



Budget Proposal: New York State Child Care Recovery Act

Child care is imperative to recover from the devastating impacts of this pandemic. One year in, the challenges facing New York families and the child care sector they rely upon cannot be overstated. Today, we have an extraordinary opportunity in the form of an influx of federal child care relief funds-- presenting NYS a unique opportunity to transform our child care system into the strongest, most equitable in the nation. **The Legislature must have oversight powers, including but not limited to: review, consultation, and approval of the plans to disseminate federal funding. OCFS and DOB must report to the Legislature on a monthly basis regarding implementation of said plans, including fund allocation and distribution.**

Federal Funds Available for Child Care: NYS will receive approximately \$2.3B in federal stimulus funds for child care. The Legislature should include direction for how these funds are used in the Senate and Assembly one-house bills.

Breakdown of \$2.3B in child care funds:

- CARES Act of 2020: approximately \$42M yet to be committed
- Consolidated Appropriations Act of 2021: \$469M
- American Rescue Plan Act of 2021: approximately \$1.8B

Guiding Principle: We must seize this opportunity to implement transformational changes to the child care system (i.e. to stabilize and strengthen the child care infrastructure and work towards achieving a fully-invested, high-quality, responsive, and equitable continuum of care and development for children). It will take strong leadership at every level to ensure that NYS acts boldly, guided by an overall strategy and plan for investing this funding and a commitment to sustain these changes going forward. This is the moment to set NYS on a path to equitably expand access to quality child care to the tens of thousands of families left out of the current system.

Request: That the following plan for investing these federal child care relief funds be included in the NYS 2021-22 Budget. This plan is informed by child care providers of all modalities including afterschool, CCR&Rs, parents, and advocates, and aligned with the recommendations in the Governor’s Child Care Availability Task Force report. We have supplied our best estimates of the associated costs; our calculations are available on request.

PROPOSALS

CCDBG System-Building: Draw **\$1.3B** from: \$42M in CARES Act funds; \$469M received from the Consolidated Appropriations Act; \$800M from the American Rescue Plan Act designated for CCDBG; base federal CCDBG funds; and state funds. NYS will have approximately 3 years to spend these funds. All these proposals are critical and should be adopted, but we have listed them in order of priority.

Proposal	Estimated Cost
Reduce co-pays to no more than 10% over FPL.	\$40M (on top of \$40M in Exec Budget)
Pay subsidy for a minimum of 12 absences per half year, plus federal holidays.	\$72.4M
Increase eligibility level to a minimum of 200% of FPL statewide (counties can opt to go up to 85% of FPL).	\$15M
Eliminate arbitrary and unfair eligibility variations across counties including by continuing subsidies for job search and training/educational programs.	\$70M
Guarantee child care subsidy to all children under 13 in foster care, regardless of income.	\$10.2M
Make all other county-option priorities guaranteed.	\$30M
Implement graduated phase-out to 85% SMI statewide; soften benefits' cliff.	\$93M
Implement 12- month eligibility statewide.	\$35.2M
TOTAL	\$365.8M year / \$1.10B over three yrs.

COVID Relief – Stabilization: Draw **\$1.1B** from the American Rescue Plan Act, 50% of which (nearly \$600M) may have to be committed within 6 months. Stabilization funds are available for eligible providers, including early care and school-age care, and eligible providers who haven't previously received funding through CCDBG. Grants may be used for: personnel costs, rent, facility maintenance/improvements, PPE/COVID-related supplies, goods/services needed to resume providing care, mental health supports for children/child care employees, and reimbursement of costs associated with the pandemic. Funding distribution must be equitable and accessible to providers regardless of language, location, or access to/familiarity with technology. The process must be streamlined, simple, and efficient.

Proposal	Estimated Cost
Stabilization Grants (OCFS proposal). Up-front; one-time - direct deposit from OCFS; grants of \$2,000 to \$8,000. Stabilization plans must include all modalities, including school-age.	\$60M
Pay providers for 4 to 25 vacant spots for up to 4 months. (OCFS proposal)	\$190M
Provide child care workforce wages supplements - retroactive, and for next three years.	\$300M (\$100M per year, 3 years)
Increase the reimbursement rate for subsidies to the 75th percentile of the market rate to stabilize providers.	\$69M
Require a 15% differential in the subsidy rate for providers providing care during non-traditional hours to help get parents back to work. At present, counties can offer between 5 and 15% differential; most offer 5%.	TBD
Conduct a cost estimate study - to enable NY to better approximate the true cost of high quality child care to sustain the sector going forward.	See cost out: for A.0580 (Jaffee)/S.0245A (Kennedy) (2019-20)
Invest in expanding infant-toddler resource centers and other mental health supports for children in care.	\$45M (\$15M per year, 3 years)
Invest in mental health supports for the child care workforce.	\$45M (\$15M per year, 3 years)
Invest necessary funds to rapidly expand OCFS and county capacity to enable smooth, effective, efficient administration of these new federal funds and to enable and support meaningful stakeholder engagement.	TBD
Total	Approximately \$800M

Current State Proposal for Consolidated Appropriations Funding. We understand OCFS plans to use some CARES Act funds and Consolidated Appropriations Act funds to offer Essential Worker Scholarship for 40 weeks excluding the summer months (est. cost \$75M). While we believe essential workers deserve support, we do *not* believe this is the best use of recovery funds at this stage of the pandemic. Instead, NYS should provide access to financial support through the existing subsidy system by increasing eligibility levels to 85% Statewide Median Income (SMI) statewide and creating uniformity in eligibility categories. Those above this eligibility level could be supported via Facilitated Enrollment or a shorter term scholarship for *all* working parents. **Should it be determined that Scholarships are essential to NYS's recovery, we recommend they be offered for 20 weeks and include the summer months. The plan OCFS submitted to HHS in February is flexible and can be amended with little to no effort.**

OCFS Capacity and Accountability: With an increase in funding triple New York's existing annual child care budget, OCFS needs an appropriate increase in capacity to effectively manage these funds, both in terms of increased staffing and technological support and to remove bureaucratic obstacles whenever possible and streamline administrative procedures for efficiency. This large increase in funding also requires ongoing oversight and accountability to address any barriers, ensure equity, and create transparency. Lastly, **there must be effective and meaningful engagement with stakeholders before and after initiatives roll out to ensure they are functioning as intended.**

This is an incredible opportunity for NYS to build a stronger, more equitable, and efficient child care system. The Legislature and Governor must work together to ensure these funds are used effectively and fairly. Thank you.