

Rural Area Flexibility Analysis

1. Types and estimated numbers of rural areas:

The regulations will affect the 44 social services districts located in rural areas of the state and the child care providers located in those social services districts.

2. Reporting, recordkeeping, and other compliance requirements and professional services:

The regulations will not result in any new reporting or recordkeeping requirements for social services districts. Social services districts will be required to make payments for child care assistance based on the new market rates. Social services districts will need to review cases to determine if the payments reflect the appropriate market rate. The removal of hourly rates will simplify payment processes for districts. Additionally, changing the special needs rate to a percentage set forth by the office that is applied to the rates set forth under 18 NYCRR 415.9(h)(3), will decrease the documentation burden on providers, as they will no longer be required to submit specific documentation to demonstrate their increase cost of providing child care services for a child with special needs. Further, the removal of the caretaker work requirement while attending a two-year college or four-year college program that leads to a degree will reduce recordkeeping requirements for social services districts and families. Neither social services districts nor child care providers should have to hire additional professional staff in order to implement these regulations.

3. Costs:

The Office of Children and Family Services (OCFS) does not anticipate any disproportionate cost to local social services districts in rural areas of the state as a result of this rule.

Under section 410-v(2) of the Social Services Law, the state is responsible for reimbursing social services districts for seventy-five percent (75%) of the costs of providing subsidized child care services to public assistance recipients and social services districts are responsible for the other twenty-five percent (25%) of such costs. The state is responsible for reimbursing social services districts for one hundred percent (100%) of the costs of providing child care services to other eligible low-income families. The state reimbursement for these child care services is made from the state and/or federal funds allocated to the New York State Child Care Block Grant and is limited on an annual basis in each social services district to that social services district's New York State Child Care Block Grant allocation for that year.

Under the New York State Enacted Budget for State Fiscal Year 2022-2023, social services districts will receive allocations totaling \$894.6 million in federal and state funds under the New York State Child Care Block Grant. These allocations are in addition to \$548.8 million in available rollover of unspent funds from SFY 2020-21 and \$609 million in federal pandemic funding which will support subsidy expansion in both SFY 2022-23 and SFY 2023-24. Social services districts have the option to transfer a portion of their Flexible Fund for Family Services allocations to the New York State Child Care Block Grant to supplement their New York State Child Care Block Grant allocations.

The special needs rate will be provided as an additional percentage above the applicable market rate as determined by OCFS. State reimbursement to localities will be consistent with the reimbursement described above. It is unknown what the cumulative cost will be as the special needs rate as it currently is structured is underutilized.

The removal of hourly rates will increase spending in limited circumstances. The hourly rate is currently only utilized in situations where care is provided to a child for less than three hours per day and less than 30 hours per week, or when care is provided for more than 12, but less than 15 hours per day. The part-day rate is already utilized when care is provided before or after school for less than three hours per day by day care centers or school-aged child care centers that do not charge on an hourly basis.

4. Minimizing adverse impact:

OCFS does not anticipate any disproportionate adverse impact to local social services districts in rural areas of the state as a result of this rule. OCFS does not anticipate any adverse impact to providers in rural areas of the state as a result of this rule.

The market rates were developed in accordance with federal guidelines for conducting a market rate survey of child care providers, using standard statistical methodology, to minimize adverse impact. Approximately 4,500 licensed and registered child care providers (including New York City permitted group day care programs) completed the survey. The data was analyzed to establish the market rates at the 80th percentile of the prices reported by providers on the survey. The market rates are different for each of five distinct groupings of counties that were created based on similarities in rates among the counties in each group. The rates established for each cluster of counties are based on the actual costs of care that were reported in the survey. Adjustments to the child care market rates reflect changes in the market place and provide access for families receiving child care assistance comparable to those families not receiving child care assistance.

Adjustments to the child care market rates reflect the results of a survey of providers that was conducted from September 2021 to March 2022. These rate adjustments reflect the marketplace and provide comparable access for families receiving child care assistance as for those families not receiving child care assistance, as is required by federal and state laws.

5. Rural area participation:

Federal regulation 45 CFR 98.45(f)(2)(i) requires that payment rates be based on a local market survey conducted no earlier than two years prior to the effective date of the currently approved State Plan for the Child Care and Development Fund. In accordance with federal regulatory requirements, OCFS conducted a market rate survey of licensed/registered child care providers from across the state, in all modalities of care, and serving children of different ages. Prior to conducting the survey, a letter was sent to all regulated child care providers to inform them that they might be contacted to participate in the market rate survey. A copy of the survey questions was also sent so that providers could prepare responses. The Human Services Call Center conducted the survey by telephone and online, on behalf of OCFS. Surveys were conducted in English and in Spanish, as needed, with resources available to assist providers in other languages, if needed, as well. Rate data was collected from approximately 4,500 providers and that information formed the basis for the updated market rates.