

UNDERSTANDING FEDERAL COVID CHILD CARE RELIEF FUNDS IN NEW YORK

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This state profile is part of the Center for Law and Social Policy's (CLASP's) *Child Care Relief Documentation Project*, which aims to provide a deeper understanding of the impact that federal COVID child care relief funds have already had across four states: Louisiana, Michigan, New York, and Virginia.¹ The project outlines the successes and challenges of the implementation process and highlights how the funding ultimately made a difference in shaping the child care system and the lives of families and child care providers. The CLASP team conducted interviews in each state with a variety of decision-makers, advocates, and directly impacted providers—as well as with families in Louisiana.² For more information and to read other state profiles and the overarching brief, visit our [resource page](#).

QUICK FACTS: CHILD CARE IN NEW YORK

Lead Agency for the Child Care and Development Fund (CCDF) ^{3,4}:	The New York Office of Children and Family Services (OCFS)
Number of children under 13 (2021):	2,999,741 ⁵
Number of children under 13 living below 200 percent Federal Poverty Level (FPL):	1,126,083 ⁶
Average monthly number of children served by CCDF (2020):	78,200 ⁷
CCDF income eligibility threshold pre-COVID (2019):	125-200 percent of the FPL ^{8,9}
CCDF income eligibility threshold with COVID Child Care Relief Funding (2021):	200 percent FPL as of November 2021, and adjusted for the pandemic following that ¹⁰
Average Annual Wage for Child Care Workers (2022)¹¹:	\$35,190 ¹²
Method of Authorization for Relief Resources¹³:	Through the New York State budgeting process: executive recommendation released by governor, authorized by state legislature, and implemented by the New York Office of Children and Family Services
Total federal COVID Child Care Relief Funding¹⁴:	\$2.5 billion ¹⁵

QUICK FACTS: FEDERAL COVID CHILD CARE RELIEF FUNDING

To date, Congress has delivered more than \$50 billion to support children, families, and early educators across the country through child care relief resources. In total, this relief came from the following authorizations.

Date Signed into Law	Authorizing Legislation	Total Amount	Obligation & Liquidation Deadlines
March 2020	Coronavirus Aid, Relief, and Economic Security Act (CARES) Act ¹⁶	\$3.5 billion in supplemental CCDBG discretionary funding	Obligation: September 30, 2022 Liquidation: September 30, 2023
December 2020	Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA) ¹⁷	\$10 billion in supplemental CCCDBG discretionary funding	Obligation: September 30, 2022 Liquidation: September 30, 2023
March 2021	American Rescue Plan Act (ARPA) ¹⁸	Nearly \$24 billion for the Child Care Stabilization Program Almost \$15 billion in supplemental Child Care and Development Block Grant (CCDBG) discretionary funds A permanent increase (\$633 million) in annual mandatory CCDBG funding to \$3.55 billion	Stabilization funds: Obligation: September 30, 2022 Liquidation: September 30, 2023 Supplemental funds: Obligation: September 30, 2023 Liquidation: September 20, 2024

HIGHLIGHTS: KEY USES OF FEDERAL CHILD CARE RELIEF FUNDS

As of March 2023, the state had spent all of its funding from the CARES Act, about half of its CRRSAA funding, and nearly all of its ARPA stabilization funding. In addition, New York expects to liquidate the ARPA supplemental funding by the 2024 deadline. A non-comprehensive selection of ways New York used the relief funds is outlined below.

- **Keeping current child care providers open**
 - Provided stabilization support to child care programs and supported additional children receiving care.¹⁹
 - Created an online application for providers to apply for stabilization grants.
 - Raised subsidy reimbursement rates from the 69th percentile to the 80th percentile of the market rate.
 - Established a floor of 24 reimbursable child absences from care per year.²⁰ The governor's FY24 budget increased this to 80 reimbursable child absences from care per year.
- **Supporting the opening of more child care businesses**
 - The state allocated nearly \$70 million in grant funding to newly licensed, registered, or permitted child care programs in areas of the state without sufficient child care slots, known as child care deserts. The grants, which helped new child care providers in

underserved areas build their programs, covered start-up and personnel costs, as well as the costs for recruiting, training, and retaining staff.²¹

- ***Expanded access to child care for families***

- As part of the child care deserts initiative discussed above, the state made available to existing child care providers in care deserts an additional \$30 million in grant funding to expand the number of children these providers served.²²
- In the expansion of existing programs, the state offered an additional \$3,000 in grant funding to providers for adding infant/toddler capacity and another \$3,000 for adding non-traditional hour care.
- To address the affordability of care for families, the state raised its child care assistance eligibility threshold from 200 to 300 percent—\$83,250 for a family of four—of the Federal Poverty Level (FPL). In October 2023, the state will adjust the income eligibility threshold to 85 percent of State Median Income (SMI).
- To make co-pays more affordable, the state lowered them to 10 percent of income above the poverty threshold during the pandemic, down from an allowable 35 percent. The governor’s FY24 budget lowered co-pays further to 1 percent of income above the poverty threshold.



IMPACT OF FEDERAL COVID CHILD CARE RELIEF FUNDS

QUICK FACTS: IMPACT IN NEW YORK

Additional children served through child care assistance expansion:	Approximately 380,000 additional children became eligible, and the monthly number of children served increased from 70,000 to 90,000
Total stabilization resources provided to child care businesses:	\$1.1 billion ²³
Child care programs reached through stabilization program:	15,465 ²⁴
Children served by providers that received stabilization grants:	Approximately 676,100 ²⁵
Number of child care professionals reached with bonuses:	An estimated 112,917

COVID-19 relief funding in New York allowed the state to take actions that supported the child care workforce through the pandemic which, in turn, helped families access the care they needed. These actions included the stabilization grants, which 90 percent of eligible programs applied for and received.

In fact, when the stabilization grant applications were opened, the state received 10,000 applications in the first week. The workforce was also supported through increased subsidy reimbursement rates from the 69th to 80th percentile of the market rate as mentioned previously, increasing the potential income to providers by an average of 33 percent. New York also developed grants to fund new or expand existing programs in child care deserts and got over 1,700 applications by the deadline.²⁶ As of May 2023, the grants for expanding slots in child care deserts had led to 283 new programs that created between 7,000 and 8,000 new slots.²⁷

This child care desert grant program has also incentivized an increase in infant and toddler slots by paying providers to hold a certain number of spots for these young children. The state also incentivized programs to serve children with special needs and to operate during non-traditional hours. So far, the state has approved grants for 40 providers that have proposed adding slots for children with special needs and 10 are awaiting final approval; over 230 new special needs slots have been approved under the program with over 50 awaiting final approval; and the state has approved over \$1 million in funding for special needs slots. Additionally, 145 providers that have proposed opening with or adding non-traditional hours have been approved for the program and 6 are awaiting final approval; over 415 new non-traditional hours slots have been approved under program funding with over 10 awaiting final approval; and \$2.97 million in funding has been approved specifically for non-traditional hours slots with \$115,000 awaiting approval.

In the planning and implementation of these initiatives, the engagement between provider groups, state advocates, and state policymakers grew over time. In fact, this engagement became quite extensive and routine in the implementation of ARPA stabilization funds and included monthly meetings for partners to inform the process.

In responding to the challenges of working in a historically underfunded field, OCFS and its partners used relief funds to engage one vendor in developing an online application for the stabilization grants and another to conduct communication and outreach to teach staff—such as those at child care resource and referral agencies—about how to support those using the application. Providers also tested the application, suggested changes to the language used in the application, and more. This extensive engagement around the relief funds helped build more trusted relationships between provider groups, advocates, and OCFS, demonstrating how inclusive input can lead to successful solutions.

EXTENSIVE ENGAGEMENT AROUND THE RELIEF FUNDS HELPED BUILD MORE TRUSTED RELATIONSHIPS BETWEEN PROVIDER GROUPS, ADVOCATES, AND OCFS, DEMONSTRATING HOW INCLUSIVE INPUT CAN LEAD TO SUCCESSFUL SOLUTIONS.

IMPLEMENTATION PROCESS

New York's budget process uses an executive budget model. Under this system, the governor is responsible for developing and preparing a comprehensive, balanced budget proposal, which the legislature modifies and enacts into law. The governor is required by the state constitution to seek and coordinate requests from state government agencies. These agencies, including OCFS, then implement the funding. The timing of when the federal government distributed the relief funds was significant for states that require legislative approval, including New York, given that ARPA was passed about two weeks before New York's final budget deal was complete. Had the legislation been passed just slightly later, the state would have had to wait another year or hold a special session for the legislature to approve funding allocations during the budget process. This would have created a significant delay in distributing and spending the funding within the state.

The challenging initial implementation of the CARES Act funding in 2020 deeply informed the process for the subsequent relief funding the state received through the CRRSAA and ARPA. For example, following the implementation of the CARES Act and when ARPA funding came to the state, the legislature added reporting requirements for the funding and included instructions for new funds to be designated with as much flexibility as possible. Additionally, state advocates reported that the process became more inclusive of their voices, as well as those of providers and families. For example, OCFS engaged providers in testing the stabilization grant portal and worked to build a more trusting relationship with providers. OCFS also engaged community-based organizations including the state's child care resource and referral network and union partners to deliver technical assistance to providers on implementing the grants that were received. Throughout the process, OCFS sought feedback from community-based organizations, advocates, and providers on its plans for implementing funding, held problem-solving meetings to address concerns, and responded immediately to feedback.

CHALLENGES

State administrators and advocates described the challenges of making quick investments in a historically underfunded system. Advocates noted that the planning and implementation process of these large federal investments highlighted how, through historical neglect of policymakers, "the child care system was dysfunctional" in some respects." For example, the state did not offer an online application for providers working with the state and was unable to provide data on who was and was not accessing the

child care assistance program and the providers who were participating in the program. The funding exposed flaws in the administrative aspects of the child care system and offered a new opportunity—but with a very short lead time—to improve it.

THE FUNDING EXPOSED FLAWS IN THE ADMINISTRATIVE ASPECTS OF THE CHILD CARE SYSTEM AND OFFERED A NEW OPPORTUNITY—BUT WITH A VERY SHORT LEAD TIME—TO IMPROVE IT.

WHAT WILL HAPPEN WITHOUT ADDITIONAL RESOURCES?

As the expiration dates for the COVID-19 relief funds approach, administrators and advocates in New York are confident in their work to maintain the expansion of the subsidy program and co-payment caps through increases to their state budget. However, administrators and advocates expressed fear about how to respond to the child care workforce shortage crisis through the relief funding cliff and beyond. In March 2023, the Empire State Campaign for Child Care surveyed more than 1,660 programs, making up approximately 9 percent of child care providers in the state.²⁸ The campaign found that 3,857 staff positions are unfilled among responding programs, 28,462 children cannot receive care due to the workforce shortage, and 25,022 children are on waitlists to get into these programs. To sustain the workforce and ensure families' access to care, state administrators and advocates want to prioritize increased salaries, higher reimbursement rates, and overall intentional investments in current providers, especially home-based providers who struggled to even access the relief funds. But, to make these transformational plans a reality, New York crucially needs sustained, large federal investments.

WHILE THE COVID-19 RELIEF FUNDS WERE CRUCIAL IN MITIGATING SOME HARM TO THE SYSTEM, ONE-TIME INVESTMENTS ARE NOT ABLE TO TRULY BUILD THE EXPANDED, EQUITABLE SYSTEM THAT ATTRACTS NEW PROVIDERS AND PROGRAMS AND SERVES THE NEEDS OF ALL FAMILIES WHO NEED CARE.

While the COVID-19 relief funds were crucial in mitigating some harm to the system, one-time investments are not able to truly build the expanded, equitable system that attracts new providers and programs and serves the needs of all families who need care. In its planning process and in the implementation of relief funds, New York displayed the significant impact of the historic investment through the extensive engagement across partners in the state, the expansion of the subsidy program, and the efforts to address child care deserts and increase child care slots. With continued investment, New York has laid the groundwork to transform its system through the support of providers and their programs.

The CLASP team conducted interviews with a variety of decision-makers in each state as well as advocates and directly impacted providers and families. For details on our methods and a deeper analysis of the impact federal relief funding had on the child care field and the takeaways from each state, please visit our [resource page](#).

ENDNOTES

¹ Total COVID relief funding is defined as federal funding that was designated to states in the 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, the 2021 Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and the 2021 American Rescue Plan Act (ARPA). The ARPA funding included two major investments: (1) nearly \$24 billion for the Child Care Stabilization Program; and (2) almost \$15 billion in supplemental Child Care and Development Block Grant (CCDBG) discretionary funds and an increase in annual mandatory CCDBG funding to \$3.55 billion (which was exempted from the state match requirement in 2021 and 2022). National Women's Law Center, *Child Care Rescue: How States are Using their American Rescue Plan Act Child Care Funds*, 2022, <https://nwlc.org/wp-content/uploads/2023/01/Child-Care-Rescue-State-Uses-of-ARPA-Funds-NWLC-Report.pdf>.

² All information without an endnote citation is from the interviews conducted with the decision-makers in each state as well as advocates, and directly impacted providers and families.

³ A lead agency is the state agency that is designated with implementing the child care assistance program and the federal funding from the Child Care and Development Fund (CCDF).

⁴ For the purposes of this state profile, we will be referring to the program and the act that authorizes it – the Child Care and Development Block Grant (CCDBG) – interchangeably using the acronym CCDF.

⁵ CLASP analysis of 5-year American Community Survey data, 2017-2021. Estimates are based on children ages 0 through 12.

⁶ CLASP analysis of 5-year American Community Survey data, 2017-2021. Estimates are based on children ages 0 through 12 who are at or below 200 percent FPL.

⁷ "FY 2020 Preliminary Data Table 1 - Average Monthly Adjusted Number of Families and Children Served," United States Department of Health and Human Services, Administration for Children and Families, Office of Child Care, May 2022, <https://www.acf.hhs.gov/occ/data/fy-2020-preliminary-data-table-1>.

⁸ "Child Care Facts," Empire State Campaign for Child Care, 2019, https://drive.google.com/file/d/1TN-9nT_FoQCX_qxUybTu6X0xjSwN-Rjv/view?usp=drive_link.

⁹ Prior to the COVID-19 pandemic, New York allowed each of the state's 58 Social Services Districts to set their own eligibility threshold, and they ranged from 125-200 percent FPL.

¹⁰ Karen Schulman, *At the Crossroads: State Child Care Assistance Policies 2021*, National Women's Law Center, May 2022, <https://nwlc.org/wp-content/uploads/2022/06/State-of-Child-Care-2022-WIP-accessibility.pdf>.

¹¹ Bureau of Labor Statistics definition of child care worker: "Attend to children at schools, businesses, private households, and childcare institutions. Perform a variety of tasks, such as dressing, feeding, bathing, and overseeing play." Excludes "Preschool Teachers, Except Special Education" (25-2011) and "Teaching Assistants, Preschool, Elementary, Middle, and Secondary School, Except Special Education" (25-9042)."
<https://www.bls.gov/oes/current/oes399011.htm>.

¹² "May 2022 State Occupational Employment and Wage Estimates: New York," U.S. Bureau of Labor Statistics, May 2022, https://www.bls.gov/oes/current/oes_ny.htm#39-0000.

¹³ The authorization process is part of what provides the legal authority for the government to operate and fund programs. <https://www.cbo.gov/publication/57660>.

¹⁴ Total COVID relief funding is defined as federal funding that was designated to states in the 2020 Coronavirus Aid, Relief, and Economic Security Act (CARES) Act, the 2021 Coronavirus Response and Relief Supplemental Appropriation Act (CRRSAA), and the 2021 American Rescue Plan Act (ARPA). The ARPA funding included two major investments: (1) Nearly \$24 billion for the Child Care Stabilization Program and (2) Almost \$15 billion in supplemental Child Care and Development Block Grant (CCDBG) discretionary funds and an increase in annual mandatory CCDBG funding to \$3.55 billion (which was exempted from the state match requirement in 2021 and 2022).

¹⁵ "COVID-19 Relief Program Tracker," Office of the New York State Comptroller, April 2023, <https://www.osc.state.ny.us/reports/covid-relief-program-tracker#:~:text=%242.5%20billion%20for%20child%2Dcare,subsidies%20and%20provider%20stabilization%20grants.>

¹⁶ H.R. 748 of January 3, 2020, "Coronavirus Aid, Relief, and Economic Security Act," <https://www.congress.gov/116/bills/hr748/BILLS-116hr748enr.pdf>.

¹⁷ H.R. 133 of December 27, 2020, "Consolidated Appropriations Act, 2021," <https://www.congress.gov/116/plaws/publ260/PLAW-116publ260.pdf>.

¹⁸ H.R. 1319 of March 11, 2021, "American Rescue Plan Act of 2021,"

<https://www.congress.gov/117/plaws/publ2/PLAW-117publ2.pdf>.

¹⁹ “New York ARP Child Care Stabilization Fact Sheet,” United States Department of Health and Human Services, Administration for Children and Families, Office of Child Care, March 2023,

https://www.acf.hhs.gov/sites/default/files/documents/occ/New_York_ARP_Child_Care_Stabilization_Fact_Sheet.pdf.

²⁰ Reimbursable child absences are a structure that allow child care providers that offer care to children receiving child care assistance to be reimbursed at their regular rate for providing care even when the child receiving assistance is absent. The Office of Child Care within the U.S. Administration for Children and Families recommends that enrollment-based payment policies eliminate the impact of child absences on providers by delivering consistent reimbursements to families and providers. If a state child care assistance agency must use an attendance-based policy, it should still pay for absent days to ensure stable and predictable funding for the provider,

https://childcareta.acf.hhs.gov/sites/default/files/attendance_policies_systems_0.pdf.

²¹ “Governor Hochul Announces Child Care Desert Grant Awardees Receive Nearly \$70 Million in Federal Funding,” New York State Office of Children and Family Services, July 2022,

<https://ocfs.ny.gov/main/news/article.php?idx=2385>.

²² “Governor Hochul Announces Portal Now Open for \$30 Million in Additional Federal Funding to Expand Existing Child Care Programs in Child Care Deserts,” New York State Office of Children and Family Services, July 2022,

<https://ocfs.ny.gov/main/news/article.php?idx=2386>.

²³ “New York ARP Child Care Stabilization Fact Sheet.”

²⁴ “New York ARP Child Care Stabilization Fact Sheet.”

²⁵ “New York ARP Child Care Stabilization Fact Sheet.”

²⁶ “Governor Hochul Announces Historic \$2 Billion In Child Care Subsidies to Support Low-Income and Working Families and Child Care Providers,” New York State Office of Children and Family Services, May 2022,

<https://ocfs.ny.gov/main/news/article.php?idx=2376#:~:text=The%20funding%2C%20managed%20by%20the,tousands%20of%20young%20children%20in.>

²⁷ “Approved Invest in NY: Child Care Deserts RFA#1 Awardees,” New York State Office of Children and Family Services, June 2023, <https://ocfs.ny.gov/programs/childcare/assets/docs/deserts/CC-Deserts-RFA1-Awardees-07Jun2023.pdf>.

²⁸ “Staffing Shortages Due to Low Wages are Driving the Child Care Crisis in New York,” Empire State Campaign for Child Care, March 2023, <https://www.empirestatechildcare.org/staffing-shortages-and-the-child-care-crisis.html>.