

## FY 2022 New York State Budget Review:

### Big Wins for Children -- But More Needs to Be Done

The Children's Agenda applauds the New York State Legislature and Governor Cuomo for groundbreaking investments in child care and education in the FY 2021-22 Budget. Federal funds and increased state revenue allowed the state to fully fund Foundation Aid over the next three years, expand Universal Pre-Kindergarten, and take significant steps to improve New York's struggling child care system. We commend state leaders for boldly investing in these critical programs. We are also relieved that cuts to the Early Intervention (EI program) proposed by Governor Cuomo were rejected in the final budget, but are deeply disappointed that important structural reforms to the Early Intervention and Preschool Special Education systems championed by the legislature were not included in the final budget agreement.

Prior to this legislative session, working together with many partner organizations and coalitions, The Children's Agenda identified four key budget priorities that, together, would substantially improve the well-being of children and families in Rochester and throughout New York State. Over the subsequent four months, the federal government passed a substantial COVID relief bill that eliminated New York State's short term deficit and immediate financial peril. That federal support, coupled with better-than-expected revenue and a decision to raise taxes on extremely high income households, gave New York State additional financial capacity to address many critical children's policy challenges faced by the state.

#### PreK-12 Education

##### Background

The formula that was created in 2007 to provide a predictable, stable and transparent method of achieving greater funding equity for those school districts that need it the most has not been fully funded or used since 2009. The state is \$3.8 billion behind on its legal and constitutional obligation to provide Foundation Aid. The burden of the state's failure to live up to its obligations falls hardest on children of color, children in poverty, multi-lingual learners, and children with special needs.

The 2021-22 enacted state budget fully funds Foundation Aid through a 3-year phase-in plan.

##### TCA's Original Recommendations

- Restore aid withheld in 2020 and do not cut P-12 education aid in FY22; and
- Fully fund Foundation Aid.

##### NYS Enacted Budget Outcomes

- Total school aid increases by \$3 billion to \$29.5 billion;
- \$105 million in federal funds will expand Pre-Kindergarten to more communities throughout New York State; and
- A commitment to fully fund the Foundation Aid formula over next three years, including a funding increase of \$1.4 billion in FY22.

## **Child Care**

### **Background**

High quality, affordable, and accessible child care is a critical component of family economic security and positive child development. The cost of care for young children is unaffordable to many low-income families, and can limit workforce participation, particularly among women. The COVID-19 pandemic has placed enormous stress on the child care sector, as many providers have struggled to remain solvent when faced with lower enrollment and higher pandemic-related operating costs. The child care workforce, already among the most underpaid professions and comprised of disproportionately Black and other women of color, was hit particularly hard by closures and unemployment.

Over the past year, the federal government has provided New York with \$2.4 billion in additional funding to support low income working families using child care assistance and to stabilize child care providers. But New York has struggled to develop and implement a plan for using their federally allocated funds to meet the needs of families and providers across New York State. Along with our allies in the Empire State Campaign for Child Care and Winning Beginning New York, The Children’s Agenda has urged New York to deliver relief to the sector in the short term, and make foundational investments in the child care system to ensure that more families can access care now and in the future.

### **TCA’s Original Recommendations**

- Provide New York’s child care sector with the funds necessary to stabilize and begin to rebuild
- Make investments that lay the foundation for a universal system that serves all families that need care
  - Require subsidy payments to providers for absences;
  - Make the child care system more equitable across the state by investing \$370 million to eliminate unfair eligibility variations;
  - Eliminate expulsions and out-of-school suspensions in child care and Pre-K; and
  - Create a \$100 million fund to improve workforce compensation.

### **NYS Enacted Budget Outcomes**

The enacted state budget directs \$2.3 billion in federal dollars to address most but not all of our recommendations. Specifically, the budget includes:

- \$1.26 billion in upfront stabilization grants to providers that can be used to increase wages and benefits for childcare workers;
- Increased eligibility for childcare subsidies to 200% of the federal poverty level statewide;
- Limiting parent co-pays for child care subsidies to 10% of a family’s income over the federal poverty level;
- Reimbursement to providers for 24 absences per child per year;
- 12 month eligibility for families in receipt of subsidies (increased from 6 months);
- \$50 million in funding for existing Facilitated Enrollment child care providers in 6 regions of the state (including Monroe County) over the next 2 years;
- \$100 million to build new childcare capacity in areas of the state deemed to be child care deserts, childcare scholarships for essential workers;

- Grants for supplies and PPE to providers;
- New employer child care credits; and
- \$40 million for QUALITYstarsNY, combining \$5 million of state funds with \$35 million in federal stimulus funds, to improve child care quality.

## **Developmental Services: Early Intervention and Preschool Special Education**

### **Background**

Over the past several years leading up to the onset of the COVID-19 pandemic, an increasing number of young children with developmental delays and disabilities in our community were forced to wait for necessary services due to a shortage of providers. The pandemic has exacerbated the loss of critical provider capacity throughout New York State, including in Monroe County. Families and service providers have adapted to teletherapy with mixed success. Existing racial disparities in access have deepened. In 2021-22, the demands on the Early Intervention (EI) and Preschool Special Education (PSE) systems will be considerable as families seek to restore developmental growth lost during the pandemic.

The Children’s Agenda, as a leader in the Kids Can’t Wait campaign to improve Early Intervention and Preschool Special Education services throughout New York State, believes the state must respond fully to meet the developmental needs of young children throughout the state, and comply with federal requirements for timely intervention. This must include enhanced services for children who experienced gaps in services over the past year, outreach to identify children who were not evaluated and connected to interventions, measures to stabilize the provider workforce, and structural reforms to reduce administrative burdens brought on by inadequate and cumbersome rate setting, billing, and payment systems.

### **TCA’s Original Recommendations**

- Reject proposals in the SFY22 Executive Budget that constrain Early Intervention services in the interest of saving the state \$13.7 million.
- Pass a Covered Lives assessment to bring badly needed additional revenue into the Early Intervention program and to ensure that commercial insurers pay their fair share of EI services. The assessment should be at least \$40 million in SFY22. The funds should be invested in EI, not used to supplant existing revenue from the state and counties.
- As a step towards an increase of 10% in both Early Intervention and Preschool Special Education reimbursement rates, the state should conduct a comprehensive assessment of the methodology used to determine payment for all early intervention evaluations, services and service coordination, and should develop a new tuition rate-setting methodology for Preschool Special Education so that rates better reflect the costs of delivering services.
- The state should guarantee parity in annual funding increases between public schools and Preschool Special Education programs. We support the Board of Regents’ proposal to change state law to require the State to provide at least the same percentage increase in funding to PSE programs as it gives to public schools each year.

- Passage of the health care workforce data bill (A.3050, S.3543) to establish regular collection and release of health workforce data, including EI providers, to inform and approve health planning and access and emergency preparedness.

## **NYS Enacted Budget Outcomes**

- The Executive Budget’s proposed cuts to Early Intervention were not adopted in the enacted budget.
- Despite strong support from the Senate and Assembly, the enacted budget did not include a Covered Lives assessment. The Children’s Agenda will pursue passage of A.5339 (Paulin) / S.5560A (Reichlin-Melnick), which would enact a \$40 million EI Covered Lives proposal.
- The budget did not contain a review of PSE tuition rate-setting methodology nor a comprehensive assessment of the methodology used to determine EI payments. We will advocate for passage of S.5676 (Rivera) / A6579 (Gottfried), which would require a cost study on EI rate methodology to help ensure rates are adequate.
- The budget did not address changes in PSE funding.
- The health care workforce bill was not adopted, but gained support and we hope it will be adopted in the post-budget session.

## **Child Poverty**

### **Background**

Prior to the pandemic, over 2 million New Yorkers, including 712,000 children, lived in poverty. By July 2020, the COVID economic downturn had pushed 325,000 additional New York children into poverty or near poverty. Due to structural and systemic racism, child poverty among New York State children of color approaches 30% and Black children are more than twice as likely to live in poverty than their Non-Hispanic white peers.

The Children’s Agenda is especially committed to advocating for children who are vulnerable due to racism, poverty, health inequities and trauma. We joined with the Schuyler Center for Analysis and Advocacy and partners across the state in supporting the introduction of the Child Poverty Reduction Act S.2755 (Ramos), and helped engage Harry Bronson as the chief sponsor in the Assembly [A.1160].

To further advance child poverty reduction, in March we added our support and helped engage Jeremy Cooney as chief sponsor in the Senate for S.5866 / A.3146-A (Hevesi) to address gaps left by the federal American Rescue Plan’s expanded Child Tax Credit. Though the enhanced federal credit will bring historic benefits to families living in poverty, it lasts for only one year and it leaves out immigrant children without a Social Security Number. That is an estimated 72,000 of our New York children left behind. These same children and families were cut out of both rounds of stimulus checks, along with many other family supports.

### **TCA’s Original Recommendations**

- Enact the Child Poverty Reduction Bill (S.9012/A.11063). The legislation proposes a pledge to reduce child poverty in half in New York State by 2030 and:

1. Creates a Child Poverty Reduction Advisory Council that will hold public hearings and consider changes in state policy and funding to achieve the 50% reduction goal, such as tax credits for families living in poverty and expanded access to child care, housing and employment assistance; and
2. Requires the state Budget Director to evaluate the effects that adjustments to the state budget will have on reducing child poverty in New York State.

### **Additional Recommendation**

- Include the revised Empire State Child Credit (S.5866 (Cooney)/A.3146-A (Hevesi)) in the 2021-2022 NYS Budget to ensure all of NY's low-income children receive some cash support.

### **NYS Enacted Budget Outcomes**

- The Child Poverty Reduction Bill was not included in the enacted budget. The legislation can be passed during the April – June non-budgetary session of the state legislature. The Children's Agenda and our partners across the state will continue to advocate for its adoption.
- The revised Empire State Child Credit was not included in the enacted budget.