful New York City precedent for an alternative FCC contracting pathway: one that satisfies the City's interests in quality assurance and direct accountability while addressing the reality that many FCC providers do not want to join a network.

2. What We've Learned Isn't Working

What follows is a synthesis of challenges providers and networks currently face, not a critique of networks themselves. NYCPS staff also provided feedback and clarity on many of the complex issues documented here. What we find is that provider frustration with "the network" is most often frustration with the structural environment: the

contracts, enrollment, and payment processing systems managed by NYCPS. The patterns documented across our research point to a contract architecture and agency capacity that is insufficient for either providers or networks to function.

The below sections walk through where that architecture is breaking down: enrollment, procurement, 3-K funding design, compensation, network constraints, and a lack of clarity on current policy and procedures.

Enrollment

NYCPS's centralized enrollment system constrains the sector's ability to serve children. Networks are locked into rigid seat caps by seat type, so even when providers have open capacity and families ask to enroll, the system often cannot match them. Challenges include:

- No guarantee of even one enrolled child for an affiliated provider. Providers are required to hold slots open when matched with a family during the spring open enrollment period, comply with NYCPS standards, and take on additional work without any compensation or guarantee (Stakeholder, interview, 2026).
- Network seat caps block enrollment even when demand exists. A network at its capped seat limit cannot enroll more eligible children, even if providers have openings and other networks or boroughs have unused capacity and resources (Network staff, interview, 2026; NYCPS staff, interview, 2026).
- Lack of real time capacity information. No one in the system – not NYCPS, not networks, not families – has a reliable real-time view of where capacity actually exists in FCC programs throughout the year.
- FCC providers cannot directly enroll families. Centers can obtain lists of families who ranked their site during the spring open enrollment period as well as enroll families directly during the rest of the year. FCC providers don't. Network staff are in charge of the enrollment process on their behalf. Administration for Children's Services (ACS) has a working FCC on-site enrollment system for the Child Care Assistance Program (CCAP), so it is possible (Melodia and Paredes 2025).
- Long enrollment processing times. Outside of the spring open enrollment period, the eligibility-to-approval process "takes like a month or so," because it has to move through multiple systems, while the child is already being cared for (Network staff, interview, 2026).
- Placement conflicts "happen repeatedly and it breaks trust" (Network staff, interview, 2026). For example, network staff have been told that if NYCPS sends three children, they must place all three, even if it means displacing existing children enrolled in programs. These dynamics drive some network staff to opt into

extra work (referred to as the “opt out” option) to manage the NYCPS recommended placements. Another experience reported is that parents meet a provider in person, the provider helps them apply, and NYCPS or the network places the child elsewhere (Melodia and Paredes 2025). Providers also are asked to hold seats for parents who change their mind in the fall, leaving them without a child to fill a seat (Network staff, interview, 2026).

- While NYCPS has a commitment to equity and parent choice, stakeholders shared that in practice the current enrollment and promotion process leads to "a very palpable feeling" that NYCPS prioritizes filling its school-based and center seats first and FCC seats last with lingering "stigma and prejudice” against the FCC program modality (Network staff, interview, 2026). Stakeholders described the enrollment system as one built for K-12 schools and operated by staff unfamiliar with FCC regulation or early childhood altogether. Stakeholders also shared stories of families being denied FCC placements they requested or re-routed to school-based settings by the NYCPS enrollment process despite expressing a desire to match with FCC care. These dynamics are at odds with values of an enrollment system promised to support family choice.

Procurement

The contract architecture itself is a significant driver of low enrollment. Networks that have real demand cannot always enroll those children because of seat caps. Procurement rules make adjusting those caps hard (NYCPS staff, interview, 2026; Stakeholder, interview, 2026). NYCPS staff clarified with us that contract amendments can be utilized to alter contract terms where appropriate and within their discretion. Some networks report having such flexibility; others do not.

Networks are locked into a specific, contracted number of seats, broken down by borough and seat type (3-K School Day (SDY), 3-K Extended Day/Year (EDY), Infant/Toddler (EDY), and 2-K Extended Day/Full Year (EDFY)). Going above the contract amount triggers a slow, intensive procurement process, not just a contract amendment (NYCPS staff, interview, 2026). Even adjusting seats within the existing contract structure requires a slow negotiation process when moving seats between different seat types (Network staff, interview, 2026; NYCPS staff, interview, 2026).

A network holds separate contracts for each borough it works in with a specific number of seats per age group (infant/toddler, 3-K, now 2-K) (Network staff, interview, 2026). As discussed below, there are further limits to flexibility for 3-K seats due to funding streams. An empty 3-K SDY seat cannot be used to enroll an infant, even if that's the child at the door (Network staff, interview, 2026). Network staff describe a much less onerous process when the ACS previously administered ECE contracts for the City.

Networks used to receive a pool of slots they could use "whichever way we want it" – allocating them across boroughs based on real-time demands – and served children from ages zero to four under a single flexible contract (Network staff, interview, 2026).

NYCPS staff confirmed that the agency started using a full time equivalent (FTE) methodology to increase flexibility between infant and toddler seats and 3-K extended day EDY seats. Because different ages carry different payment rates (due to staffing ratios and other age-based needs), a network can now request a trade for some higher-cost seats for lower-cost seats, or vice versa, so long as the total contract dollars stay within the budgeted amount and borough (Stakeholder, interview, 2026; NYCPS staff, interview, 2026). While this means a network can have some flexibility, this methodology has not been applied to 3-K SDY seats. The process is time consuming and not always responsive to family needs, compared to network staff's previous approval processes under ACS (Network staff, interview, 2026; NYCPS staff, interview, 2026). It is also important to note that this process was not well understood or utilized among the network staff we interviewed.

3-K funding design

The funding structure around procurement and enrollment for network-affiliated FCC providers is a significant challenge. 3-K School Day (SDY) provides six hours and 20 minutes of services across 180 days per year, mirroring a public school calendar (September to June) schedule of roughly 8 a.m. to 2:20 p.m. These seats are paid for with a different funding stream than EDY seats. The FCC program modality tends to appeal to working parents needing EDY seats; network staff report parents chose EDY over SDY (Network staff, interview, 2026; Stakeholder, interview, 2026). Some providers report preferring SDY, because it allows them to obtain higher revenue than they would receive from the EDY contract – by charging a higher rate for after-school or supplementing with a CCAP voucher. However, this requires extra administration on the provider side and many do not have clients with sufficient resources to financially benefit from this SDY model.

Despite the variation in parent demand, resources, and provider preference, networks cannot convert unused 3-K SDY into EDY seats (Network staff, interview, 2026; NYCPS staff, interview, 2026).[2] The regulatory incoherence between these NYCPS seats and CCAP vouchers was tightened in recent years as well. In the past, families with a CCAP voucher who wanted to enroll in 3-K could use their CCAP voucher to cover care from 2:20 p.m. to 6 p.m. to wrap around the SDY seat. That stacking is no longer permitted;

[2] NYCPS staff reported that at one point, due to high demand for EDY seats, the agency gave networks the opportunity to convert a number of their 3K SDY into EDY seats so long as they did not exceed the total contract budget. Many networks took advantage of this, but this has not become standard practice in the agency.

families must now choose one funding stream (Network staff, interview, 2026). This makes SDY even less usable for working families.

The result is unfilled seats that look like low demand but are actually a product design problem. In City FY2025, 7,988 3-K seats throughout the city were unfilled, with 6,068 of those being SDY seats (New York City Mayor's Office of Operations 2026). Those seats appear as low demand, but our interviews suggest they better reflect demand for the wrong type of seat: NYCPS is holding large amounts of SDY capacity that families cannot actually use.

For providers, this translates to lost income and instability. A provider holding open 3-K SDY seats that never get filled, or unable to accept the CCAP voucher for the after-school hours, cannot recover that revenue. Providers absorb the cost of NYCPS's funding architecture without the resources to survive it (Melodia and Paredes 2025).

Compensation

"So wait — you want quality, but you can't afford to pay quality?"

- Provider, ECE On the Move

The compensation problem for FCC programs is not simply that rates are too low. It is that the entire architecture used to set, deliver, and time provider payment is broken – and providers absorb every failure point personally, through their own take-home pay.

The most alarming issue is that providers personally earn below minimum wage. In 2023, the median FCC provider earned $19,047 and the median GFCC provider earned $15,431. When all working hours are counted – including the roughly 21 hours per week spent on cooking, cleaning, paperwork, and planning outside of open business hours – the median hourly take-home pay falls to $4.81 for FCC providers and $4.16 for GFCC providers (Melodia and Paredes 2025).

These poverty wages are the result of network contract rates that do not cover the cost of care or the higher staffing ratios required of FCC providers. NYCPS is using CCAP voucher rates, determined through a flawed "market rate methodology," for its FCCN EDY contract rates (and paying less than the CCAP voucher rate for SDY seats). The methodology determines rates based on a survey of what providers charge private clients. But providers consistently negotiate private rates down because parents cannot afford the true cost of care. Compounding this, contract rates have been locked for five

years with no cost-of-living adjustment – a problem network leadership flagged repeatedly in our interviews (Stakeholder, interview, 2026).

NYCPS contracts for centers do not utilize CCAP rates. Therefore, there's a large disparity between center and FCC seat rates that make adequate staffing impossible. FCC programs have higher staff-to-child ratios than centers but are paid roughly half the per-child rate (Melodia and Paredes 2025). Providers cannot offer wages that compete with center-based assistant teachers now earning $18/hour under the 2024 DC 37/Local 205 agreement – an agreement that, like the 2019 Pre-K parity agreement before it, excluded FCC and GFCC providers and their staff (District Council 37 2024; Parrott 2020). The pattern experts describe as "always going back to salaries" makes it nearly impossible for providers to compete for the workforce 2-K expansion will require (Stakeholder, interview, 2026).

Late and non-payment also turns inadequate rates into cash flow crises. Even with contracts and vouchers in place, over 40 percent of providers report regular late or non-payment from public agencies. NYCPS contracts require FCCNs to pay providers every two weeks, but interviews and survey data make clear this is not consistently practiced. Providers often carry the float on personal credit (Appendix C: Network Affiliation Agreement; Melodia and Paredes 2025).

Network constraints

FCCNs have their own contracts with the City which have become too compliance-driven. Networks are required to deliver a prescribed set of support activities regardless of whether those activities match the actual needs of their providers, the families they serve, or their pedagogical approaches. The result is a system in which networks spend significant capacity demonstrating compliance with a uniform menu of services rather than meeting providers where they are.

Mandated FCCN salary lines have been frozen for six years and were inadequate to begin with. The per-position budget lines NYCPS allocates are set at amounts established in 2020 and have not been adjusted since. Network leaders describe these salaries as roughly half of what someone with the required credentials and experience can earn elsewhere (Network staff, interview, 2026). Networks cannot recruit or retain credentialed staff at these salary levels (Network staff, interview, 2026).

Networks must also hire to a prescribed staffing formula whether or not it fits their needs. Networks must hire to a specific position-to-seat ratio; for example, three family workers per 50 affiliated providers, one education specialist per 15-17 providers (Network staff, interview, 2026). Even when a network has a strong, experienced team and would prefer to hire two senior family workers instead of three less-experienced

ones, the contract doesn't allow it (Network staff, interview, 2026). Networks also cited the lack of full funding for social worker support as a significant gap, leaving many organizations working to fill this gap through other fundraising (FCCN Collaborative Working Group, focus group, 2026).

Networks are paid based on enrollment, not contracted capacity. Even when a network holds a significant contract, it only receives funding proportional to actual enrolled children (Stakeholder, interview, 2026). This creates the same vicious cycle networks observe in their providers – networks cannot afford to bring on the staff they need until enrollment rises, but cannot grow enrollment without the staff to support it (Stakeholder, interview, 2026).

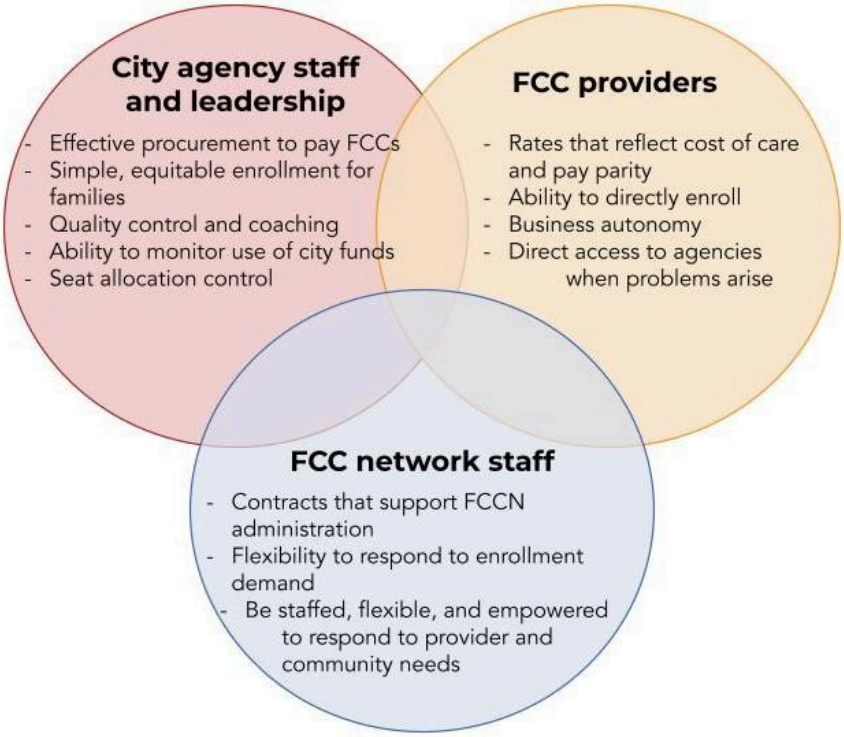
Networks need the liquidity and operational support to function effectively as intermediaries and service hubs. This includes ensuring they can pay providers consistently and on time, as well as establishing reciprocal service level agreements that hold the City accountable for core administrative functions. As contracts are renewed, these agreements should set clear expectations for payment timeliness, background check processing, and responsiveness, while also providing access to no-interest bridge financing when delays occur.

3. What Different Stakeholders Need from Networks

"What I hear from providers across the board is that they want access to information, training, resources, grants, and opportunities. They want to know where to go and how to get help when they need it. The goal should be to bring providers together, not create more divisions between affiliated and non-affiliated providers." – Gladys Jones, ECE on the Move

Our interviews and focus groups with providers and network staff revealed general consensus on the problems to be solved, many of which are shared by City agency staff and leadership. While there was no clear consensus on a path forward, we identified some consistent needs of each stakeholder group involved, presented in Figure 1. We used this list of disparate needs to develop the proposals described in Section Four.

Figure 1:



We shared Figure 1 in meetings with each stakeholder group. In doing so, we unearthed priorities for stakeholders in a newly designed system. These include:

Independent providers want access to more support – many supports that networks provide – but those uninterested in joining a network do not want to be supervised or paid by the organization from which they receive support from. The directive role networks are asked to play too closely mirrors a supervisory relationship, which is not appropriate given that providers are, by definition, independent contractors. Marrying the monitoring, coaching roles, enrollment, and payment control feels in conflict with the autonomy independent providers value. Network-affiliated and independent providers want to directly enroll children, like centers do, and they are able to do with the CCAP program administered by ACS.

Network staff describe the administrative burden interfacing with the City's centralized enrollment and procurement systems that diverts energy away from the work they are well positioned to do: support providers and ensure program quality.

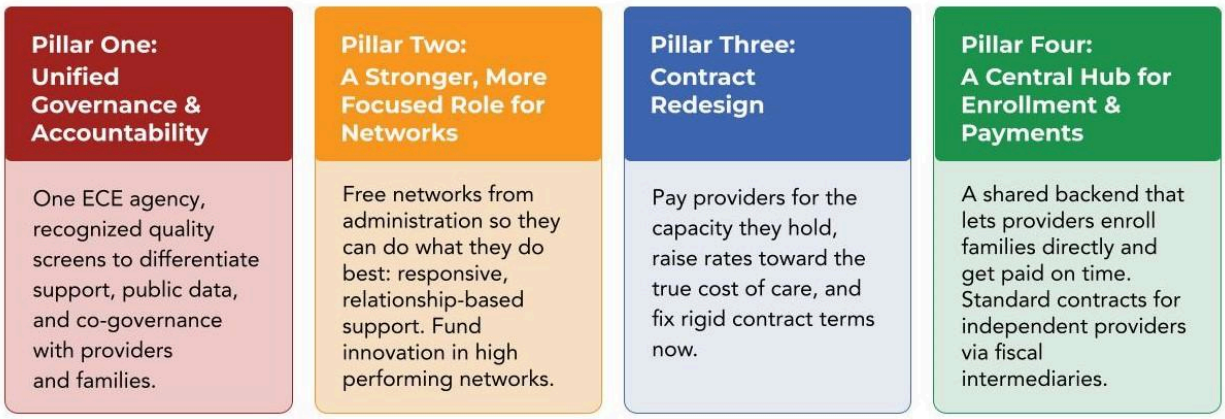
NYCPS staff are on the front lines of time-consuming ECE contract management and do not have the human capacity to do so for existing contracts. This leads them to conclude it simply would not be possible for thousands of FCC providers to hold contracts directly. Additionally, they highly value coaching for center and FCC

providers and do not believe a one-time quality screen could adequately stand in for what coaching provides.

4. Four Pillars of Contracted Care Reform

This section outlines four pillars of reform to help FCC providers better serve children and families through NYCPS programs. Each pillar is designed to support every type of FCC provider within a unified ecosystem: those affiliated with networks, those with direct contracts, and independent providers who want to join a universal system.

Figure 2:



Pillar One: Unified Governance and Accountability

"There should definitely be metrics in place to measure what we're doing in our programs, but... who will hold them accountable, and by what metrics on their behalf, is important ... Right now these agencies are not held accountable at all." – Provider, ECE On The Move

ECE is a complex sector, encompassing evidence-based pedagogy, public and private programs, various unionized workforces, federal and State funding requirements, and families who depend on it. Given its fractured nature, we recommend that all child care program administration be housed in one centralized early childhood City agency. In

addition, we outline ways the City and networks can improve systems design and accountability through formal stakeholder collaboration and public transparency.

A unified City agency

One centralized agency, with dedicated staff who understand the mixed delivery system, is essential for addressing the many structural and administrative concerns linked to fragmentation. A unified agency would consolidate existing early childhood programs, funding, and functions from across City agencies to support, fund, and be responsible for all related programs across the mixed delivery system. The new agency would serve to be a one-stop-shop for families and providers, blend funding to reduce unnecessary implementation complexity, and create common expectations for quality.

While the City bears a fundamental responsibility to ensure that every family receives high-quality, safe care, it must also recognize that many independent providers possess significant experience, established credentials, and are subject to regular screening for compliance with State licensing regulations. A diverse range of existing quality assessments can be valid pathways for provider qualification in participating in the contracted care system, including an active Child Development Associate (CDA) credential, portfolio review, established screenings conducted by trusted partners, or other national accreditation standards. By honoring these diverse professional benchmarks, the City can maintain high standards while also attracting the city's most experienced providers to public programs.

Once quality screens are established, the unified ECE agency could determine what level of network support FCC providers would need to meet their individual needs. This approach would enable the City to channel its limited resources, freeing dollars to increase compensation and access to care.

Public data access

To ensure system-wide transparency and accountability, the ECE agency should collaborate with this advisory board (see below) to identify metrics most critical to provider stability and family access. The agency should publish on NYC Open Data and synthesize findings in the annual Mayor's Management Report on public dashboards.

Critical metrics include payment timeliness, provider compensation levels, percent of FCC and center capacity enrolled at each site, and the application-to-enrollment processing time. The NYC Open Data dashboard could also track seat utilization and program modality by age, seat type, borough, and zip code. This public data will allow stakeholders to identify where seats remain unfilled or where the system is failing to

meet its benchmarks. This radical transparency creates conditions for the City to make data-driven decisions about how to scale universal child care equitably and effectively.

System reform co-design

A persistent theme in interviews with independent providers and network staff is that, despite their expertise and unique vantage points, they have not been included in shaping systems of which they are an integral part. Strong ideas can falter in implementation when they are not tested, refined, and co-developed with people closest to the work.

One co-governance proposal is to include FCC providers, network staff, center staff, and parents in an advisory committee to co-design from ideation to implementation. By formalizing an advisory committee with compensated standing members, the City can develop meaningful feedback loops to strengthen a unified agency at its onset and over time (see more below).

Citywide ECE advisory board

To ensure public dashboard results translate into action, the ECE agency should be overseen by an external board with a defined mandate: monitoring the ECE system. The board's charge would be to identify metrics of success that the public dashboard tracks, giving it both the information and the standing to flag when the system falls short. The board would be structured to ensure meaningful participation from all stakeholders in the system – center and FCC providers, families, networks, and other experts, such as the State-funded Child Care Resource & Referral organizations (CCR&Rs) – and would seek ongoing input from across the sector to inform its assessments and recommendations. This structure insulates accountability from the political pressures that have historically allowed administrative failures in child care to persist unaddressed. It embeds provider and family voice at the governance level rather than as an afterthought. In 2022, the City Council passed a bill to establish a Child Care Advisory Board, which has yet to be implemented (New York City Council 2022a) and could easily become the vehicle for this.

Participatory decision making within networks

Participatory decision-making should be embedded throughout the system, including within networks themselves. Networks should test models that give providers and parents a genuine voice in shaping program design and priorities. Head Start offers the most established public-sector parallel: its Policy Councils grant parents and program staff defined decision-making authority alongside professional management. By building these participatory, service-oriented models within networks, the City can

surface new roles and structures that build trust, better align network functions with the needs of providers and families, and lay the groundwork for a more adaptive, equitable, and scalable system.

"The way that you make change is to trust the people you're making the change with, and for." – Network Staff

Pillar Two: A Stronger Role for Networks

Today a single network is expected to provide a one-size-fits-all support to providers regardless of their needs. They are expected to be curriculum coach, business advisor, enrollment broker, payment intermediary, compliance monitor, and family liaison (Stakeholder, interview, 2026). Networks spend too much time on administration, which doesn't reflect their core capacity (Network staff, interview, 2026). The Central Hub (see Pillar Four) allows for better enrollment and payment technology that can improve the experience and efficiency for providers, the City, and families. Over time, this structural change can greatly reduce the administrative burdens on networks and allow for them to focus and strengthen their role on what they do best: responsive, relationship-based, differentiated support and coaching, with the provider as the client.

City agency staff feel strongly that all center and FCC providers need ongoing coaching and that City procurement options and existing agency staffing capacity is insufficient to manage direct contracts for thousands of independent FCC providers. Both providers and networks want flexibility in the network model and the ability to respond to community needs. Here we describe three strategies to achieve this.

Flexible, stable funding for network operations

Flexible budgets can allow networks to staff freely and allocate resources for instructional and responsive support to meet quality standards, rather than for a fixed set of required activities and staffing allocations. With this flexibility, networks could direct funding toward the supports their providers most need: differentiated professional learning, recruitment support, family outreach and engagement, instructional resources, curriculum adaptations, substitute pools, peer learning communities, or wellness and mutual aid infrastructure. Flexible funding could support incentivized pathways to credential or quality rating attainment and enable networks to

organize educator cohorts (and mandated professional release days) around shared pedagogical approaches and language access.

In our interviews and focus groups, network staff said that if their current contracts allowed greater flexibility, they could develop new supports for FCC providers aimed at meeting quality goals, rather than adhering to a strict checklist of activities (FCCN Collaborative Working Group, focus group, 2026; Network staff, interview, 2026).

Concrete examples include:

- Help to solve enrollment problems and improve ongoing family engagement.
- Create funded pathways to credential attainment, including CDA cohorts in providers' home languages, and organize educator cohorts around shared pedagogical approaches.
- Develop differentiated curriculum materials and supports that meet the realities of the FCC mixed-age care environment.
- Translate existing curriculum materials in languages of high demand, like Korean. Serve a cluster of Spanish-speaking providers in the Bronx who may need to invest heavily in language-aligned coaching and family engagement materials.
- Adjust the frequency and type of visits to match the actual needs of providers, recognizing that some require more intensive support while others need less.
- Combine the Child and Adult Care Food Program (CACFP) portion of their work with health and safety visits, reducing site visits without compromising support.
- Invest in relational infrastructure holding providers together. One network leader described peer-to-peer relationships her staff cultivated across providers – connections, idea-sharing, email or video check-ins between formal visits – as a form of support that isn't on any checklist but sustains providers through the harder stretches of the work.

Experienced network staff described ways they currently deploy limited resources or fundraise to provide some differentiated support. Faced with short staffing on education specialists, one network staff member built her own rubric in partnership with providers treating them as partners and gathering their input on how to best serve them based on need. Visits were reallocated accordingly: some providers received visits with education, social work and health and safety specialists, rather than the two coaching visits mandated by contract. Another network created hybrid staff roles that merge two or more current positions into one. This allows qualified staff to take on broader responsibilities and gives networks a way to manage headcount when funding

is uneven or when the prescribed staffing ratios don't match the work needed (FCCN Collaborative Working Group, focus group, 2026).

These examples point to a network workforce already practicing differentiated, responsive, relationship-based support that research identifies as the hallmark of effective FCCNs.

Reorienting network funding as a flexible lump sum – not reimbursement for specific activities – would not weaken accountability; it would strengthen it. Networks would be accountable for outcomes against shared quality standards, while retaining the discretion to determine how best to support their providers in meeting them. As networks develop and refine their areas of expertise, providers should be able to select a network that best matches the kinds of support they need and value.

At the same time, the current contract supporting network staffing leaves many organizations without sufficient funding to cover salaries for the fulltime staff needed. As the City expands 2-K through networks, it needs to "right size" these contracts and their connected enrollment to make sure networks can afford basic staffing.

Proposed pilots to spur innovation

To fully realize the potential of FCCNs, New York City can position its highest-performing networks as engines of innovation, shifting their role from compliance intermediaries to dynamic support hubs. This kind of pilot would test how networks operate as responsive partners to providers: offering tailored instructional support, serving as recruitment and training pipelines for new educators through CDA cohorts and career pathways, and anchoring infrastructure like shared assistant teacher pools (see text box below) and peer learning communities.

During the innovation phase, the City could survey providers and networks to identify most needed supports, such as responsive coaching, business assistance, language services, peer learning, and specialized programming. This survey can surface gaps in the existing network offerings and priorities for innovation and flexible funding. After this pilot phase, the City could proactively fund the expansion of existing networks into these areas. Where unmet needs cannot be addressed by existing networks, the City could fund the creation of new networks designed specifically to serve those needs, whether organized around a language community, a specialized care population, cooperative principles, a curricular model, or an underserved geographic area.

The promise of shared assistant teacher pools

Networks could be funded with a new, dedicated line item in network contracts, to hire and manage shared assistant teachers with networks serving as the employer of record. Providers within each cluster could participate in selecting, vetting, and onboarding pool members, including joint training and relationship-building prior to deployment. Shared assistant teachers could be assigned to geographically proximate small clusters of providers determined locally and refined through pilot implementation, allowing networks and providers to co-design configurations that reflect local conditions, geography, and program mix. A typical model might involve a pool member rotating across five sites, spending one day per week at each, with flexibility to adjust for provider absences or enrollment changes.

A shared assistant teacher pool addresses three interconnected workforce challenges. First, providers have limited ability to take sick leave, vacation, or participate in professional development without closing their businesses. Second, providers face a "chicken-and-egg" constraint in expanding capacity: they cannot afford to hire an assistant teacher until enrollment increases, but cannot safely enroll additional children without that support. Third, the field lacks a strong pipeline of new talent, with few structured entry points into FCC programs specifically. Pool positions could offer competitive wages and integrate credentialing opportunities into paid work time, positioning the role as a meaningful entry point into the FCC workforce.

86 percent of providers would consider using a substitute pool (Melodia and Paredes 2025). The State's current substitute pool pilot creates a legal and operational foundation; in New York City, networks may be the best vehicle for managing them. Successful implementation will require alignment between multiple agencies to ensure staff credentials are portable across programs.

Universal basic membership tier

Today, many supports that networks deliver are inaccessible to providers working outside a network. Independent providers routinely pay out of pocket for training, CPR, mental health resources, and basic compliance costs. Independent providers report wanting access to some key services offered through networks – including support with

the Ages and Stages Questionnaire (ASQ) training, information about new curriculum, or business support services.

In order to facilitate more connection between independent providers and networks, the City should invest in a pilot in which networks offer a universally available basic membership tier. Networks would receive dedicated funds to engage with independent providers and extend core support services, like up-to-date information on City policy shifts, ASQ screening support, health and safety consultation, business services, guidance with special education referrals, and other family services that many networks housed at multi-service and community-based organizations offer.

"Knowing how to do your taxes as a Family Child Care program is something that some networks have been providing support for that isn't explicitly named." – Lara Kyriakou, All Our Kin

Pillar Three: Contract Redesign

Long-term contract changes

None of the reforms will work if contracts do not pay providers appropriately or have greater flexibility to address enrollment and provider support challenges described in Section Two. Raising rates across the board to cover the true cost of care is the most critical step. The City can start by utilizing the age-based rates for FCC and GFCC programs generated by CNYCA's universal child care cost model, which incorporates survey data on city-based providers and their operating costs (Melodia and Lee 2026). Contracts should also build in cost-of-living increases and be regularly reviewed to keep pace with other rising expenses.

As these adjustments are implemented, it is critical that the same changes be made to the CCAP voucher to prevent unintended consequences. With different rates for different public services, the City will discourage providers from enrolling low-income families eligible for CCAP at the expense of wealthier families using NYCPS universal programs. Scaling NYCPS contracted programs must take place alongside a fully operational CCAP program to prevent unequal outcomes for families.

Funding by capacity

Ultimately New York City should fund FCC programs up front for the capacity they are asked to reserve, rather than tying payment to enrollment or attendance. Under this model, contracts would pay providers to hold a defined number of licensed seats for City-referred families, with funding delivered on a predictable schedule regardless of whether each seat is filled on a given day or in a given month. This approach is more closely aligned with how the City already funds center-based 3-K and Pre-K programs, and how K–12 education is funded. It recognizes that FCC operating costs don't fluctuate with enrollment, and providers cannot responsibly hire staff or invest in quality when revenue depends on day-to-day attendance they do not fully control. Decoupling payment from enrollment and attendance would give providers the financial stability to plan, staff appropriately, and operate as the small businesses they are, while allowing the City to count on a reliable supply of seats. To guard against sustained overpayment, contracts would be reviewed every one to two years. Where a provider's enrollment remained consistently low despite targeted support and technical assistance, the contracted capacity commitment would adjust downward in the next contract cycle to reflect realistic ongoing demand.

In a fully universal system, full buy-out contracts should be offered to fund providers for their entire licensed capacity, for a mix of ages. This would align more closely with the financial security offered through center-based 3-K and Pre-K contracts with NYCPS structured around budgeted capacity, where a contracted number of seats include detailed line-item budgets covering teacher and assistant teacher salaries, benefits, and operating costs. By guaranteeing revenue aligned with actual program capacity, buy-out contracts would reduce financial stress, support workforce retention, and strengthen the supply of FCC programs. The design of a full buy-out contract would require careful consultation with independent FCC providers to ensure the right enrollment and funding mix alongside autonomy and oversight (Sharrock 2025).

Short-term contract changes

We cannot wait for full-scale reform to provide the immediate relief needed. What follows are short-term contract reform proposals that the City can implement today through network contracts and affiliation agreements.

***Higher funding floors and advance payments*:** The Network Affiliation Agreement (see Appendix C) formalizes extensive provider obligations (hold slots, get a CDA, submit to monitoring) without a reciprocal guarantee of any enrolled children or funding (Appendix C; Stakeholder, interview 2026). Stabilizing provider cash flow is essential for paying staff and keeping the doors open. NYCPS could establish a guaranteed funding floor. In this scenario, the City would fully fund the seats providers

lock in during spring enrollment. If seats don't fill, that becomes a burden on the City which manages promotion and enrollment, not the provider. If seats do not remain filled, contracts with providers and networks could be recalibrated to mitigate future losses, preserving a strong incentive to maintain full enrollment. Center contracts are currently structured to include a funding floor of 75 percent of their annual contract amount regardless of enrollment levels (New York City Council 2022b).

NYCPS could also increase its contract payment advancements, from the current 25-35 percent it offers to centers and GFCC programs with direct contracts (New York City Independent Budget Office 2025). By disbursing a higher percentage of the guaranteed funding floor for seats locked in each spring to FCCNs in July, the City enables networks to pay providers in advance for early-year expenses (such as materials and insurance), and to buffer against payment delays.

***Eliminate rigid borough sub-allocations*:** Under current rules, networks with capacity in one borough cannot deploy it in another because seats are allocated by borough. This prevents networks from serving families the way they live and move across the city. NYCPS should move to network-wide seat totals, or at minimum allow inter-borough transfers with simple notification.

***Capacity-block contracting and flex-seat funding*:** NYCPS should replace the current age-band seat counts used for 3-K with a single dollar envelope per network that can be flexibly allocated across age bands and seat types. This approach should extend to 2-K. This can easily be modeled on the Early Head Start flexibility approach and the methodology used for infant toddler seats in EarlyLearn when it was administered by ACS. This approach better reflects the FCC multi-age environment. It would also improve the ability of a five-year contract to facilitate ECE delivery in a city with rapidly changing demographics.

Contracts could include a pool of reserve funding for flex-seats in its capacity block that the network can activate without triggering a contract amendment or procurement process. These flex-seats would exist specifically to respond to real-time demand shifts, so that when a new family moves into a neighborhood or a waitlist builds mid-year, networks can respond in days rather than months. This could be achieved by funding networks up front for a higher-than-expected enrollment beyond currently-allowed amounts, with the possibility of utilizing additional resources for approved additional program needs, returning funds at year end, or rolling funds into future contracts. NYCPS should pilot this by building the provision into contract amendments for networks with demonstrated waitlists.

***Targeted contracting tools*:** Create a set of financial incentives for providers to enroll children to close supply gaps and support strong outcomes. These should include the differentials the State offers providers receiving CCAP vouchers, such as serving children with disabilities.

Differentials could extend to encourage providers to enroll children from high-need populations whose families struggle to find placement or to encourage networks to identify or support providers to expand in child care deserts. A "continuity of care bonus" could be piloted to incentivize providers to retain children for more than one year, increasing quality outcomes for the child. When a three-year-old leaves an FCC program for a center-based 3-K classroom, the system has not "graduated" that child, but interrupted a relationship research identifies as one of the strongest predictors of healthy early development (Erickson 2021). Current State policies for CCAP differentials range from 15-25 percent when stacked, but hurdles with complex application processes prevent many providers from receiving funds. These financial incentives should be made automatic through the City's enrollment process.

***Unify FCC 3-K around extended day / extended year*:** NYCPS should make EDY the default 3-K product for FCC programs, mirroring the structure NYCPS is adopting for 2-K so both programs offer the option of full-day, full-year care for all seats. This shift would have to pair with increased rates. Providers in neighborhoods with families who can afford it currently subsidize low contract rates with tuition from private-pay parents during afterschool hours. EDY as the standard only works if the contract rate reflects the full cost of care. Without a significant rate increase, some providers will have a financial disincentive to offer 3-K at all, pushing more providers out of NYCPS-contracted care.

***Improve enrollment, placement, and family outreach*:** The City should invest in robust, ongoing training for all staff involved in enrollment and placement decisions. This should include training on the value of FCC programs as a distinct and high-quality modality – so staff can speak to it accurately and affirmatively with families – and training on the operational realities of home-based settings – including licensing requirements, age-band regulations, language access, and relational dynamics that make a good placement. FCC and its distinctive benefits should feature centrally in any promotional materials and outreach NYCPS uses to connect families with early childhood programs. NYCPS should monitor the equity of placements across FCC, center, and school-based settings, examining whether families are offered genuine choice or routed toward particular modalities by default.

Importantly, NYCPS should establish a stronger process for the provider and network engagement before final placement offers go out to families. A defined confirmation window or ability to engage with families during open enrollment would reduce costly errors, protect the relationships at the heart of FCC programs, and begin to restore the trust eroded by repeated misplacements (Network staff, interview, 2026). FCC programs depend heavily on trust – placing a very young child in a provider's home warrants a different degree of engagement between families and providers than enrollment in larger settings. Centers can directly access interested parent lists from MySchools.nyc during the spring open enrollment period to offer tours and one-on-one engagement. FCC providers do not have access to this information directly to facilitate engagement in which parents can make informed decisions around age, language, culture, and family preferences.

Pillar Four: A Central Hub for Enrollment and Payments

A suite of integrated technologies and communication protocols that provides a more seamless back-end for City agencies, network staff, center and FCC providers is critical. When integrated into a unified agency, a Central Hub would manage voucher enrollment alongside contracted seats to link to a single application and eligibility determination for families to access all ECE options available. Most immediately, a Central Hub would enable network-affiliated and independent providers the ability to engage with the spring open enrollment process and directly enroll families in NYCPS programs during the rest of the year, as centers currently do.

During the first year, the Hub could address technology constraints that currently impede providers from directly enrolling families. It would operate in parallel with existing networks, allowing the City to test how technological solutions and new protocols can deliver greater flexibility and transparency than the current network structure. This dual-track approach – testing reforms within existing networks alongside the new Hub – can generate comparative data to inform long-term scaling decisions without disrupting stable, ongoing arrangements. It will also help determine whether direct contracts for independent providers are possible or whether networks can evolve and focus their role to meet the needs of independent providers.

The Central Hub is largely a technology solution for communications and payment processing. A third party vendor could build or operate the Hub to solve the procurement and payment processing hurdles City agencies face and that City leadership cite as a key reason to maintain the network structure. Critical to this

decision will be ensuring that sufficient funding exists to build the technology needed and to do so with meaningful provider and network staff engagement.

The Hub introduces a structural unbundling of services by making network support an add-on rather than a prerequisite for receiving public contracts. Providers who value the full suite of current network services can still choose to affiliate and receive those services. However, those who demonstrate they meet certain quality standards and complete the contracting process would be free to operate via the Hub. This separation allows the Hub to focus on administrative efficiency and frees up networks to refine their role as specialized, local support organizations. It also separates the compliance and supervision functions away from networks, a significant factor preventing independent providers from affiliation.

The Central Hub would serve these key functions:

***Real-time enrollment enabled by a shared data system*:** Specifically and most immediately, the Hub would be an improved back-end enrollment portal for MySchools.nyc. Providers, networks, and NYCPS would all have access to the back-end but with different levels of authority. During spring open enrollment, providers would directly receive a list of families that ranked their site during the application period, just as centers currently receive. This would allow them to directly engage with parents. Providers could also opt to have their network access this information, to support them during this application period. Outside of the spring enrollment period, providers would have access to this system to directly enroll families as centers are currently able to do, or continue with the current system, where networks directly manage this enrollment. This system would enable and incentivize providers to list their available capacity in real-time, which would help NYCPS better plan for ECE expansion and help networks better support providers.

For parents, this creates a more seamless experience to enroll directly through the provider, a network, or online via MyCity or MySchools.nyc. This synchronized visibility eliminates the lag time inherent in current manual reporting and ensures that families can match with available care immediately. The Hub tests whether a decentralized enrollment entry point supported by a centralized system outperforms the current rigid network-led model.

Before finalizing any Hub-initiated placement, a short provider-engagement step would be needed. When a family enters the system through the Hub (rather than through the provider directly), the provider should have a defined window to follow-up with the family to offer a tour and meeting to confirm the setting is a good fit. This preserves

the home-based, relationship-driven nature of FCC programs and prevents the system from assigning children to programs that aren't a good match for either party.

Direct payment processing to providers: In recent years, City payment delays have put many organizations at risk and required them to rely on reserves or loans to pay providers. Because the Hub centralizes all enrollment data, the Hub should facilitate direct payments to providers. In doing so it would facilitate faster payments to providers directly on a published schedule at transparent rates. Networks could utilize the Central Hub to submit or approve payment requests on behalf of their affiliated providers. This eliminates the "money routes through three systems before the provider gets paid" problem and removes the financial choke point where providers wait weeks for reimbursement. It also opens up the possibility of implementing a standard direct contract for independent providers. A robust, integrated enrollment and payment technology system could make it easier for the City to manage direct contracts with all providers.

***The standard contract*:** The Hub would make the contract registration process simpler for providers and the City's staff to administer. Outsourcing this component to an intermediary could open opportunities for more common-sense procurement procedures that match the needs of these small businesses. For example, the City does not allow contracts translated into a provider's preferred language. An independent fiscal intermediary could make this change. It would also pave the way for a simplified standard contract for FCC providers. This should be similar to the direct contract option the City currently offers to a small cohort of GFCC providers, widely regarded by providers as the gold standard option for contracting (Appendix C).

Administrative rulemaking would ensure that providers satisfy criteria specific to their modality under the standard contract, rather than the NYCEEC Article 47 criteria. The standard contract would include a standard per-child rate based on age (due to staffing ratios and other needs) using a cost of care model that incorporates City-level operating cost data as well as wage standards for FCC providers and their staff. We recommend the City build this model with independent providers who pass an initial quality screen in order to create a pathway for independent providers by spring 2027.

Additional benefits to the Central Hub include:

***Provider and employee benefits*:** After concerns about pay, access to benefits was the number one request we heard from providers when asked what they need to

stay in the field (ECE on the Move, focus group, 2026). Over half of providers in New York City are on a public health insurance plan because they qualify for Medicaid, Medicare, or veteran's benefits. Ten percent are uninsured and 30 percent report having recently lost access to health insurance because of fluctuations in take-home pay (Melodia and Paredes 2025). Many providers also report not being able to take paid vacations or sick time (ECE on the Move, focus group, 2026). When basic needs cannot be met, it is nearly impossible for providers to fully engage in providing quality care to young children.

A Central Hub that is facilitating payments to all providers could also be used to facilitate public benefit access, as Washington, D.C. has done. Funded through the Early Childhood Educator Pay Equity Fund in an agreement with the DC Health Benefit Exchange (the same exchange Congress uses), the City brought down the cost of health insurance entirely, so educators enroll directly at little or no cost rather than receiving money. Eligibility requires only working in a licensed facility, in any role. Individuals apply directly through the Exchange (Stakeholder, Interview, 2026).

***Shared services and negotiated purchasing agreements*:** Core operating costs are expensive and increasingly out of reach for providers. Larger pools of providers paired with the power of government procurement can achieve stronger negotiating power. This could include costs like business insurance, utility costs, bulk or shared purchasing of services like tax preparation, equipment, and supplies. At scale a centralized structure is better positioned than small nonprofits or new cooperatives to negotiate on behalf of providers to achieve lower costs and facilitate access to those shared services.

***A workforce fund*:** A locally managed workforce fund is critical for the transition to the fully universal system. Providers serving low-income communities, especially with high concentrations of voucher-eligible children, are especially vulnerable to closure right now. With a growing waitlist for vouchers and no short-term pathway to 2-K and 3-K funding for the 80 percent of providers not affiliated with networks, providers serving families who cannot afford to pay private rates have few options. Those businesses may not be open in a year when the city invests in 10,000 new seats for 2-K. As the system moves toward its goal of universal access, it is imperative that funding supports for providers in low-income areas are put in place.

In the event of low enrollment or while rates remain inadequate, subsidies from a workforce fund would fill the gap between a provider's revenue and a minimum compensation floor. This enables providers to stay open and pay themselves and their

staff a living wage. In order to implement a workforce fund, the City needs a system to monitor enrollment across contract, voucher, and private-pay seats to track take-home pay. The City also needs a way to pay providers directly. The Central Hub would collect enrollment data and make direct payments to providers based on enrollment, so it could disburse a flat rate to providers and deploy more targeted workforce fund payments when a provider's revenue dips below what is needed to honor a minimum compensation standard.

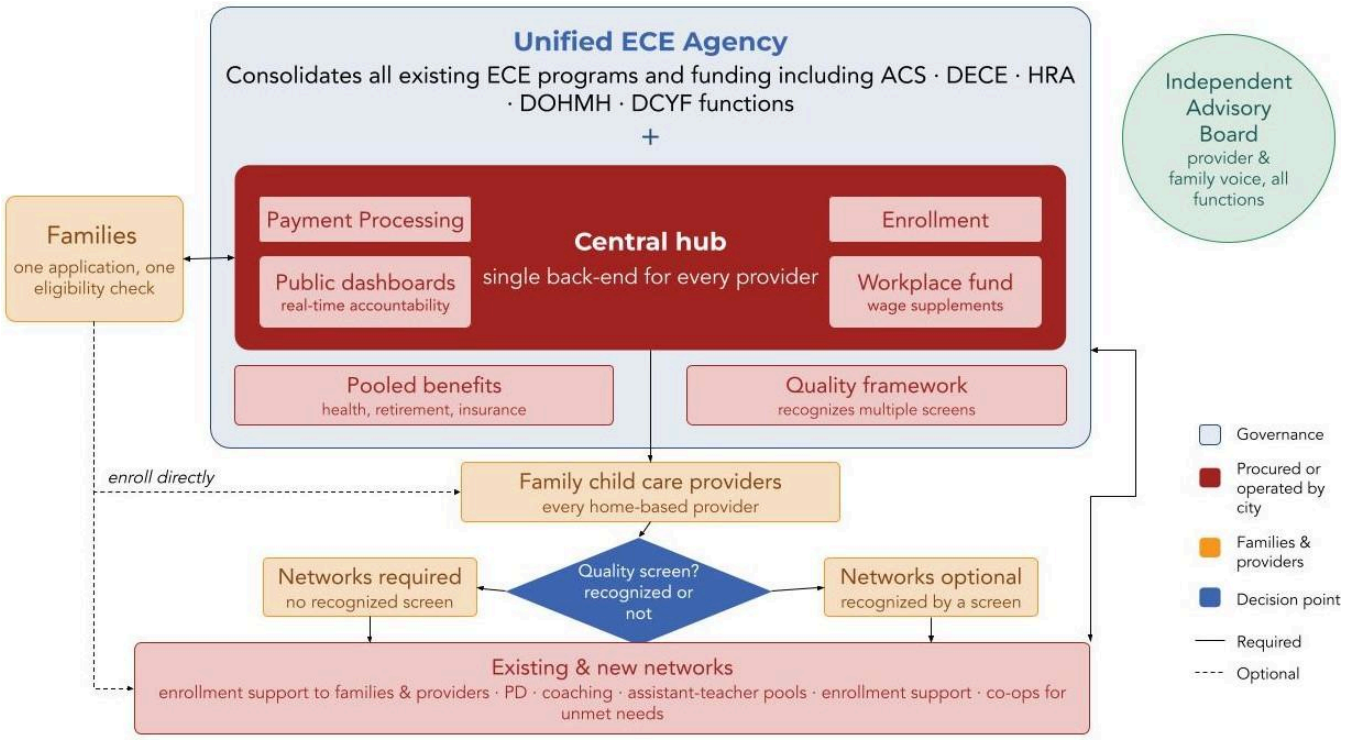
New York City can draw on existing models such as the Early Childhood Educator Pay Equity Fund in Washington, D.C., which distributes quarterly payments to providers using a payroll funding formula. Participating educators receive roughly $10,000 in annual wage supplements. The $70 million fund is supported by a dedicated revenue stream: an income tax surcharge on D.C. residents earning more than $250,000 (Stakeholder, interview, 2026). Wage subsidy programs, including Home Grown's Thriving Provider Project, demonstrated the impacts of direct cash transfers on provider retention and program quality. Across every cohort, providers said that direct cash transfers prevented them from leaving child care. Eighty-five percent report that the transfers allowed them to remain in the field. Ninety-two percent agreed that direct cash transfers helped them manage income fluctuations and volatility by functioning as a bridge given late government reimbursements and enrollment disruptions (Vansteenis 2026).

***Provisional enrollment and payment for qualified families*:** Under the current system and until a universal system is fully funded, eligibility-to-approval can take months while the child is already in care. Providers often absorb the cost of feeding, staffing, and caring for a child whose payment hasn't yet cleared. This risk falls hardest on providers with the least financial cushion. This is a direct contributor to provider instability.

A Centralized Hub and unified ECE agency could aggregate parent applications and connect to other City agencies administering benefits. It could be used, then, to test implementation of presumptive eligibility to increase the application, enrollment, and payment processing timeline. A presumptive eligibility model would allow a child to be provisionally enrolled and for payments to the provider to begin the moment a defined set of core documents is submitted. According to the experts we interviewed, current federal and State regulations allow for this approach but City agencies struggle to implement it given the challenges they face managing programs across multiple agencies with different application processes. A Central Hub would eliminate this obstacle to presumptive eligibility.

5. Unified Ecosystem at a Glance

Figure 3:



These four pillar reforms would ideally contribute to a unified ecosystem of all ECE programming funded by the City that includes resources, pathways, and opportunities for early childhood educators across the mixed delivery system. Below we break down high-level roles within this ecosystem.

- Unified ECE agency consolidates child care functions from City agencies such as ACS, NYCPS, HRA, DOHMH, and DCYF into one. This could be a new agency or sit within an existing City agency.
- In addition to current core functions, it would oversee the Central Hub and be responsible for new functions including:
    - Pooled Benefits: Uses the power of government procurement to negotiate better rates for FCC business and health insurance, retirement, shared services.

    - Quality Framework: The agency decides (with citywide ECE Advisory Board feedback), which quality screens it will recognize (i.e. NAFCC, QualityStarsNY, NYCPS framework, FCCERS, and/or the CDA credential). Recognition determines network requirements: if a provider has one of the screens and wants to contract with the City, they can opt out of full network affiliation. If not, network affiliation is required.

Central Hub — the shared back-end

- Enrollment, real-time shared data, and enrollment processing.
- Payments (contracts, CCAP, etc.).
- Powered by enhanced, shared data systems linked to existing systems, like MyCity, MySchools.nyc, ECMS, the forthcoming State CCAP Gateway.
- Workforce fund: to guarantee a compensation floor using wage supplements and emergency funds. Can sunset when universal child care is at scale.
- Public dashboards: real-time transparency used to drive accountability for quality, wages, enrollment objectives, payment timeliness, etc.
- The Hub and its technology components could be designed by City agency staff or contracted out.

Governance and accountability

- Citywide ECE Advisory Board: monitors overall program performance and outcomes in which families are served and providers earn a living wage. The board would be composed of representatives from all stakeholder groups.

Families, providers and networks

- Families: one application and one eligibility check; enroll through the Central Hub or directly with a center or FCC provider that can communicate with a centralized data system.
- Networks: professional development, coaching, assistant-teacher pools, responsive support, enrollment support.
- Co-ops and FCC provider-owned organizations could be examples of new networks built to meet unmet needs.
- Network membership levels available for all providers to receive basic support and technical assistance.

6. Timeline and Recommendations

Universal care is being built right now, and the architecture being chosen for 2-K and the next round of 3-K contracts will determine whether the FCC sector is sustained and grows alongside the expansion or becomes extinct as a result. What is required now is the willingness to test, innovate, and invest in new systems that can increase FCC provider access to the universal system. Pursuing all four reforms in parallel gives the City real-world data before scaling, responds to urgent provider concerns, and helps ensure that new public investments strengthen rather than destabilize the sector.

The City can begin making headway today.

Stabilization funds should begin to flow immediately. When asked what providers needed the City to prioritize to help them stay in the field over the next three years, top responses all focused on increased funding to stay in business. Seventy-eight percent wanted to work for higher wages through increased rates and the ability to enroll families on the voucher waitlist (ECE on the Move, focus group, 2026). Sixty-seven percent asked for emergency funds.

In Figure 4, we break each reform into three phases that can bring the City from its current systems to one unified ecosystem. We suggest here a three year timeline given Mayor Mamdani's plan to make 2-K universal by the end of his first term. This ambitious timeline using NYCPS's existing network contracts and requirements puts independent FCC providers at serious risk of closure by creating too many barriers to entry alongside insufficient network and agency capacity. Some agency staff expressed concern about the ability to achieve these reforms in just three years, which makes sense given the systemic overhaul needed of the fragmented ECE systems. This suggests the Mayor may need to alter his plans so that the sector can be prepared and independent providers have a real opportunity to participate in expansion.

While Figure 4 sets the timeline across three years, the most important feature is the steps the City can take immediately. Putting off any of these pillars for a later date will create problems implementing just one. City leadership is focused on contract reforms now, but it cannot afford to delay making headway on the other three pillars.

Figure 4:

"We should work together. We should partner together, support each other where we need to be, because all of this just leaves families with no care... this leaves providers with no income. This leaves everybody just stressed out." – Network Staff

7. From Ideas to Action: Design Considerations

This analysis and proposal was developed through an iterative process with providers and network staff. They were also shared with City agency staff and leadership, who provided fact-checking and feedback. We did our best to incorporate feedback from all stakeholders. With so many perspectives and needs, it is not surprising that these proposals were not rubber stamped, but instead generated meaningful conversations and debates. Those reactions lead us to believe there are many ideas in this report worth discussing further with all stakeholder groups at the table together. We also identified open design questions and points of tension where solutions could not meet the needs of all stakeholders.

Therefore, this research led us to the following questions to wrestle with together. We urge all stakeholders to act boldly. Some questions can only be answered through

testing in practice, some require decisions that should be made with stakeholders at the table while the design of the universal system is still open.

The system we have is not working well enough to support our goals for universal care. Reform, risktaking, and innovation is needed. We believe answering these questions are key to begin reimagining the network and contracting system under universal care.

1. **Are contracts through networks the best mechanism for delivering child care to families?**

What City Charter, legislative, or administrative changes are needed to make contract management easier and contracts more accessible for small businesses and nonprofits? What safeguards can protect independent providers while maintaining their autonomy? Are there other payment vehicles or fiscal intermediaries that can support?

Could a standard contract, held or administered by a fiscal intermediary, reduce that burden while preserving City oversight? What procurement authority, contract structure, and data-sharing arrangements would an intermediary need? What should a pilot test, and what would it need to show, before the next round of 2-K procurement?

2. **What is needed to create a single set of quality expectations for child care providers?**

How can DOHMH, OCFS, ACS, and NYCPS quality and oversight requirements be integrated into a less onerous but more productive set of requirements and expectations that are aligned and not duplicative? What legislative or administrative changes are needed to facilitate this?

3. **What steps are needed to consolidate ECE under one agency?**

Consolidation involves choices about which functions move, in what order, and under whose authority. What consolidation options are realistic, whether a new agency or unified functions within an existing agency? What funding could be blended or streamlined as a result? Which federal and State funding and other requirements constrain each option? What are the risks of each for families and providers during the transition, and how can those risks be managed?

4. **Where should the City directly administer services and what should be contracted out?**

Taking a broad look at the ECE ecosystem (programs and services administered by other agencies, the nonprofit sector, high performing networks), what is the City best equipped to deliver directly and what are networks or other third party vendors best equipped to provide? How should the City focus, define, and invest in networks and other partners as part of this unified system? What are the next steps to pilot innovations to test, refine, and scale those approaches? Consider short- and long-term solutions that account for the pace of realistic change at the city level in regards to policy, such as procurement rules and regulations.

5. **How can we design and implement meaningful, ongoing co-governance?**

The Child Care Advisory Board passed by the City Council in 2022 has yet to be implemented. What would it take for a co-governance body to have real influence on the design of universal child care? What should its mandate be, where should its input be binding rather than advisory, how should members be selected and compensated, and how should it relate to the agencies it advises?

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Vansteenis, Erica, *What the Data Show: Direct Cash Transfers and the Home-Based Child Care Workforce*, Thriving Providers Project, June 2026.

Appendix A: Qualitative Research Participants

The author conducted interviews with the following individuals between March and June 2026:

Jessica Bonet, Family Child Care Support Manager, NYCPS DECE

Shanita Bowen, COO, ECE on the Move

Jessical Chen, Provider Service Coordinator, Early Childhood Learning & Wellness Services, Chinese-American Planning Council

Meredith Chimento, Executive Director, Early Care & Learning Council

Sumon Chin, Director, Early Childhood Learning & Wellness Services, Chinese-American Planning Council

Jodina Clanton, Senior Director of Policy and Program Implementation, NYCPS DECE

Danielle Demeuse, Director of Policy, Committee for Hispanic Children & Families

Tiffany Diaz, Owner, MFS Enrichment Program

Jessica Dowshen, Senior Manager, Family Child Care Support, NYCPS DECE

Tami Foley, Program Manager, Iowa Department of Health and Human Services

Tara Gardner, Executive Director, Day Care Council of New York

Tovah Gottesman, Senior Advisor for Policy and Planning, MOCCECE

Doris Irizarry, CFO, ECE on the Move

Elizabeth A. Isakson, MD, FAAP – Executive Director, Docs for Tots

Gladys Jones, Founder/CEO, ECE on the Move

Kathryn Kigera, Director of Quality Initiatives, OSSE, DC

Lara Kyriakou, Director of Policy, All Our Kin, Inc.

Jaime-Jin Lewis, Founder and CEO, Wiggle Room

Emmy Liss, Executive Director, Mayor's Office of Child Care and Early Childhood Education

Rochelle Macer, LCSW – Director of Infant and Early Childhood Mental Health Initiatives, Docs for Tots

Kristina Maljovec, Co-Founder and Strategic Advisor, Ember

Jannette Martinez, Family Worker, B'Above Worldwide Institute

Delores Mims, Family Child Care Network Director, B'Above Worldwide Institute

Steven Morales, Policy Director for Education, Office of the New York City Comptroller

Nina Piros, Lecturer, Brooklyn College

Anjini Ramnarine, Family Child Care Director, University Settlement

Marcia Rowe-Riddick, Executive Director, Child Development Support Corporation

Andria Ryberg, Director of Child Care Supply, Early Care & Learning Council

Melissa Subramanian, Co-Founder and CEO, Ember

Melisa Vasquez, MSW – Senior Infant Toddler Mental Health Consultant, Docs for Tots

Focus Groups:

The author conducted focus groups with the following organizations:

ECE on the Move convened FCC providers for focus groups on the following dates: 6/3/2026, 7/15/2026, 7/22/2026.

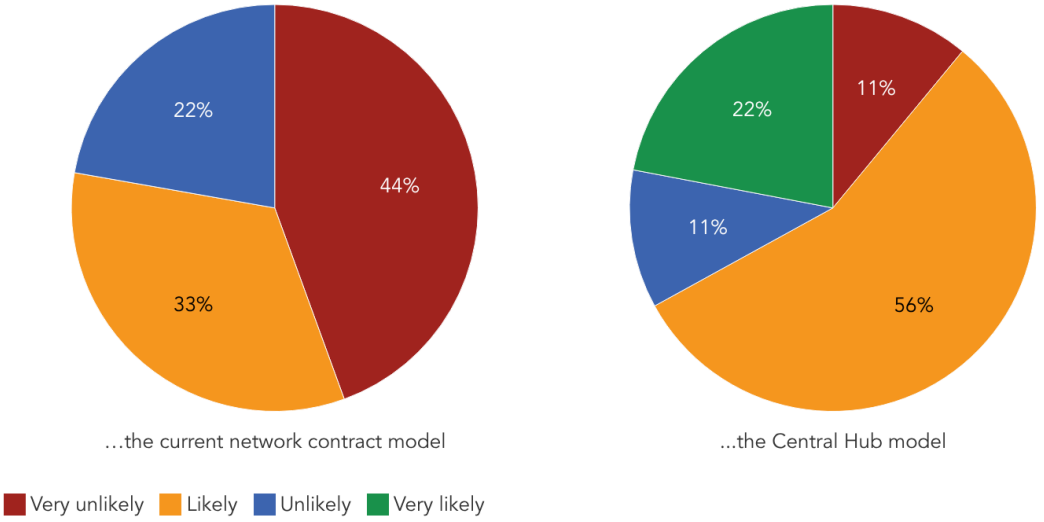
FCCN Collaborative Working Group convened network staff and providers for focus groups on the following dates: 3/6/2026, 5/1/2026, 6/5/2026, 6/12/2026, 7/10/2026, 8/7/2026.

B'Above Worldwide Institute convened network staff and providers on 7/22/2026.

Appendix B: ECE on the Move Focus Group Data

How likely are you to participate in 2-K if the City uses...?

Responses from FCC providers



Source: ECE on the Move, focus group, 6/3/2026

What support do you wish a network would provide you?

FCC providers selected their top 3 choices

Options	▼ Providers selected
Emergency funds for me	56%
A voice in how the network spends its time and money	44%
Someone I can call who can help me cut through bureaucracy across DOE, DOHMH, OCFS, ACS, CACFP	44%
Professional development with providers who share my approach or language	33%
Coaching for me that is not compliance monitoring	33%
Marketing and recruitment help me to find families/clients	33%
Free CDA in my language	22%
A shared assistant teacher with other providers I know	22%
More or different curriculum materials (not just Creative Curriculum)	22%
Other	22%
Mental health and wellness support for me	11%
Access to social services for my clients	11%
Business and operations help like tax preparation	11%
Family worker for my clients	0%

Source: ECE on the Move, focus group, 6/3/2026

What should the City do to help you stay in the field while it works towards universal child care over the next 3 years?

FCC providers selected their top 3 choices

Options	Providers selected
Let families off the CCAP waitlist	78%
Increase rates to provide a living wage to all providers and their staff	78%
Eliminate the requirement to join a network in order to get City-funded 2-K and 3-K spots	67%
Provide direct cash transfers or emergency stabilization grants to help me maintain my program while more slots are being created by the city	67%
Cover the costs of my business insurance and a percentage of my rent until I am fully enrolled each year	56%
Fully fund an assistant for my program	44%
Purchase new supplies and furniture for my space	33%
Increase funding for after-school	33%
Pay for health insurance	22%
Contribute to a retirement fund for me	22%
Change all contracted 3-K funding to full-day, full-year	11%
Fund 2K expansion more flexibly so it can be used to pay for ages 0-2	11%
Other	11%
Buy technology for me to save time on paperwork	0%

Source: ECE on the Move, focus group, 6/3/2026

Appendix C: Network Affiliation Agreement

A copy of the NYCPS Network Affiliation Agreement can be found here.