§ 410-y. Maintenance of effort. 1. Each social services district shall maintain the amount of local funds spent for child care assistance under the child care block grant at a level equal to or greater than the amount the district spent for child care assistance during federal fiscal year nineteen hundred ninety-five under title IV-A of the federal social security act, the federal child care development block grant program and the state low income child care program; provided however, a social services district for a city of a population of a million or more shall spend local funds for child care assistance at an amount no less than three hundred twenty-eight million dollars.

2. If the state fails to meet the level of state and local child care funding necessary to maintain the federal matching funds for child care assistance available under title IV-a of the federal social security act, the state shall withhold funding from those social services districts which spent a lower amount of local funds for child care assistance than the amount required by subdivision one of this section, based on a formula established in department regulations, equal to the amount of the matching funds which have been lost.