

**NYC**<sup>TM</sup>  
**Administration for  
Children's Services**



**The New York City Administration for Children's Services  
Lorelei Atalie Vargas, Deputy Commissioner**

**Testimony to the New York City Council, Committee on General Welfare  
January 14, 2015**

**"Oversight: *EarlyLearn NYC*"**

Good morning Chair Levin and members of the General Welfare Committee. My name is Lorelei Atalie Vargas and I am the Deputy Commissioner for Early Care and Education at the Administration for Children's Services. With me today is Associate Commissioner Maria Benejan. Thank you for the opportunity to discuss our vision for subsidized early care and education in New York City and to update the Council on *EarlyLearn NYC*.

I joined ACS in November 2014 and bring to this position a career of providing access and the highest quality services to children and families. I am excited to be part of the extraordinary efforts that the administration is undertaking to improve and sustain quality care and education for New York City's youngest children. Quality early education has an enormous impact on the development of cognitive, social, and emotional skills for all children. This is especially important for children coming from highly stressed environments, where strong skills and supports can help them mitigate the terrible impact of toxic stress. As this Council is aware, especially in a year that has included an unprecedented pre-kindergarten expansion, children who have the opportunity to participate in quality early childhood education are less likely to be held back in school, and are more likely to graduate from high school, which can ultimately improve their socioeconomic mobility, and yield an intergenerational progression of mobility.

The ACS Division of Early Care and Education administers one of the largest publicly-funded childcare systems in the country, serving approximately 100,000 infants, toddlers, preschool, and school-aged children. ACS provides services that enhance child development and assist low-income working families, eligible public assistance recipients, and families that are receiving child welfare services. ACS also provides access to child care by contracting with providers, as well as through vouchers issued to eligible parents, which may be used to purchase care in a variety of settings.

## Overview of *EarlyLearn NYC*

In the fall of 2012, ACS launched *EarlyLearn NYC*, an innovative early childhood education model designed to raise educational standards, increase family supports and strengthen professional development for teachers. The model prepares children for success in elementary school and beyond. *EarlyLearn* has the capacity to serve approximately 35,000 children between the ages of six-weeks and four years of age in center-based and home-based settings.

Several features set *EarlyLearn* apart from what came before: in order to maximize the impact of all child care funding, the system bundles numerous distinct funding streams, including federal Head Start dollars, State Child Care Block Grant and UPK funds, as well as City Tax Levy and privately raised monies into a single early care and education system which standardizes care. All *EarlyLearn* programs—center-based and family child care—are premised upon developmentally appropriate, research-based curricula. Programs support teachers to engage in meaningful interactions in settings where children can grow, learn and thrive.

*EarlyLearn* embraces a holistic approach – all enrolled children receive health, mental health and developmental screenings to address underlying needs that may affect their ability to learn. *EarlyLearn* provides vital supports for working families, without which many could not be part of the workforce - programs offer full-day care: eight to ten hours of service per day, which includes nutritious meals and physical exercise. All *EarlyLearn* programs include a family engagement component in their curriculum that embraces their cultural and linguistic diversity and acknowledges the family’s critical role in the care and education of their child. To continue strengthening the early childhood workforce, *EarlyLearn* has expanded professional development opportunities for the teachers in our programs. We require (and fund) twelve days of professional development for all center-based program staff and six days for those in family

child care settings. We also provide ongoing support to providers on a range of issues related to early childcare, physical and mental health, program design and management, as well as family and community engagement.

### **Pre-kindergarten and *EarlyLearn NYC***

Universal pre-kindergarten is folded into the funding and the service of *EarlyLearn*. ACS is a proud partner in the City's historic expansion of quality, full-day, free Universal Pre-kindergarten for four-year-olds in New York City. We collaborated with the Department of Education to bring pre-k services and standards to 53,500 New Yorkers born in 2010. Through *EarlyLearn*, ACS provides over 11,000 of those seats. The city-wide UPK expansion also allowed ACS to increase access to professional development for teachers and increase investments to help ensure recruitment and retention of high-quality UPK lead teachers with early childhood certification.

### **Current *EarlyLearn* Request for Proposals (RFP)**

The overarching goal of *EarlyLearn* is to lay the strongest foundation possible for the future of New York City's children. Since its implementation in October 2012, our staff and providers have been working tirelessly to ensure the success of this system. Currently, 132 contractors are providing services to over 30,000 children in 351 centers and in 1,485 Family Child Care providers' homes across the five boroughs. Enrollment is at 87% and ACS continues to work with programs and family to make sure that families are aware of the nearest *EarlyLearn* center in their neighborhood.

As many of you know, ACS is also in the midst of a Request for Proposals (RFP) that will award an additional \$56 million annually in *EarlyLearn NYC* services. At the end of 2013, the prior administration baselined funding that the Council had used to support a number of child care providers that were not awarded seats in the initial *EarlyLearn* RFP issued in May 2011. The Council awards for fiscal year 2014 were continued by ACS via a Negotiated Acquisition solicitation. At this juncture, City procurement rules require us to issue a competitive solicitation as an RFP to award these funds. We expect the RFP, for which proposals are due this Friday, to result in approximately 4,800 additional children accessing *EarlyLearn NYC* in 39 distinct zip codes. The point scale for this RFP differs from the initial *EarlyLearn* RFP issued in May 2011, in that more points are awarded for experience, emphasizing experience working in the particular community, and prior and anticipated engagement in the communities proposed to be served.

### **Moving Early Care & Education Forward: The City-wide Task Force**

Over the past two and half years, New York City has seen significant early education achievements: in 2012, the entire contracted subsidized system was transformed through *EarlyLearn*; in 2014, 53,500 prekindergarten seats were offered and in 2015, an additional 4,800 *EarlyLearn* seats will be procured. Our early education system continues to improve but, it must be recognized that the system is still in the midst of a necessary transformation. Particularly with regard to the subsidized system that serves our youngest New Yorkers, much work remains. We are constantly striving to ensure that our vision for the entire early education system is realized. That vision – shared throughout this administration – is to create a comprehensive, quality continuum for all children in New York City, from early childhood through pre-k to school age students.

While *EarlyLearn* is designed to raise educational standards, we recognize that execution has varied. Since its implementation, advocates, providers, and parents have raised concerns about both contracted care and vouchers. In response, this administration has recognized the need for a comprehensive approach to address these concerns and to continue improving services for children receiving subsidized care. In October 2014, Health and Human Services Deputy Mayor Lilliam Barrios-Paoli and ACS Commissioner Gladys Carrión convened a task force of key stakeholders to develop recommendations meant to enhance the City's Early Care and Education delivery system as a whole. Comprised of 44 key stakeholders, Task Force members represent a diverse group of the early care and education community, including all levels of government agencies, advocates, providers and child care consumers. The members are working in four separate work groups to address key components related to strengthening the quality and efficiency of the ECE system. Each workgroup has considered a wide range of opinions, data, experience, theory and best practices to develop recommendations for continuing to improve quality of care, increasing enrollment in contracted care and determining how best to serve both public assistance and low-income families. This Task Force is also exploring whether regulatory changes might reduce the significant amount of resources that providers must use in order to navigate complex regulatory procedures and policies in carrying out their work.

After working diligently for months, the Task Force will meet for the last time at the end of January 2015 to finalize recommendations that will be presented to the Mayor for consideration. ACS actively participated in each of the workgroups as well as all of the Task Force meetings and I feel confident that the recommendations will serve the best interests of children and families. I look forward to discussing the finalized recommendations when they are released.

## **Moving Early Care & Education Forward: ACS**

As the Task Force has been developing recommendations, the ACS Division of Early Care and Education (ECE) continues to assess additional ways to improve the system. We are deeply invested in moving toward a coordinated and aligned early care and education system that is good for children, easy for families to navigate, and efficient and streamlined for providers of services and for the numerous City agencies involved in early learning. In the coming year, ECE is working on several major projects to serve this goal.

The requirements associated with *EarlyLearn* created an essential shift for community-based child care providers to alter their practice from solely providing services to providing services **within the context of** operating a small business. I am very pleased to announce that ACS is exploring a partnership with the New York City Department of Small Business Services (SBS) to address ways in which SBS may provide business support to our *EarlyLearn* agencies, specifically around budgeting, bookkeeping, marketing skills and other essential business practices that may be new to many of our providers.

Another way we hope to be able to assist both providers and families is by exploring a mapping system – using web-based geographic information system (GIS) technology – that could provide families seeking care with information about nearby, real time vacancies. In tandem with the mapping system, ACS is working with the Department of Technology and Telecommunications (DoITT), and our partners to revamp our entire website to better serve families. Our focus for the Early Care & Education webpage is to clearly articulate for our parents, providers and partners the various options available for early care and education, and to, again, introduce enhanced transparency to the process.

And finally, given these massive system transformations that have taken place in the past two and half years, we need to reexamine where our services are located. As the demographics in the City shift, so too must the services. ACS is planning to conduct an updated Community Needs Analysis to ensure that our seats are located where the need for subsidized care is greatest. We remain cognizant that pockets of poverty persist in otherwise affluent neighborhoods and that the cost of real estate continues to skyrocket. Our aim is to create an approach that is as nuanced as possible in our analysis of the needs for subsidized care. Thankfully, some of this work is already underway and we are eager to partner with advocates and research organizations throughout the City who are thoughtfully pursuing how to ensure that seats remain in, or are relocated to, the neighborhoods where the need is greatest.

While all three of these projects are just getting started, I am hopeful that they will each address some of the concerns that have been raised about the challenges that our providers and families face. I thank you again for the opportunity to update the Council about our early care and education services, and I look forward to partnering with all of you as we continue to refine our systems and approach. And I welcome your questions.





**Advocates for Children of New York**  
Protecting every child's right to learn

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**Testimony to be delivered to the New York City Council  
Committee on General Welfare**

**Re: Oversight: EarlyLearn NYC**

**Advocates for Children of New York  
January 14, 2015**

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Thank you for the opportunity to speak with you. My name is Lisandra Fernández-Silber, and I am an attorney and legal fellow at Advocates for Children of New York where I focus on early childhood education. For more than 40 years, Advocates for Children has worked to promote access to the best education New York City can provide for all students, especially students of color and students from low-income backgrounds. We are also a proud member of the Campaign for Children.

Given the important role of early childhood education, Advocates for Children has strongly supported the vision of EarlyLearn since its conception, and we continue to do so. While we are grateful that the Administration and the City Council have made great strides to expand and strengthen early childhood education, we must not lose sight of the important work that remains in order to realize the vision of EarlyLearn.

We continue to be concerned that the EarlyLearn rate is insufficient to support the high-quality standards that the program requires. In order to meet the promise of providing a comprehensive, high-quality early childhood education, programs must



receive adequate funding, training, technical assistance, and support. These components are particularly important when it comes to serving preschoolers with disabilities, children living in temporary housing, children in foster care, and Dual Language Learners.

One of the clients we assisted was a low-income, working, Spanish-speaking parent, whom I'll call Sonia. Sonia's son, a Dual Language Learner with a disability, was in a full-day EarlyLearn program. Although EarlyLearn programs are responsible for coordinating with the Department of Education to ensure that preschoolers with disabilities receive their special education services, Sonia's son went months without receiving his mandated bilingual speech therapy. After Advocates for Children brought this case to the Department of Education's attention, the Department of Education worked out an arrangement that would require Sonia to leave her job, take her son out of preschool, bring him to a speech therapy agency more than 100 blocks away from his preschool, bring him back to preschool, and then return to work. Given the hardship this arrangement imposed on Sonia and her son, Advocates for Children contacted providers ourselves and found a bilingual therapist who could travel to the EarlyLearn site. In the process, we also discovered that two other children at the same EarlyLearn site had special education recommendations for bilingual speech therapy and had not received any speech therapy. We arranged for the provider we found to work with these children as well.



Sonia contacted us again a month later, terrified that her son was going to lose his EarlyLearn seat and his bilingual speech therapy because she was having problems re-certifying her child care eligibility. The program did not seem to have the capacity or resources to help Sonia resolve the eligibility issues and, instead, told Sonia that her son could no longer attend the program. Sonia tried her best to resolve the issue, but the language barriers and the confusing and contradictory information that she received made it difficult. Advocates for Children contacted ACS, and ACS worked with the program to change the child from a child care seat to a Head Start seat in the same class. Due to this change, Sonia's son was able to stay in his preschool seat, and Sonia no longer had to pay burdensome child care fees. However, in the process of resolving these issues, Sonia lost her job for requesting too much time off to deal with problems related to her son's education.

There are so many families like Sonia's. Without EarlyLearn, her son may have fallen through the cracks, as many preschoolers with disabilities and Dual Language Learners from low-income backgrounds do before they even begin kindergarten. While Sonia was grateful for the EarlyLearn program, she wished it had the capacity to get her child's services in place and resolve the eligibility challenges. EarlyLearn programs need adequate funding, training, technical assistance, and support to serve



all eligible preschool students, including those who need additional support in order to succeed in the classroom and prepare for kindergarten.

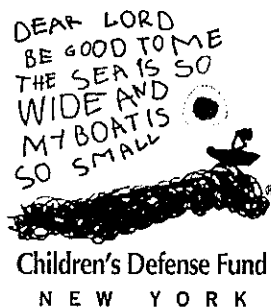
Thank you for this opportunity to speak to you today.

# FOR THE RECORD

Testimony of

**Patti Banghart**

**Senior Early Childhood Policy Associate,  
The Children's Defense Fund - New York**



*Before the*  
**New York City Council- General Welfare Committee**  
**January 14, 2015**

*Regarding*  
**Oversight of the EarlyLearn program**

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Thank you for this opportunity to testify. My name is Patti Banghart and I am a Senior Early Childhood Policy Associate at the Children's Defense Fund - New York (CDF-NY). The Children's Defense Fund (CDF) is a national, non-profit child advocacy organization that has worked relentlessly for 40 years to ensure a level playing field for all children. Our mission is to ensure every child has a Healthy Start, a Head Start, a Fair Start, a Safe Start and a Moral Start in life and successful passage to adulthood with the help of caring families and communities.

CDF-NY is a member of and helped establish New York City's Campaign for Children—a non-partisan coalition of more than 150 children's advocacy and provider organizations, that originally came together to stave off budget cuts to New York City's early childhood education and after-school programs.

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Launched in 2012, EarlyLearn NYC was designed to create a single, unified system for New York City's publically funded early childhood education services in order to raise the quality of programs, strengthen support for families, and increase professional development opportunities for providers. CDF-NY supports the goals of the EarlyLearn program including important innovations such as blending program funding and offering expanded hours of care. EarlyLearn is a crucial part of the City's early childhood system and for many low-income working parents, it is the only early childhood education option for their children.

While quality standards and enhancements were an important change, EarlyLearn altered how contracted subsidized programs are paid for. Individualized rates that accounted for individual program costs, such as facility costs, were replaced by a system-wide rate. With EarlyLearn, the city started a full enrollment policy, where programs' payments are based on the number of children enrolled, which may fluctuate despite many costs being fixed. Finally, the City stopped offering health insurance, liability insurance, and worker's compensation to providers. As a result, Early Learn has struggled to achieve full enrollment and many programs have struggled financially to stay afloat due to an inadequate rate.

#### **Challenges with the EarlyLearn system:**

- 1. Under-enrollment:** EarlyLearn is under-utilized, with current enrollment at about 85%. This may be due to the fact that the majority of families (60%) receiving subsidized care are families receiving public assistance who also receive child care vouchers, and those families tend to choose home-based child care.
- 2. Insufficient rate--** Based on a survey conducted by the Campaign for Children, of 42 EarlyLearn agencies (102 sites) in November and December of 2014, the majority of programs (83%) reported struggling with the EarlyLearn rate. Of those struggling, nearly half reported having a funding gap between their costs and the amount of their ACS EarlyLearn contract amount. While the gap amount varied widely, there was a mean gap of 16% of the contract amount.

Those struggling identified the following as their top issues:

- **Staff recruitment and retention/ salaries (63%).** Most child care staff are unionized but there hasn't been a union contract or salary adjustment for staff since 2006. Programs struggle to recruit and retain highly qualified staff given current salaries and a lack of salary parity with DOE pre-K salaries.

- **Facility costs- rent and maintenance/repairs (54%).** Rent increases and unanticipated maintenance and repair costs are a burden for programs and take away from programming for children.
- **Classroom supplies/high-quality environment (43%).** Obtaining the supplies necessary for a high-quality classroom, including technology, is difficult with competing costs at the current rate.
- **Insurance costs (35%).** Although the rate is supposed to cover health insurance costs, many programs struggle to offer it, and staff also struggle to pay for the 15% employee contribution, often choosing to opt out.
- **Challenges with not reaching full-enrollment (23%).** Agencies have difficulties managing their budget and making staff hiring decisions with enrollment varying.

#### **Recommendations:**

To address under-enrollment, the Administration for Children's Services (ACS) and the Human Resource Administration (HRA) could further collaborate to offer additional training to job center staff to help educate families receiving public assistance about the EarlyLearn program. ACS could also provide job center staff with information on program openings to help families find available slots in their communities.

To address the EarlyLearn rate, the Children's Defense Fund supports the following recommendations in the Campaign for Children EarlyLearn rate report:

- Salaries must be increased for ALL child care staff, including salary parity with pre-K teachers in DOE universal pre-K (UPK) classrooms. The rate must be adjusted accordingly.
- The rate must do a better job of addressing disparate facility costs, including rent, and be adjusted as costs increase. The City should consider creating a capital fund to pay for repairs at child care centers so that these costs do not come out of the rate.
- To ensure a high-quality classroom experience, the City needs to ensure that the rate is sufficient to enable agencies to invest in necessary classroom materials and technology. The City should consider using some of the State Smart Bond funds for the purchase of technology for classrooms.
- The City needs to make adjustments to how insurance is paid for and provided for child care staff. Agencies need to be paid a rate that is high enough that they are able to purchase health insurance for ALL of their staff, as well as for general liability insurance and worker's compensation. Furthermore, the City and the union must work together to ensure that the new union contract includes adequate salary and benefits for child care staff.
- The City should reconsider the current metrics for full enrollment and implement a reimbursement system that better ensures agencies have funding for their fixed costs, as well as more certainty about their reimbursement so that they can better plan for their programs.

CDF-NY urges the City Council to adequately fund the EarlyLearn program and support these changes in order to establish the high-quality early care and education that our City has promised and that our children deserve for a clear and sustainable path to their academic and life success.



**FOR THE RECORD**



**FEDERATION OF PROTESTANT WELFARE AGENCIES**

## **TESTIMONY**

**Oversight Hearing:  
Early Learn**

Presented to

New York City Council, General Welfare Committee

Wednesday, January 14, 2015

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My name is Mallory Nugent and I am the Policy Analyst for Human Services and Poverty Reduction at the Federation of Protestant Welfare Agencies (FPWA). I would like to thank Chairman Levin and the members of the General Welfare Committee for the opportunity to testify before you today and for your leadership on issues of early childhood education.

FPWA is an anti-poverty, policy and advocacy nonprofit with a membership network of nearly 200 human service and faith-based organizations. FPWA has been a prominent force in New York City's social services system for more than 92 years, advocating for fair public policies, collaborating with partner agencies, and growing its community-based membership network to meet the needs of New Yorkers. Each year, through its network of member agencies, FPWA reaches close to 1.5 million New Yorkers of all ages, ethnicities, and denominations. FPWA strives to build a city of equal opportunity that reduces poverty, promotes upward mobility, and creates shared prosperity for all New Yorkers.

The evolution of the EarlyLearn program has been of particular importance to FPWA due to the impact it has had on our member agencies. Of the nearly 200 agencies represented by FPWA, 70 are providers of early childhood education services. Twenty-three of these organizations are also EarlyLearn providers, accounting for 83 EarlyLearn centers across the five boroughs.

### **Merits of EarlyLearn**

The EarlyLearn system provides a model for providing a publically funded comprehensive early child care and education system that has the potential to significantly improve the quality of childcare in New York City. Many aspects of this model have been long promoted by FPWA and other children and early education advocates and were designed to strengthen an early care and education system plagued with varying levels of quality. These promising aspects include: improved teacher-child ratios, unified program standards and assessment system, longer daily hours and more complete coverage throughout the year, and increased opportunities for staff development.

### **Critiques of Early Learn**

While FPWA supports these efforts to increase the quality of early care and childhood education in New York City, we find ourselves increasingly concerned regarding aspects of this model that have inadvertently created a negative impact on many providers and the quality of services they provide. A majority of these challenges revolve around the lack of financial support for EarlyLearn providers, especially in the areas of insufficient per child reimbursement rates and increased burden of health care and liability insurance coverage.

***Insufficient Financial Support*** – Following the implementation of EarlyLearn, the City adjusted the way in which it reimburses providers. While previous rates reflected individual provider's varied costs (rent, facilities fees, etc.), the current system utilizes a flat reimbursement rate, which providers widely report to be insufficient.

In answer to the concerns of providers, including FPWA member agencies, Campaign for Children surveyed 42 agencies representing 102 sites regarding the current rate's ability to cover high quality

early childhood programs. The survey found that 83% (35 out of 42) of the agencies reported struggling with the current rate, with 17 of these programs reporting that they are spending more than they are being reimbursed. These financial struggles directly affect the quality of services provided to children, many of whom are from high need neighborhoods and require additional supports in order to ensure future academic and personal success. The programs report that this gap severely undermines their ability to provide the basics of quality early childhood education, as well as quality enhancements like field trips, technology and specialized staff.

As a result of this insufficient financial support, our member agencies have reported having to cut staff positions and cut back on extra services that in previous years provided additional support to low-income and vulnerable families. One member agency was forced to lay-off ten support and administrative staff positions, including cafeteria workers, parental support staff, and bus drivers. Previously this program, situated in a high need/high poverty neighborhood, was able to employ three family service workers who were responsible for providing information regarding public benefits, connecting families with additional social services, and creating a positive and emotionally supportive environment. Now this provider can only afford to employ one family service provider who must serve double duty as a substitute when teachers call in sick or are on vacation. This long-running community organization, once known for the high level of social support offered to children and families, is now forced to run its program on a bare bones staff, resulting in missed opportunities for parental support and engagement.

Additional financial strain was placed upon our member agencies when childcare employees lost access to the city funded Central Insurance system. Instead, providers were required to cover the cost of employee health coverage through the EarlyLearn reimbursement rate. Due to the insufficient level of reimbursement, providers were forced to ask employees to cover 15% of the cost of their coverage. With the average childcare teacher in New York City earning just over \$32,000, this 15% contribution was tantamount to a salary cut of approximately \$5,000. For many, the cost of coverage was unaffordable and many chose to opt out of the health coverage program. A survey of our member agencies revealed that in any given program, about 30-60% of employees opted out of health care coverage. Though this low level of insurance uptake of coverage has resulted in a cost savings for many programs, especially those who estimated 100% participation from their workforce, the rapid increase of uninsured workers is not beneficial to the providers' workforce stability or the city in the long run. At a time when our nation is working toward increasing healthcare coverage for all Americans, New York City has put into place a cost prohibitive system that actively dissuades individuals from procuring health insurance.

Making financial matters worse, early care and childhood education providers are now responsible for the cost of their liability and worker's compensation insurance. These additional insurance costs are not adequately covered by the current reimbursement rate and have resulted in programs having to cut program costs in other areas, usually through the reduction of additional administrative and support staff.

This combination of low salaries and high insurance costs has resulted in many programs struggling to recruit and retain qualified personnel. For the past four years, child care staff salaries have remained stagnant or, in some cases, been reduced. Additionally, the EarlyLearn model has imposed increased staff requirements resulting in staff being asked to do more and at a higher level, with less compensation for their effort. Providers frequently report going through the process of recruiting and hiring new staff and providing training and support while new employees obtain required credentials, only to have those staff members leave to go to higher paid positions in the public schools or for profit providers. Our member agencies report the lack of competitive salaries as the number one threat to their ability to provide high quality early learning opportunities. Frequent staff turnover results in an unstable environment for students and prohibits the formation of long-term, supportive relationships with families, the cornerstone of any high quality early learning program.

***Pay-For-Enrollment*** – The insufficient rate is exacerbated by the policy requiring full enrollment for full reimbursement. While providers are only reimbursed for enrolled students, their costs for rent, maintenance, and staff do not fluctuate. Cost gaps for programs not at full enrollment are therefore an even larger issue. According to the Administration for Children’s Services, only 13% of sites are currently at 100% enrollment and system-wide enrollment is 82% (including Head Start and the non-subsidized private pre-k seats in some programs). Six out of seven agencies that reported to Campaign for Children that they were not struggling with the current rate were 95-100% enrolled. While full enrollment is clearly a positive factor, it still does not ensure that the rate is sufficient. Almost half of the agencies reported struggling were at 95-100% enrollment. These numbers indicate that a rate that is often insufficient at 100% enrollment is overwhelmingly insufficient for the 87% of EarlyLearn programs that are not at full enrollment and therefore not receiving full reimbursement.

***Universal Pre-Kindergarten (UPK)*** – FPWA is extremely pleased with the investment made in universal pre-kindergarten over the last year when tens of thousands of four-year-olds gained access to UPK. Emphasis was placed on ensuring quality programs and supports were put in place to ensure programs could meet those standards. Measures to ensure quality included staff supports such as professional development and partnerships with CUNY around teacher certifications. Also, salaries for UPK teachers were increased to \$44,000-\$50,000 (dependent on level of education), allowing community-based organizations (CBOs) to hire and maintain certified teachers. It is FPWA’s hope that this salary increase can be extended to three-year-old and infant/toddler teachers, as the increase would provide a great benefit to the teachers, as well as to the agencies and children they serve.

Over the summer, FPWA conducted a series of provider focus groups to assess the UPK enrollment process. The issue that arose most frequently was that of salary parity, both within CBOs and between CBO’s and Department of Education (DOE) settings. Agencies reported that while they strongly support the salary increase for UPK teachers, they find it difficult to staff three-year-old and infant/toddler classrooms with qualified teachers. Certified teachers did not want to be placed in three-year-old classrooms with the same work load but significantly lower pay. Similarly, agencies saw their more experienced staff leave CBO’s in favor of DOE settings. While the UPK increase set salaries at a similar level, DOE settings offered shorter hours, shorter school years and greater fringe

benefits than their community-based counterparts. This was felt especially strongly in EarlyLearn/UPK settings, where programs are operated with extended hours and beyond school years to meet the needs of working families.

The issues extend beyond the teaching staff. Many providers reported that their directors, sometimes with decades of experience, were making significantly less than a first year UPK teacher. They stated that their contracted rates did not allow them to increase salaries for directors or other staff. Salary related staffing issues were reported at each of the six focus groups held by FPWA, across four boroughs. The problems were reported by a diverse range of providers, from small organizations with one site to large agencies with multiple sites. Salary increases for teachers and staff must be factored into the contracted rates for programs.

### **Recommendations**

FPWA recommends the following improvements to bring about the necessary changes required to ensure the success of the EarlyLearn program:

1. In order to ensure high quality early learning opportunities for New York City's children, the per-child reimbursement rate must be increased to more appropriately reflect the actual costs of providing quality care. The new rate should sufficiently ensure that providers can meet standards, provide fair compensation, address employee contribution for health insurance, and appropriately fund costs of operations, administration and materials for children. To guarantee that this rate remains appropriate in the long term, it should be indexed to inflation.
2. ACS should decrease their threshold for full reimbursement to a more realistic enrollment level. Given that the great majority of programs are not at full enrollment, programs are unable to plan effectively to cover the costs of fixed expenses like rent, maintenance, and staffing.
3. While the salary increase for certified UPK teachers was a very positive step, ACS must bring the rest of their teachers and staff in line with that salary level. Without salary parity, providers will be unable to maintain quality teachers, directors and staff.

Thank you for the opportunity to testify before you today. FPWA looks forward to working with ACS and the City Council on this issue.

**New York City Council  
Committee on General Welfare  
Oversight Hearing on Early Learn  
January 14, 2015  
City Council Chambers**

**Testimony of  
Mabel Everett, President of Day Care Employees Local 205  
District Council 1707 AFSCME**

Good afternoon. My name is Mabel Everett. I am the President of Day Care Employees Local 205, a local of District Council 1707, which also represents organized Head Start employees in New York City.

I truly want to thank the City Council and the General Welfare Committee for their due diligence and heroic actions regarding saving some 60 community-based public child care centers in 2012 and 2013 using discretionary funding.

Without your strong support, thousands of children and parents would have lost safe, quality and affordable child care. Hundreds of my hard working members would have lost their jobs to the former mayor's attack on public child care.

My members, public center-based day care employees, have been cautious as to why the City did not want to use the process of negotiated acquisition to sign new contracts with the former city council discretionary-funded centers.

If the City says it cannot legally use this process it must not use the same questionable selection process that the Bloomberg used to eliminate dedicated community-based organizations and replace them substantially less qualified vendors.

Local 205 is concerned that the Early Learn process opened the door to vendors that were anti-union and we are still fighting employers who insist today to maintain lower wages and benefits for dedicated and qualified personnel.

Many dedicated and qualified employees have been forced to seek other employment because those anti-union Early Learn shops do not thrive but demean our members, their professions and maintain lower standards of wages and benefits.

Their actions run counter against common sense and less employee retention in communities of need where children need more stability in their lives, not less.



Testimony on EarlyLearn NYC  
Before the  
New York City Council  
January 14, 2015

The Day Care Council of New York would like to thank Councilmember Stephen Levin, Chair of the New York City Council's General Welfare Committee, for his vigilance and those members of the Committee in seeking information on an important initiative that affects the lives of more than 40,000 pre-school children. This public hearing on the progress of EarlyLearn is a testament to your concern to ensure the program that was put in place three years ago is operating according to the goals and objectives established by the Administration for Children's Services.

My name is Andrea Anthony and I am the Executive Director of the Day Care Council of New York, Inc. As the largest membership organization within New York City's child care system, the Day Care Council of New York's member agencies currently serve the early childhood education interests of 106 non-profit organizations that operate more than 200 child care centers. We are proud of their long-standing commitment to providing a strong head start to New York's most vulnerable citizens. We have been in existence for 66 years organized to advocate on behalf of our members for sufficient funding for program services and most importantly, a fully educated and trained workforce to fulfill their mission of providing stellar early childhood education.

We recognize that there are a number of concerns about the operation of EarlyLearn programs. However, the major area we will focus on is the recruitment and retention of qualified individuals for management and teaching positions in these programs. This particular issue among EarlyLearn programs has become critical with the introduction of full-day Universal Pre-kindergarten (UPK). Part of the overall success of any nonprofit agency is having qualified staff that are compensated for their work through competitive salaries and benefits. This is the area that has been overlooked for far too long.

Our testimony focuses on salaries for workers in EarlyLearn programs; the provision of health insurance; and how the expansion of UPK to full-time has caused major disruptions among EarlyLearn staff.

### The Salary Gap

The workers in Day Care Council member agencies, which are EarlyLearn programs, are unionized under District Council 1707/Local 205 representing teachers and support staff and the Council of Supervisors and Administrators representing directors. We are the management representative charged with negotiating the collective bargaining agreements on behalf of our member agencies with these two labor unions. We do this work in collaboration with the City's Office of Labor Relations. To clarify further, salaries and benefits are incorporated in the EarlyLearn rate, but it is the City administration that decides the level of compensation through the labor negotiations. These negotiations have not been held since 2005.

As such, the workers in both unions have not had salary increases in nine years. For example, let's take a look at the salary of a certified teacher who started working in an EarlyLearn center nine years ago.

- She began her job in September of 2005 at a salary of \$39,350 (as delineated in the collective bargaining agreement). Today in 2015, she is still making the same salary.
- If we applied a compounded 2.2% cost of living increase over the nine years, her salary would now be \$47,305, a difference of \$7,955.
- Furthermore, if we compared this salary with the new UPK salary for certified teachers, \$50,000, the difference would be \$2,695.
- Projecting one step further, if the City began labor negotiations with the Day Care Council and the unions today, we would request the same (or better) wage increase that has been given to other unionized workers in our city, which is 2%.
- Adding a 2% increase to the projected salary of \$47,305 equals a new salary of \$48,451. Granted, this certified teacher is still making less than the UPK teacher, but the difference would be \$1,549 annually not \$10,650 that it is currently.

In addition, it is inequitable to have three separate pay scales for certified teachers in our early childhood education system. The starting salary for a master level certified teacher in child care is \$39,350. For Head Start programs, it is \$48,509 and \$52,459 for teachers with the same credentials at the Department of Education. We strive to recruit and compensate individuals who invest the time and money to achieve a higher educational degree and pass a state required licensing test. Shouldn't we work towards figuring out a way to equal this playing field for the people we expect to achieve great results for our children?

### Health Insurance

We will now take a look at one of the most important benefits for workers in any sector, health care insurance. Last year, due to the closure of the City's Central Insurance Program, unionized child care workers were terminated from a city-sponsored health insurance program that provided this benefit at no cost to the worker. Approximately 3,000 workers were affected by this closure. We negotiated with the unions what we perceived was the lowest cost health insurance plan; unfortunately, about half of the workers opted out of the plan because they could not afford it. The actual health insurance costs were established after the EarlyLearn rate was released by ACS and were significantly higher than what was built into the rate. Our members stated that they would not have been able to afford the health insurance if all of their staff enrolled in the plan.

Keep in mind these workers have made the same salary for nine years and were told that their current health insurance plan was being eliminated and they would be responsible for 20 percent of the monthly premium. In effect, this was a salary cut. We must also note that the Day Care Council/DC 1707 Welfare Fund is contributing 5% for workers towards their monthly premium payments. This assistance reduces their contribution to 15% with 80% from employers and 5% from the Welfare Fund. Unfortunately, the Welfare Fund will eventually deplete its reserve fund without additional public funding.



Universal Pre-Kindergarten

Finally, the EarlyLearn sector has been grappling with the introduction of full-day UPK and its impact on staffing, morale, and the confusion over worker benefits. We acknowledge the tremendous achievement of our Mayor in securing \$300 million dollars in State funding to make Universal Pre-Kindergarten accessible for all four year olds in our City.

In highlighting recruitment and retention of workers in EarlyLearn program as a number one priority, our concerns with the implementation of full-day UPK are: (1) the Mayor's directive to provide higher starting salaries for certified UPK teachers in non-profit settings but not equal benefits packages or incremental increases based on years of service; (2) the lack of parity for qualified teachers for two and three-year-old classrooms, who are now making less than their counterparts in UPK classrooms; and (3) let's not forget certified Directors who administer child care programs. In some cases, we have directors earning less than their newly hired UPK teachers. We must also consider support staff as well, i.e., assistant teachers, custodians, and cooks, who are in desperate need of proper compensation.

To address the salary increases and health insurance benefits, the most expedient way is to begin labor negotiations immediately with the clear understanding that the City is willing to contribute sufficient funding to meet these special circumstances. This is where we need your support and hope that you will convey your concern for child care workers in EarlyLearn programs. It's shameful that these individuals who educate and support young children have not had a salary increase in nine years and more than half do not have health insurance because they cannot afford it. Thank you for the opportunity to testify today.

Submitted by  
Andrea Anthony, Executive Director  
Day Care Council of New York, Inc.  
January 14, 2015

## Testimony for New York City Council Hearing on Implementation of EarlyLearn

My name is Gwendolyn McEvilley and I am the Director for the Head Start Sponsoring Board Council of the City of New York (HSSBC), organized to be the liaison between the Administration for Children's Services (ACS) and the Head Start delegate agencies (DAs) receiving federal Head Start funding. I would like to thank the Committee on General Welfare for inviting me to testify today.

"The **Head Start Program** is a program of the United States Department of Health and Human Services that provides comprehensive education, health, nutrition, and parent involvement services to low-income children and their families. The program's services and resources are designed to foster stable family relationships, enhance children's physical and emotional well-being, and establish an environment to develop strong cognitive skills..." But we all know that Head Start is so much more than that. Educating a Head Start child educates the entire family. Our programs have been successfully doing this since the inception of Head Start in 1965.

The premise of EarlyLearn is good, the execution, not so much. The problem is funding. The rate doesn't cover any of the major cost increases that our agencies have faced. For example, agencies now pay the pension, medical insurance, Long and short term disability, life insurance and workers' comp. This cost accounts for at least 30% of their bottom-line when agencies start out with only 93% of their total budgets to begin with. Everything is NOT in the rate, as ACS often says. ACS gave Head Start agencies a mere 73 cents per child to cover the cost of Health Care after the Central Insurance Plan stopped covering employees. Head Start employees waited over two years to receive their 2012 COLA of 0.72% and there has been no increase in the rate to cover the salaries going forward. We still await the 2014 COLA of 1.3%.

As stated in the analysis published in the Summer of 2014 by the Center for New York City Affairs at the New School, "when the Administration for Children's Services (ACS) announced its contract awards in May 2012, it became clear that the new approach would cause a massive upheaval in the system...Dozens of small programs were eliminated" despite the fact that they were experienced, quality programs. "The funding allotted to the initiative was not adequate for the grand scope of its vision. The remaining small programs suffered the most. The new system expected them to adopt more rigorous standards – many of which had long existed in the Head Start mode – while giving them less money per child." "Indeed, the mismatch between funding and expectations has turned out to be the initiative's single biggest stumbling block."

The results of a poll taken of Head Start agencies concluded that:

1. In order for agencies to continue to run high quality programs, the rate needs to be substantially increased. Quality costs money in terms of qualified staff and great facilities in order to create the best learning environments for children
2. Improve communication between ACS and the contracted agencies by truly supplying support to the agencies. Agencies receive mixed messages from ACS and find it distracting when they are asked for the same information from a number of different ACS departments. The increase in paperwork is up 50% since the implementation of ELNYC. This reduces program productivity. We have to make sure that staff is concentrating on children and families and supporting their needs and not duplicating documentation across ACS systems
3. Head Start enrollment has been impacted by both ELNYC and UPK. Some agencies have reported that families have left as late as November because of calls to parents from the DOE in EarlyLearn catchment areas. Many agencies have had to close sites and lay off employees, as well as dealing with the loss of qualified teachers to the DOE. Even while agencies have extended hours for families and reminded them that their programs run on a 12-month cycle, it makes little difference. The 261 days required for agencies to stay open affects the budgets when agencies have to pay for substitutes to cover staff vacations. Several agencies have reported 75% decrease in attendance of children during August and December vacation.

**Testimony of the  
United Federation of Teachers**

**Before the  
New York City Council  
Committee on General Welfare**

**Regarding Oversight: EarlyLearn NYC  
January 14, 2015**

Good afternoon Chairman Levin and the members of the General Welfare Committee. My name is Jeremy Hoffman, and I am the Director of Child Care Policy at the United Federation of Teachers (UFT). On behalf of our union's more than 200,000 members, including roughly 20,000 home-based, family child care providers, I want to thank you for this opportunity to offer testimony on EarlyLearnNYC, the city's contracted child care system.

First, I would like to thank the New York City Council for its fierce advocacy fighting for the rights of children and families and for its leadership ensuring the necessary checks and balances to protect the interests of those in our city who have the smallest voice but the greatest need. We appreciate your oversight of EarlyLearnNYC and the agencies responsible for our children's education and well-being.

As you know, the UFT's members include New York City's public school teachers, paraprofessionals, guidance counselors, psychologists, secretaries and many other school staffers, all of whom play critical roles in educating our students. Our union is therefore deeply invested in closing the achievement gap and attaining educational equity for all students.

Our union began organizing New York City's home-based family child care providers in 2005 because we saw these workers as early childhood educators who play a critical role in laying the foundation for later learning and closing the achievement gap. We represent all home-based family child care providers in the city who serve children whose care is subsidized and we bargain on the providers' behalf with the state of New York. Recently, we incorporated a number of rights and protections for Family Child Care Network-affiliated providers into our state agreement, which we think strengthens the child care system in our city. Of particular note are the provisions mandating that providers are paid at the market rate and that the networks sign a written affiliation agreement with each provider explicitly detailing network policies and pay rates.

While child care in our city is often referred to as a singular "child care system," in fact nothing could be farther from the truth. The reality is that we have a multiplicity of programs with overlapping funding streams, varying program eligibility standards and varying program requirements. The services are a veritable patchwork of programs.

EarlyLearnNYC, the focus of today's hearing, while only one component of the city's child care system, is by far the most problematic. Two years into EarlyLearnNYC, family child care providers are struggling and continue to experience numerous problems with the EarlyLearn Family Child Care Networks.

EarlyLearnNYC is the city's contracted child care system and includes many but certainly not all child care centers in the five boroughs, as well as their now-aligned Family Child Care Networks. Family Child Care Networks are entities that have direct contracts with the city; individual family child care providers affiliate with these entities as independent contractors. The networks provide contract administration, including payment, and ensure compliance with the city's EarlyLearn requirements and both the city and state funding requirements. Network-affiliated providers are also mandated to follow all state regulations and are subject to annual inspections by the city Department of Health and Mental Hygiene.

EarlyLearnNYC changed the way that parents who are *not* receiving public assistance administered by the NYC Human Resources Administration (HRA) receive their child care subsidy. Pre-EarlyLearn income-eligible parents often received a child care voucher from Administration for Children's Services (ACS) and could choose the child care services that best fit their need. EarlyLearnNYC eliminated most ACS vouchers and instead required many parents to seek their child care services through an EarlyLearnNYC child care center or Family Child Care Network.

EarlyLearnNYC does not include those child care centers that do not have an EarlyLearn contract with the city, the four Family Child Care Networks which the city has been designating funds to since 2012, or the independent family care providers who are not affiliated with a network. Many parents who have been awarded a child care subsidy as part of their public assistance, what is often referred to as an HRA voucher or CASH assistance voucher, choose to use that subsidy with either a non-Early Learn center or a non-network-affiliated family child care provider as is their right under federal law.

EarlyLearnNYC contractors run the gamut and have a wide spectrum of practices, requirements, pay scales, financial resources and administrative infrastructure. But regardless of what type of entity the EarlyLearn contractor is, the finances of EarlyLearn child care centers and their Family Child Care Networks are interwoven.

The specific EarlyLearnNYC problems, many of which I have spoken to this committee about in the past, include:

1. **Providers Paid Less Than The "Market Rate"** - Federal law requires that the state bi-annually calculates the "market rate" which determines what family child care providers who serve subsidized children should be paid. However, most family child care providers are currently paid less than the market rate despite the fact that the networks are mostly paid a rate per child that is higher than the market rate. Networks reduce the amount that they pay their affiliated providers either by having a base rate lower than the market rate, and/or charging various

different types of administrative fees. Over the last year we have seen a number of networks increase the administrative fees that they take out of the providers' already paltry pay.

2. **Erratic Payment to Providers** – Many networks delay payments to their providers. These payment delays can range from a day or two to weeks. Recently, one network in particular did not pay its affiliated providers for six weeks! This is simply outrageous.
3. **Lack of Sufficient Written Affiliation Agreement** – Family child care providers, as I mentioned before, are not employees of the networks but rather independent contractors. The terms of this agreement should be delineated in a written affiliation agreement or contract. However, many networks do not give their affiliated providers a copy of this agreement before or after signing. Rather, when they affiliated, family child care providers were sometimes handed an agreement to sign on the spot. They were not allowed to take it home to review and after signing it they were not given a copy. I have spoken with providers who have struggled with their networks just to get a copy of it. Many of these agreements lack such basic and critical information as their rate of pay or the disclosure of fees.
4. **Food Program** – Network-affiliated providers participate in a federal program called the Child and Adult Food Program (CACFP) that reimburses providers for food that they serve which meets certain nutrition standards. The money flows from the U.S. Department of Agriculture to the New York State Department of Health and then to a CACFP food sponsoring organization that, in turn, administers the program and pays the individual family child care provider. There are a number of different CACFP sponsors in the city. Under federal rules providers have the right to choose their CACFP sponsor. Unfortunately, many EarlyLearn networks require that providers participate in their food program. These food checks are supposed to be kept separate – they have different tax implications for the provider. Some networks inappropriately withhold the food check from the their affiliated providers as a form of punishment for violating a network-imposed rule.
5. **Shifting of Cost Burdens to the Provider** – Over the last year we have seen a number of networks require that their affiliated family child care providers indemnify the network in their insurance policies. This results in a higher premium for the provider. It is outrageous for a network, which is already underpaying their affiliated providers and already charging administrative fees to then free ride on the provider's insurance policies, requiring that their lowest-paid workers pay their insurance cost.
6. **Favoritism** – Many providers report that the networks assign children to providers as a way to reward those providers who they personally like or to punish those providers who raise concerns. Even when a network-affiliated provider who has room for an additional child recruits a family who has been

awarded a child care subsidy from ACS and then refers them to a network, that child often is assigned by the network to a different provider, despite the parents' preference.

Many of these problems suggest a continuing lack of financial stability in the child care system. Since the finances of what used to be two distinct entities is now interwoven, any financial instability of the EarlyLearn center — whether due to underenrollment of their centers, the shifting of costs to the centers from the city, or an insufficient center rate, as many contend — puts downward pressure on the pay of their affiliated family child care providers. In short, some of the city's EarlyLearn contractors are balancing their budgets on the backs of their lowest-paid workers, the family child care providers. Furthermore, the inability of the city to ensure that providers are at least paid on time and do not go six weeks without pay suggests that the city lacks the tools and authority in their contracts, inherited from the Bloomberg administration, to ensure the most basic of rights; that workers are paid for their labor.

Moving forward, we think that the city's child care system would be improved by:

**1. The City and the EarlyLearnNYC Contractors Honoring The Family Child Care Network Affiliated Provider Rights That Are Included In the UFT's Agreement With The State**

– During our negotiations with the state for the agreement which covers the city's family child care providers we included a number of protections for network-affiliated providers. Respecting these rights will go a long way to improving the delivery of child care services in our city.

These include:

- Network providers must be paid the market rate.
- Networks must sign a written affiliation agreement with each provider who shows how much they are paid and clearly outlines any network policies.
- Networks are prohibited from withholding a provider's food reimbursement checks or a provider's paycheck for unpaid family shares.
- Networks cannot remove children from providers' care as a form of punishment.
- Network pay stubs must be itemized.
- Networks cannot restrict the number of children cared for in a provider's home beyond what the state allows.
- Networks must provide all required forms at no cost to providers and allow providers to purchase any required materials from whomever they choose.
- Networks are prohibited from making providers refer their private-pay parents to the networks or from charging a fee for private-pay children or the providers' own children.
- Providers are allowed to break their affiliation agreement if their network requires that they keep slots vacant for future placement by the network.
- Networks may not require any changes to the child care site beyond those required by the state.
- Networks cannot require providers to engage in any fundraising activity.

- Networks are encouraged to use a model affiliation agreement which was developed during negotiations and is attached to the contract.
2. **Ensure That ACS Has All the Accountability Tools It Needs in the EarlyLearn Contracts** – Having a network go six weeks without paying its providers is simply unacceptable. ACS understood the gravity of the issue and worked hard to try to resolve it. Yet, it still took six weeks for the providers to be paid. The EarlyLearn contracts should be reviewed in order to ensure that the city has all the tools that it needs to ensure that providers are paid in a timely fashion. Withholding pay to some of the lowest-paid workers in the early education field simply should not be allowed to occur.
  3. **Respect the Rights of Parents to Choose Their Child Care** – The city’s shift away from ACS vouchers to requiring that some parents access their child care only through the EarlyLearn system makes many providers feel like they are being forced to affiliate with Family Child Care Networks. The myriad of practices of our city’s Family Child Care Networks and the underpayment and erratic payment of some of them is making it harder and harder for family child care providers to make ends meet. The city should respect the rights of parents to choose their child care, regardless of a provider’s network affiliation.
  4. **Financial Stress Test for Networks** – The erratic payment schedules of some networks and significantly delayed payments for providers suggest that some EarlyLearn Family Child Care Networks lack the financial resources to cover their financial obligations from payroll to payroll. The city should develop a financial stress test to ensure that each individual Family Child Care Network can actually at least meet payroll and not contract with those entities who are unable to.

Education equity is a core value that we share with Mayor de Blasio and is why the UFT so strongly supported his Pre-K expansion. We are delighted that the Mayor’s focus does not end with Pre-K but rather includes child care and that the city is looking anew at the its complicated child care system. Just like pre-K is critical to laying the foundation for later learning, so is child care which works with children as young as 6 months old and often cares for students up through age 12 after the school day ends. But unlike in past years, Mayor de Blasio and his team are seeking input from a broad array of stakeholders, advocates and experts. We are delighted to have been included in his Early Education and Care Task Force.

Thank you for allowing us this opportunity to share our thoughts on how to improve the city’s EarlyLearnNYC system and ensure educational equity for all of our city’s children.



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**Testimony of United Neighborhood Houses  
Before the New York City Council Committee on General Welfare  
Honorable Stephen Levin, Chair**

**Regarding Early Learn:  
New York City's Early Care and Education System**

**Presented By Gregory Brender  
Deputy Director for New York City Policy & Advocacy**

**January 14<sup>th</sup>, 2015**

Good morning Chair Levin and members of the General Welfare Committee. My name is Gregory Brender and I am here on behalf of United Neighborhood Houses (UNH). UNH is New York City's federation of settlement houses and community centers. UNH member agencies have a deep commitment to early childhood education and 20 UNH member agencies are Early Learn providers while others provide early childhood education through other funding streams including Pre-Kindergarten and federal Head Start contracts. UNH is part of Campaign for Children- a coalition of more than 150 organizations working for high quality early childhood education and after-school for every child in New York City.

Since the last time that I testified before this committee on early childhood education, New York City has made great strides forward in providing high quality early childhood education. Mayor de Blasio's ambitious plan that many called impossible to open more than 53,000 Pre-Kindergarten slots in September was a historic success, starting salaries have increased for Head Teachers in 4 year old classrooms and Deputy Mayor Lilliam Barrios-Paoli has convened a task force of early childhood education leaders including UNH executive director Nancy Wackstein to plan for the future of the Early Learn system.

However, the Early Learn system- the system that is for many low-income working families the only option for a high quality early childhood education remains unstable with many programs in crisis. Mayor de Blasio will be releasing his preliminary budget in a matter of weeks. It is crucial that this budget include new investments in Early Learn in order to stabilize this system.



## Early Learn Design

At its inception, UNH and other early childhood education advocates applauded the goals of Early Learn particularly its plan to increase program quality by expanding blended funding programs, an innovative model pioneered by UNH member agencies. Through blended funding, programs would be able to offer both the extended hours offered in child care programs as well as the more comprehensive service model offered in half day Head Start programs. UNH as well as providers and other advocates also applauded ACS and the Bloomberg Administration for its goals of:

- Increasing teacher-child ratios
- Expanding hours of service
- Increasing training and professional development of staff and Family Child Care providers
- Increasing administrative staff in child care centers
- Expanding access to Head Start family support services to more children including some whose families do not meet Head Start's very low income eligibility levels
- Expanding availability of infant and toddler care
- Establishing a unified assessment system to rate program quality and effectiveness

But the implementation of Early Learn came with significant problems including:

*A reduction of nearly 6,000 slots.* The Early Learn awards left many centers which had records of providing quality services in their communities without a contract. It was only through the leadership of the City Council that many programs were saved. This nonetheless led to a bifurcated system where a significant part of the system depended on one year funding from the New York City Council. Providers have just recently responded to a new RFP for the system capacity which formerly was funded by the City Council but is now baselined.

*The elimination of the Central Insurance Program.* Prior to Early Learn's start in October 2012, staff in ACS contracted child care programs as well as agencies contracted through Department for the Aging and Department of Cultural Affairs, received health insurance through the City's Central Insurance Program. With Early Learn, ACS left it up to providers to offer health insurance to their employees stating that the rate would

cover a plan. Providers through their representatives on the Day Care Council and the Head Start Sponsoring Boards Council were only able to offer a plan that has a 15% employee contribution. Many employees could not afford this contribution and in some center 50%-80% have opted out of insurance.

*A new fixed-rate payment system.* Early Learn sought to systematize the reimbursement of providers through implementing an hourly rate system. This system ignored variable costs such as facilities and has left many programs in neighborhoods with more expensive real estate in financial peril.

*A provider match requirement.* Early Learn included a requirement that contractors contribute a 6.7% provider match by raising other resources to cover the full cost of care. This match requirement has been a challenge for many providers.

*A pay for enrollment system.* Early Learn replaced a pay for capacity system with a pay for enrollment system. This system makes it harder for programs that are under-enrolled to recruit more children as they are often struggling to make ends meet.

These challenges continue to confront the Early Learn system.

### **Staff Salary and Benefits**

Early Learn providers' largest concern is with the compensation of their staff. Early Childhood educators are among the lowest paid professionals of any field and the situation for Early Learn teachers and staff is particularly stark.

As mentioned above, many Early Learn staff can not afford health insurance due to the employee contribution. Moreover, their salaries are considerably lower than similarly credentialed teachers in the public school systems. These disparities will only grow if the wages of Early Learn teachers continue to stagnate. The charts on the following pages show the disparities in early childhood salaries and how they will continue to grow over the next several years.

**May 2015 Salary Disparities for Early Childhood Educators**

**Teachers with a BA**

Status	BA	BA+5 Years	BA+10 Years	BA+13 Years	BA+15 Years	BA+20 Years
Department of Education	49,908	52,706	70,511	72,720	77,385	87,658
ACS Child Care (Excluding PreK Lead Teachers)	36,542	39,665	40,565	41,065	41,265	41,265
ACS Head Start (Excluding PreK Lead Teachers)	44,033	45,233	45,733	45,733	45,733	45,733
CBO PreK Lead Teachers (ACS or DOE Contracted)	44,000	**	**	**	**	**
Difference (DOE-ACS Child Care)	13,366	13,041	29,946	31,655	36,120	46,393
Difference (DOE-Head Start)	5,875	7,473	24,778	26,987	31,652	41,925
Difference (DOE-PreK Lead Teacher in a CBO)	5,908	8,706	26,511	28,720	33,385	43,658

**Teachers with an MA**

Status	MA	MA+5 Years	MA+10 Years	MA+13 Years	MA+15 Years	MA+20 Years
Department of Education	56,103	58,901	76,706	78,915	83,580	93,853
ACS Child Care (Excluding PreK Lead Teachers)	39,350	40,750	41,550	42,150	42,350	42,350
ACS Head Start (Excluding PreK Lead Teachers)	48,509	49,709	50,209	50,209	50,209	50,209
CBO PreK Lead Teachers (ACS or DOE Contracted)	50,000	**	**	**	**	**
Difference (DOE-ACS Child Care)	16,753	18,151	35,156	36,765	41,230	51,503
Difference (DOE-Head Start)	7,594	9,192	26,497	28,706	33,371	43,644
Difference (DOE-PreK Lead Teacher in a CBO)	6,103	8,901	26,706	28,915	33,580	43,853

**May 2016 Salary Disparities for Early Childhood Educators**

**Teachers with a BA**

Status	BA	BA+5 Years	BA+10 Years	BA+13 Years	BA+15 Years	BA+20 Years
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Department of Education	51,649	54,545	72,971	75,257	80,085	90,717
ACS Child Care (Excluding PreK Lead Teachers)	36,542	39,665	40,565	41,065	41,265	41,265
ACS Head Start (Excluding PreK Lead Teachers)	44,033	45,233	45,733	45,733	45,733	45,733
CBO PreK Lead Teachers (ACS or DOE Contracted)	44,000	**	**	**	**	**
Difference (DOE-ACS Child Care)	15,107	14,880	32,406	34,192	38,820	49,452
Difference (DOE-Head Start)	7,616	9,312	27,238	29,524	34,352	44,984
Difference (DOE-PreK Lead Teacher in a CBO)	7,649	10,545	28,971	31,257	36,085	46,717

**Teachers with an MA**

Status	MA	MA+5 Years	MA+10 Years	MA+13 Years	MA+15 Years	MA+20 Years
Department of Education	58,060	60,957	79,382	81,668	86,496	97,128
ACS Child Care (Excluding PreK Lead Teachers)	39,350	40,750	41,550	42,150	42,350	42,350
ACS Head Start (Excluding PreK Lead Teachers)	48,509	49,709	50,209	50,209	50,209	50,209
CBO PreK Lead Teachers (ACS or DOE Contracted)	50,000	**	**	**	**	**
Difference (DOE-ACS Child Care)	18,710	20,207	37,832	39,518	44,146	54,778
Difference (DOE-Head Start)	9,551	11,248	29,173	31,459	36,287	46,919
Difference (DOE-PreK Lead Teacher in a CBO)	8,060	10,957	29,382	31,668	36,496	47,128

**May 2017 Salary Disparities for Early Childhood Educators**

**Teachers with a BA**

Status	BA	BA+5 Years	BA+10 Years	BA+13 Years	BA+15 Years	BA+20 Years
Department of Education	54,000	57,028	76,292	78,682	83,730	94,846
ACS Child Care (Excluding PreK	36,542	39,665	40,565	41,065	41,265	41,265

Lead Teachers)						
ACS Head Start (Excluding PreK Lead Teachers)	44,033	45,233	45,733	45,733	45,733	45,733
CBO PreK Lead Teachers (ACS or DOE Contracted)	44,000	**	**	**	**	**
Difference (DOE- ACS Child Care)	17,458	17,363	35,727	37,617	42,465	53,581
Difference (DOE- Head Start)	9,967	11,795	30,559	32,949	37,997	53,113
Difference (DOE- PreK Lead Teacher in a CBO)	10,000	13,028	32,292	34,682	39,730	50,846

### Teachers with an MA

Status	MA	MA+5 Years	MA+10 Years	MA+13 Years	MA+15 Years	MA+20 Years
Department of Education	60,703	63,731	82,995	85,385	90,433	101,549
ACS Child Care (Excluding PreK Lead Teachers)	39,350	40,750	41,550	42,150	42,350	42,350
ACS Head Start (Excluding PreK Lead Teachers)	48,509	49,709	50,209	50,209	50,209	50,209
CBO PreK Lead Teachers (ACS or DOE Contracted)	50,000	**	**	**	**	**
Difference (DOE- ACS Child Care)	21,353	22,981	41,445	43,235	48,083	59,199
Difference (DOE- Head Start)	12,194	14,022	32,786	35,176	40,224	51,340
Difference (DOE- PreK Lead Teacher in a CBO)	10,703	13,731	32,995	35,385	40,433	51,549

### May 2018 Salary Disparities for Early Childhood Educators

#### Teachers with a BA

Status	BA	BA+5 Years	BA+10 Years	BA+13 Years	BA+15 Years	BA+20 Years
Department of Education	56,709	59,889	80,120	82,630	87,931	99,605
ACS Child Care (Excluding PreK Lead Teachers)	36,542	39,665	40,565	41,065	41,265	41,265
ACS Head Start	44,033	45,233	45,733	45,733	45,733	45,733

(Excluding PreK Lead Teachers)						
CBO PreK Lead Teachers (ACS or DOE Contracted)	44,000	**	**	**	**	**
Difference (DOE-ACS Child Care)	20,167	20,224	39,555	41,565	46,666	58,340
Difference (DOE-Head Start)	12,676	14,656	34,387	36,897	42,198	53,872
Difference (DOE-PreK Lead Teacher in a CBO)	12,709	15,889	36,120	38,630	43,931	55,605

### Teachers with an MA

Status	MA	MA+5 Years	MA+10 Years	MA+13 Years	MA+15 Years	MA+20 Years
Department of Education	63,749	66,929	87,159	89,670	94,970	106,644
ACS Child Care (Excluding PreK Lead Teachers)	39,350	40,750	41,550	42,150	42,350	42,350
ACS Head Start (Excluding PreK Lead Teachers)	48,509	49,709	50,209	50,209	50,209	50,209
CBO PreK Lead Teachers (ACS or DOE Contracted)	50,000	**	**	**	**	**
Difference (DOE-ACS Child Care)	24,399	26,179	45,609	47,520	52,620	64,294

The City has now has the opportunity to continue the positive movement we have already begun with Pre Kindergarten expansion and work to stabilize and strengthen the Early Learn system.

In order to improve Early Learn, UNH makes the following recommendations:

- Increase salaries for child care staff including ensuring salary and benefit parity for teachers with teachers in the public school system.
- Allow flexibility in the Early Learn rate to account for differing facilities costs.
- Develop a capital fund to repair and improve facilities used by Early Learn programs including the many programs operating in old buildings that are part of New York City Housing Authority developments.

- Increase the Early Learn rate to allow for investment in classroom materials and technology. Consider investing funding from the Smart Schools Bond Act in order to support funding for technology in Early Learn classrooms.
- Adjust the rate to ensure that all Early Learn staff is able to afford health insurance without an excessive employee contribution.
- Eliminate the 6.7% provider match.
- Reform the current pay for enrollment system to recognize the sometimes necessary fluctuations in enrollment without leaving providers unable to pay for fixed costs such as rent and utilities.

Thank you again for the opportunity to testify. I am glad to take any questions.



Testimony of

Stephanie Gendell  
Associate Executive Director  
For Policy and Government Relations

Before the New York City Council General Welfare Committee  
Oversight: EarlyLearn  
January 14, 2015



Good morning. My name is Stephanie Gendell and I am the Associate Executive Director for Policy and Government Relations at Citizens' Committee for Children of New York, Inc. (CCC). CCC is a 71-year old, independent, multi-issue child advocacy organization dedicated to ensuring that every New York child is healthy, housed, educated and safe. I would like to thank Council Member Levin and the members of the City Council General Welfare Committee for holding today's oversight hearing on EarlyLearn.

I would be remiss by not starting this testimony by once again thanking the City Council for your ongoing and relentless commitment to early childhood education. Thousands of children are in child care programs right now because of the unprecedented restorations the City Council made several years ago. CCC and our partners in the Campaign for Children are incredibly grateful and we look forward to working with the Administration and the City Council to continue to strengthen the subsidized early education system.

We are also grateful to Mayor de Blasio and his Administration for their commitment to early childhood education. The unprecedented expansion of full day pre-kindergarten to nearly all of the City's 4-year olds has been remarkable. We remain hopeful that we can build on this success to strengthen the City's subsidized system for children ages 0-5, particularly those served through vouchers or contracts with the Administration for Children's Services (ACS). Many of the CBO partners in the pre-k expansion are also EarlyLearn providers, making their fiscal viability and quality programming critical for the success of the pre-k expansion.

### **Background on the ACS Child Care System**

The ACS early childhood system serves approximately 100,000 children through both contracts and vouchers and includes child care, Head Start, and pre-kindergarten. The contracted system, now called EarlyLearn, serves mostly low-income children whose parents earn less than 200% of the federal poverty level. The capacity of this system has shrunk over time. It includes center-based care and family child care provided through licensed and regulated home-based providers who are part of a family child care network.

It is important to remember that ACS also administers a system of child care vouchers, which are not impacted or part of the EarlyLearn system. Historically, families on or transitioning off of public assistance have found child care through the use of vouchers rather than the contracted system. Vouchers can be used for centers, family child care, school aged child care and informal family friend or neighbor care. Historically, vouchers have comprised about half of the subsidized child care system, but they now represent about 2/3 due to the shrinking capacity of the contracted system.

It is also important to note that for over a decade, both before and after EarlyLearn, ACS has had a substantial structural deficit in its child care program. This deficit was created by numerous factors including the increasing costs of child care, decreases in Head Start funding,

and the unanticipated number of vouchers still in use even after the creation of the OST after-school program. For the past decade, ACS has made both cuts and changes to its child care program to try to address their deficit (such as raising parent fees, eliminating reimbursement for facility repairs, instituting the pay for enrollment policy, and eliminating priority codes such as for children and parent with special needs.)

EarlyLearn was developed in the context of these budget struggles- as an attempt to improve quality, contain costs, and better align capacity with need. In 2011, the Bloomberg administration issued the EarlyLearn RFP for the contracted center and family-based subsidized child care and Head Start system administered by ACS. The contracts went into effect approximately 2 years ago, in October 2012. These contracts expire on August 31, 2016 with a two-year option to renew.

### **EarlyLearn Changes to the Contracted System**

EarlyLearn was designed to create a single, unified system for the City's publicly funded early childhood education contracted system to both increase the quality of the programs and contain costs. The model blended funding for child care, Head Start, and pre-kindergarten; required 8-10 hours of care; attempted to better align capacity with need; increased the hours of professional development; mandated assessments of children to better meet their needs; added social workers to the model; and encouraged private pay children to be in the classroom with the low-income subsidized children. The model also limited family child care to children 6 weeks- 3 years old and strongly encouraged family child networks to be administered by organizations with centers (and did not issue awards to networks that were not part of centers.)

While the goals and model of EarlyLearn have always been laudable, the implementation has been problematic in a number of areas including: the reduced capacity of the system; the distribution of the slots; the rate providers are paid; the full enrollment payment policy; the low salaries and reduced benefits for staff in centers; and the implementation of the pre-k expansion by a network of providers already struggling and fragile.

As will be discussed in more detail, EarlyLearn reduced the system's capacity and redistributed the slots, leaving some high quality programs without a contract and some areas of the City with pockets of poverty unserved or underserved. In response, the Campaign for Children formed to advocate for lost slots and the City Council stepped in to fund over \$60 million of child care for approximately 4,300 children. The City Council funded and essentially administered these programs for two years, then the funding was baselined by Mayor Bloomberg in November 2013, and then the de Blasio administration extended the contracts for one year. These contracts expire on June 30, 2015 and the baselined funds for this discretionary system previously funded and selected by the City Council are the subject of the current open EarlyLearn RFP.

EarlyLearn created several notable fiscal changes related to the contracts between the City and the CBO providers of child care, Head Start and pre-kindergarten at ACS centers:

- Blended funding and new models for contracted center-based care: Prior to EarlyLearn, rates to providers were individually negotiated based on program costs. The funding formula now is for three center-based models with three different rates: child care and pre-kindergarten; Head Start and pre-kindergarten; and child care, Head Start and pre-kindergarten. These rates do not take into account different program needs such as facility costs or repairs.
- Family child care networks: Family child care subsidized by ACS became limited to children 0-3 and all selected networks have centers to which their 4-year olds transition.
- Facility costs: Prior to EarlyLearn, due to budget constraints, ACS stopped adjusting rates for rent increases. With Earlylearn, the rate is no longer individually adjusted to accommodate varying facility costs such as rent. The city holds the lease on direct lease sites and pays the rent still. For all other sites, ACS provides a facility add-on, which is the average cost of the rent costs pre-EarlyLearn. Thus some sites receive more than they did before EarlyLearn while the others receive less. Facility costs are not adjusted for rent increases, maintenance or repairs. In a recent Campaign for Children report based on a survey of providers, the providers reported facility costs as a tremendous challenge to the fiscal viability of their programs and their ability to direct resources towards educational programming.<sup>1</sup>
- Insurance: The City eliminated the Central Insurance Program, which prior to EarlyLearn provided health insurance to staff and general liability and worker's compensation for programs. The EarlyLearn rate is supposed to accommodate agencies' purchase of insurance, but notably the health insurance program was selected through an RFP process after the EarlyLearn rate was already established. The new health insurance program is expensive for child care employers and child care staff. The program requires a 15% employer contribution, and providers pay 80% and the DC 1707 Welfare Fund contributes 5%. Many staff (estimates of 40-60%) have opted out of health insurance. It is unknown how many of these staff are now covered by their partner's plan, how many are on Medicaid, nor how many are uninsured. In addition, in the Campaign for Children survey, several providers reported that if their staff had availed themselves of health insurance, they would not have been able to continue to operate their program due to insufficient funding.<sup>2</sup> Finally, an insurance broker familiar with the ACS system estimated that the funds for the worker's compensation and general liability insurance only cover 60% of the cost.<sup>3</sup>
- Contractor contribution: Prior to EarlyLearn, the City reimbursed programs for 100% of the contract. Now the City factors in a 6.7% contractor contribution and thus only pays agencies

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<sup>1</sup> Campaign for Children. *EarlyLearn rate is too low to sustain high quality early childhood education programs in NYC*. January 2015.

<sup>2</sup> Id.

<sup>3</sup> Id.

93.3% of the contract amount. The 6.7% contractor contribution can be monetary, in-kind or both.

- **Pay-for-Enrollment:** Prior to EarlyLearn, center-based providers were paid based on their contracted capacity. Now the contracted amount is based on 100% enrollment and agencies are no longer paid for vacant seats. Currently, according to ACS, the system is operating at approximately 82% enrollment and only 105 of the 368 EarlyLearn centers are 95-100% enrolled.<sup>4</sup> This means that many programs are losing significant funding.

These fiscal changes have led to tremendous fiscal challenges for providers, some of whom are operating at deficits. In the recent Campaign for Children survey and report, 83% of the surveyed agencies (35 out of 42) reported struggling with the EarlyLearn rate and 17 reported that they operate on a deficit, spending more on their EarlyLearn programs than they receive from ACS.<sup>5</sup>

Despite the struggles and fiscal gaps, programs are expected to provide high-quality early learning experiences for the children. This is critical as high quality early childhood education has been shown to close the achievement gap for low-income children and thus is critical for addressing income disparities in the City.

Unfortunately, however, in the recent Campaign for Children survey, programs reported struggling with attaining the tools they need to provide a high quality early learning program for children. Specifically this included educational materials for the classroom, technology for the classroom, field trips, family support services and professional development for staff. Furthermore, programs reported struggling with recruiting and retaining high quality teachers and staff due to the low salaries and poor benefits. In the survey, one program noted that they laid off their experienced educational director to replace her with a less-experienced but cheaper person.<sup>6</sup>

### **The Impact of EarlyLearn on Capacity to Serve Low-income Children**

In 2008, ACS conducted a needs assessment and determined that only 27% of eligible children were enrolled in an early education program and that there was a tremendous gap in services for infants and toddlers.<sup>7</sup> Despite the clear need for expansion, particularly for infants and toddlers, EarlyLearn substantially reduced the capacity of the system.

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<sup>4</sup> Personal communication between CCC and ACS.

<sup>5</sup> Campaign for Children. *EarlyLearn rate is too low to sustain high quality early childhood education programs in NYC*. January 2015.

<sup>6</sup> Id.

<sup>7</sup> Administration for Children's Services. *Charting the Course for Child Care and Head Start: A Community Needs Analysis of Early Care and Education in New York City*. August 2008.  
[http://www.nyc.gov/html/acs/downloads/pdf/childcare\\_needs\\_assessment\\_report.pdf](http://www.nyc.gov/html/acs/downloads/pdf/childcare_needs_assessment_report.pdf).

In fiscal year 2010, prior to the implementation of EarlyLearn, nearly 121,000 children were served by ACS<sup>8</sup>; in November 2014 just over 97,000 children were served<sup>9</sup>. As it relates to the contracted system (all that is impacted by EarlyLearn), 48,609 children were enrolled in fiscal year 2010<sup>10</sup> and nearly 29,878 were enrolled in November 2014.<sup>11</sup>

When the EarlyLearn RFP was initially released in 2011, the plan was to provide 41,764 contracted slots, which was a reduction of 8,200 slots. After an outcry from advocates and the City Council, ACS added 1,700 slots for a total of 43,464 slots. This was still down from the 2012 pre- EarlyLearn capacity of 48,971 slots by what was then 5,500 slots (1000 family child care slots were eliminated from the system prior because they were vacant.)<sup>12</sup>

For a variety of reasons, many of which were related to the ability of new providers to open new sites when the contracts were finalized, the capacity of the system was reduced to approximately 38,000 in fiscal year 2014 and today due to the loss of more centers the contracted capacity is approximately 36,000 children. CCC does not know how many sites have closed since the start of EarlyLearn. The 36,000 slots does not include the slots that had been funded by the City Council that are now being RFPed (approximately 4,300 slots).

CCC's understanding is that the funding for the lost contracted seats has been used by ACS to fund the increasing cost of the voucher system. This means that the funding from sites that did not open is not available to be used to restore anticipated capacity to the contracted system.

The chart on the next page shows the children served over time as reported by ACS in the Mayor's Management Report and on their web site for November 2014. Note that fiscal years 2013-present do not include the City Council funded seats/baselined discretionary seats.

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<sup>8</sup> Mayor's Management Report Fiscal Year 2014, Administration for Children's Services at 164. <http://www.nyc.gov/html/ops/downloads/pdf/mmr2014/acs.pdf>.

<sup>9</sup> Administration for Children's Services web site. [www.nyc.gov/acs](http://www.nyc.gov/acs). Visited 1/12/2015.

<sup>10</sup> Mayor's Management Report Fiscal Year 2014, Administration for Children's Services at 164. <http://www.nyc.gov/html/ops/downloads/pdf/mmr2014/acs.pdf>.

<sup>11</sup> Administration for Children's Services web site. [www.nyc.gov/acs](http://www.nyc.gov/acs). Visited 1/12/2015.

<sup>12</sup> New York City Independent Budget Office. *Reviewing the Changes in City Child Care Enrollment*. March 2014.

### Children Served Over Time

	Contracted System Enrollment	Vouchers	Total Children Served
FY 2010	48,609	72,200	120,809
FY 2011	48,584	68,484	117,068
FY 2012	45,310	69,020	114,330
FY 2013	30,096	71,756	101,852
FY 2014	30,422	67,541	98,338
November 2014	29,878	67,270	97,148

#### **Child Care Staff Salaries and Benefits**

Staff salaries are factored into the EarlyLearn rate. Thus, when there is a salary adjustment (like the recent cost of living adjustment for Head Start), the rate is adjusted accordingly. While not created by the rate, salaries for staff such as lead teachers, assistant teachers and program directors, are very low and significantly less than comparable staff in DOE schools.

Most of the staff in the centers are unionized. There has not been a union contract or salary adjustment for most staff since 2006. The exception is that in 2014, salaries were increased for lead teachers in 4-year old pre-kindergarten classrooms as part of the pre-k expansion. This means that teachers of 4-year olds with the same credentials as those teaching 4-year olds are getting paid a higher salary. In some instances the 4-year old lead teacher is getting paid more than the program director. Still, all of these salaries are significantly less than the salaries in DOE schools. This gets even more dramatic as teachers gain experience because DOE provides salary increases as teachers gain experience. It is also important to note that DOE teachers work 6 hours and 20 minutes per day and have the summer off while teachers in EarlyLearn sites work 8-10 hours per day and during the summer.

Based on an analysis conducted by United Neighborhood Houses (UNH), on the following page are some samples of the salaries that illustrate both the need to increase salaries and ultimately achieve parity with the Department of Education:

**Salary Comparisons of Early Childhood Education Teachers<sup>13</sup>**

	BA	BA+ 5 Years	BA+ 10 Years	MA	MA+ 5 Years	MA+ 10 Years
DOE	\$48,445	\$51,161	\$68,443	\$54,458	\$57,175	\$74,457
CBO Pre-K Lead Teachers	\$44,000	\$44,000	\$44,000	\$50,000	\$50,000	\$50,000
ACS Child Care (excluding Pre- K lead teacher)	\$36,542	\$39,665	\$40,565	\$39,350	\$40,750	\$41,550
ACS Head Start (excluding pre- k lead teachers)	\$44,033	\$45,233	\$45,733	\$48,509	\$49,709	\$50,209

In addition to the low salaries, as was discussed previously, the child care providers in EarlyLearn centers now also have to contribute 15% to the cost of their health insurance and many staff have opted out of the health insurance coverage. Due to confidentiality reasons, we do not know how many of the staff have no health insurance coverage at all nor how many are on their partner’s plan, Medicaid or have obtained insurance through the Exchange.

Finally, EarlyLearn has also impacted family child providers. Given that the family child care networks are all part of agencies with EarlyLearn centers, many are financially struggling. Thus, the fee family child providers pay to the network varies and in some instances is quite high. There have also been instances where programs struggling to make payroll have delayed paying the family providers.

**Parent Fees**

As required by federal law, child care includes parent fees. On the other hand, New York’s pre-kindergarten program is universal, meaning there can be no fee regardless of income.

As budgets got tight and ACS continued to try to save quality and capacity while there was a reduction in City funding for child care, parent fees for child care subsidy were increased at least twice. Now parents pay a minimum of \$15 per week with the fee schedule adjusted for family income. For some families, this fee can be \$100-\$300 per week.

In addition, since slots in ACS pre-kindergarten programs are funded with some child care funding, these pre-kindergarten programs have to charge a parent fee. For some children with siblings, this has meant that there is a parent fee for pre-kindergarten even though there would not be one if the child was in a DOE school-based program. Ironically then, it is the lowest

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<sup>13</sup> Source is unpublished chart produced by United Neighborhood Houses.

income children with the fee for pre-k. Notably many of these children are enrolled for 8-10 hours per day, so more than then 6 hours and 20 minutes of pre-k provided in schools.

Providers are responsible for collecting the parent fee and any fees they do not collect is again funding that is not in the provider budget.

### **Data**

When ACS put EarlyLearn into place, they changed their data system and developed a system where providers enter their own program and enrollment data. In part because of this transition, but also likely due to other factors, advocates have had very little access to child care/Head Start data beyond the enrollment data in the monthly Flash, the data annually reported in the Mayor's Management Report and the data shared by the IBO (Independent Budget Office).

The available data no longer includes the types of child care (group, family, informal), the ages of the children enrolled, nor the location of slots/enrollment by zip code, community district and/or Council District.

The dearth of data has made it impossible for advocates to assess the full impact of Earlylearn or the pre-kindergarten expansion. For example, we cannot determine whether there are fewer 3- year olds served due to the pre-k expansion because we do not know how many were served in EarlyLearn and/or vouchers last year nor this year. Similarly, we cannot map any data related to changes in capacity over time nor slots versus enrollment.

### **New EarlyLearn RFP with the baselined funding previously added by the City Council**

ACS is currently RFPing the funding for child care that was baselined in the November Plan in November 2013. This funding (which was approximately \$60 million but is not explicit in the RFP) previously funded child care programs selected by the City Council after ACS failed to provide the programs a contract in the EarlyLearn awards.

Due to procurement rules, ACS is required to have a competitive process for the distribution of the funds. In the initial EarlyLearn contract awards, ACS did not give enough credit for a site's history serving a community which led to substantial changes in contractors. In addition, while the RFP said it was a preference but not a requirement for family child care networks to be at programs with centers, the City did not award any family child care slots to networks that were not part of centers. Thus, the City Council selected and funded centers and family child care networks that they believed should have received a contract.



### **Federal, State and City Funds**

Regardless of the need to increase the capacity, quality and rates in the EarlyLearn system, ACS and the City face the potential of a reduction in funds on top of the ACS structural deficit. For example, the federal government just reauthorized the Child Care Development Block Grant (CCDBG) to have new monitoring and oversight rules for informal family, friend and neighbor care (such as background checks and home visits). While these rules are aimed at improving quality, they are unfunded mandates. The State has already begun to express concern and hinted at a reduction in the number of slots they will be able to fund.

This is on top of the ACS structural budget deficit. At this time, ACS is handling their deficit by using unspent contracted funds (due to the system being at 82% enrollment) to pay for the vouchers. It is unclear how ACS will address their deficit when the system is more fully enrolled.

### **Recommendations**

The center-based and family child care networks that comprise ACS's EarlyLearn system are integral for the City to provide low-income children with a quality early learning experience while their parents are at work or at school. Child care is therefore essential to addressing income disparities both so that parents can work and so that low-income children do not start school behind their peers.

It is important to note that the EarlyLearn providers have also been essential to the implementation of the Mayor's full-day prekindergarten expansion for 4-year olds, as all of the 4-year olds in EarlyLearn programs are also part of the pre-k program.

To stabilize and strengthen the system, we respectfully make the following recommendations to the Administration and remain hopeful that the City Council will support these as well:

- The City and the Union must negotiate a contract expeditiously. Salaries must be increased for child care staff, including salary parity with DOE. The EarlyLearn rate must be adjusted accordingly.
- The EarlyLearn rate must be increased and should be indexed to inflation.
- The new EarlyLearn rate must do a better job of addressing disparate facility costs, including rent, rent increases, repairs, and maintenance. Instead of using the average facility cost add on, ACS should pay agencies in a manner more consistent with their costs.
- The City should consider creating a capital fund to pay for repairs at child care centers and family child care homes so that these costs do not come out of the funding that could otherwise be spent on programming for children.
- The City needs to expand the capacity of the contracted system, particularly for children 0-3.

- To ensure a high quality classroom experience, the City needs to ensure the EarlyLearn rate is sufficient to enable agencies to invest in necessary classroom materials and technology. The City should consider using some of the State Smart Bond funds for the purchase of technology in the classrooms.
- The City needs to make adjustments to how insurance is paid for and provided for child care staff, and then adjust the EarlyLearn rate accordingly. Agencies need to be paid a rate that is high enough that they are able to purchase health insurance for ALL of their staff, as well as for general liability and worker's compensation. The City and the union must work together to ensure that the new union contract includes adequate salary and benefits for child care staff.
- The City should reconsider the current metrics used for full enrollment and implement a reimbursement system that better ensures agencies have funding for their fixed costs, as well as more certainty about their reimbursement so that they can better plan for their programs. The City should consider 100% reimbursement to programs meeting a lower threshold.
- The City should consider reducing the parent fee and determine a way to eliminate the parent fee for all 4-year olds. In addition, as DOE and DYCD build and strengthen the free elementary after-school program for young children and/or extend COMPASS to four-year olds, consideration must be given to ensure 4-year olds still enroll in CBOs.
- In the currently open EarlyLearn RFP, we urge ACS to select centers and family child care networks with a history of serving the communities so that the majority of the high quality programs and networks funded by the City Council receive contracts.
- It will be critical for the Administration and the City Council to advocate for additional state funds to help cover costs, particularly if the State attempts to cut capacity to implement the new CCDBG requirements.
- The City (ACS and DOE) need to be more transparent and accessible with regard to providing data to advocates and City Council members so that we are better able to assess the impact of EarlyLearn and the pre-k expansion.

### **Conclusion**

In conclusion, subsidized child care is an invaluable resource for low-income children and families, and an investment in New York City's future. CCC stands by the vision of EarlyLearn, as it represents important steps in improving access to high quality early childhood education opportunities in New York City. We again thank the City Council for your commitment to early childhood education and to trying to ensure as many children as possible are able to have access to high quality care.

Thank you for the opportunity to testify.

# **TESTIMONY**

## **New York City Council Committee on General Welfare Oversight – Early Learn NYC**

Honorable Stephen Levin  
Committee Chair

**Presented on  
Wednesday, January 14, 2015**



**SINCE 1962**  
COUNCIL OF SCHOOL  
SUPERVISORS &  
ADMINISTRATORS  
Local 1:AFSA, AFL-CIO

### **The Council of School Supervisors and Administrators**

**Ernest Logan, President**

**Mark Cannizzaro, Executive Vice President**

**Randi Herman, Ed.D., 1<sup>st</sup> Vice President**

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TESTIMONY ON BEHALF OF  
THE COUNCIL OF SCHOOL SUPERVISORS & ADMINISTRATORS  
BEFORE JOINT CITY COUNCIL COMMITTEE ON GENERAL WELFARE,  
HON. STEPHEN LEVIN, CHAIRPERSON  
WEDNESDAY, JANUARY 14, 2015

Good morning. My name is Randi Herman, and I'm the First Vice President of The Council of School Supervisors & Administrators. We are the collective bargaining unit for 6,100 Principals, Assistant Principals, Supervisors and Education Administrators who work in the NYC public schools and 200 Directors and Assistant Directors who work in city-subsidized Centers for Early Childhood Education (ECE). CSA also has nearly 6,400 retired school supervisors in its Retiree Chapter and another 112 retired ECEs have joined as well. On behalf of President Ernest Logan and Executive Vice President Mark Cannizzaro, I thank the Chairperson, Council Member Levin and the members of this committee for the opportunity to be heard here today.

As principals and administrators we value early childhood education. On the first day of school, classroom teachers easily recognize children who came from early childhood education programs; they are the children who raise their hands, wait their turn, respond to directions and know how to line up. Early childhood education works... for those families and children who are fortunate enough to find a seat. Mayor de Blasio and this administration are to be commended for providing more than 53,000 UPK seats this year. We all agree that it's an auspicious beginning and are confident that we did the right thing.

But what happens before Universal Pre K?

The answer to that question brings us to EarlyLearn. In NYC, EarlyLearn, launched by RFP in May 2011, became the ACS contracted early childhood education program available only to those families that met its eligibility requirements. While CSA supports the pedagogy behind EarlyLearn, we also believe that the financial structure that has deliberately and consistently underfunded EarlyLearn has compromised its chance of success. The self-funding requirement of 6.7% of their operating costs combined with the unreasonably low market rate, the burdens of ACS eligibility requirements and the limited resources of Community Based Organizations located in the poorest NYC communities, brought the promising structure to its knees. Centers often failed to achieve compliance with the quality standards of EarlyLearn due to an insufficient, inconsistent operating budget. CSA members are hopeful that, beginning with this hearing, we can begin a real conversation about building a successful continuum of early childhood education.

As we begin that conversation, I think we all agree on one fundamental, non-negotiable premise: just as in UPK and Kindergarten there must be a seat available for every child.

As of October 2014, ACS reported that Early Learn had only 29,296 seats. The Mayor's UPK expansion for 2014 included 53,604 seats; in 2015-2016 these numbers are projected to grow to 73,250. That doesn't translate into an EarlyLearn seat for every child that has a seat in UPK.

President Obama recently reminded us during ceremonies marking the 50th Anniversary of the War on Poverty: "A child's course in life should be determined not by the zip code she's born in, but by the strength of her work ethic and the scope of her dreams."

I'm embarrassed to say that EarlyLearnNYC is a system where seats are, in fact, allocated by zip codes. A zip code can and does determine available seats in EarlyLearn. The RFP actually identifies the zip code and the number of seats allocated. How is it conceivable that we determine the needs of children and families by looking at a map of zip codes? Especially, at a time when all across our city neighborhood demographics seem to change from week to week. Just ask any real estate agent.

And, I must point out, that prospective families must first meet with the center director to navigate a 40 page ACS EarlyLearn eligibility manual. Can you even imagine that? Turbo tax is shorter and less complicated!

This is clearly not the foundation upon which to build a continuum of quality early childhood education.

We must take responsibility and face the facts: despite everyone's best intentions and most sincere efforts, the time has come to change course. The EarlyLearn model as it was implemented has not been successful. So where do we go from here?

I think that we can all agree that whether early childhood education is offered within a public school, or by contract through a community based organization, every child is entitled to a recognized standard of quality in both instruction and resources; I think we can also agree that eligibility should be based on nothing more than a birth certificate and NYC residence.

It is our collective responsibility to be sure that every child is provided with the same educational opportunity and access-independent of their zip codes.

We must ask ourselves this question: are we willing to accept less for our youngest children than we demand for our school age children?

If the answer to that question is "no" then we look to The NYC Department of Education. The DoE has one responsibility: the education of the children of NYC. From UPK-High School, the Department of Education is responsible for the education of NYC's children. There aren't any other competing priorities in its portfolio. If we believe that early childhood education is "education," then it must come under the jurisdiction of the Department of Education.

The common sense solution here is that education is best left to the educators.

Thank you, I would be happy to answer any questions.

**New York City Council  
Committee on General Welfare  
Oversight Hearing on Early Learn  
January 14, 2015  
City Council Chambers**

**Testimony of  
Kimberly Berry, Director of Day Care/Head Start  
District Council 1707 AFSCME**

Good afternoon. My name is Kimberly Berry. I am the Director of Day Care/Head Start for District Council 1707 AFSCME. I am pleased that the General Welfare Committee is having today's hearing asking pertinent questions regarding the resumption of RFPs for Early Learn vendors.

District Council 1707 represents thousands of public center-based day care and Head Start employees for more than 40 years. These are employees who have served our children and families in community-based non-profits and helped created the nation's most comprehensive and respected child care network.

I worked in that system for years and I know how it was effective for the families we serviced, providing safe, affordable and quality care that was sorely need then and now.

I am pleased to speak to you today regarding my union's position on Early Learn. As much as the previous administration proposed and implemented Early Learn, it became a scourge against our children, parents and the workers who were charged to implement it.

I will attempt to keep my remarks plain and simple. Where the Bloomberg Administration used Early Learn to ruthlessly strip long-term dedicated community-based organizations with some inexperienced, anti-union vendors, a number of whom lacked the necessary standards and credentials to even open shop, the union hopes that ACS is focused on providing safe, affordable and quality child care to the children and parents of New York City. The Bloomberg plan was the first step to eventually decrease public funding of unionized public center-based childcare.

**(OVER)**

The Bloomberg Administration created questionable standards of selection for their vendors. It was to the credit of the City Council that resisted the hypocrisy of the previous administration and took a rather heroic stance to save public center-based day care in the five boroughs and restore funding to scores of centers that would have been lost otherwise. We continue to commend the General Welfare Committee and the entire Council. It is hoped that this body can work together with the Administration to provide continuation of the dedicated vendors who have served their communities for years and not attempt to replace them with for-profit and greedy vendors who have little care for our children and lack the progressive vision that will also respect the workers who daily serve our communities and our families.

**NY City Council hearing: Oversight – EarlyLearn NYC**

**January 14, 2015**

**Testimony by Episcopal Social Services, delivered by Shayna Williams, Education Director**

**Contact: Mohan Sivaloganathan, Chief Development Officer | sivaloganathanm@e-s-s.org | 212-886-5604**

Thank you Chair Levin and members of the New York City Council Committee on General Welfare for the opportunity to provide testimony on EarlyLearn. Episcopal Social Services runs high quality Early Childhood Education, youth development, and community & family wellbeing programs in New York City's highest need communities, positively impacting nearly 20,000 people annually. Our Early Childhood Education program serves over 1,400 children ages 0-5 in 11 centers in the Bronx, Manhattan, Queens, and Brooklyn.

We strongly support the goals of EarlyLearn as it represents a critical intervention in the lives of young children. It is imperative that youth are able to access high quality education that strengthens their academic, social, and physical development, and we are pleased to be a part of the city's growth and innovations in this area. In addition to the positive effect of EarlyLearn on children, it also supports the entire family unit by providing an effective Early Childhood Education option for low-income parents. Given our successes in dramatically advancing the development of children and positioning them for long-term achievement, we are deeply interested in promoting EarlyLearn's future sustainability.

**1. Instructional quality**

We are pleased to see EarlyLearn's evolution toward the Head Start model, a program that we have run for several years. Head Start requires a comprehensive array of services in order to fully serve the child and the family, which is nationally recognized as a "two-generation approach". However, the funds allocated to implement the EarlyLearn program are not sufficient to adequately staff the program with vital specialists, such as Family Service Coordinators, Family Service Workers, Health Service Coordinators, Mental Health Coordinators, Nutritionists, and Education Coordinators. Even after we pay for these vital roles out of our general operating budget, our resource constraints still result in staff members being overstretched. For instance, the Office of Head Start recommends one Family Service Worker per 50 families, yet our caseloads are over 100 families per Family Service Worker. Consequently, we are unable to maximize the quality of relationships with families while adversely affecting our staff morale.

EarlyLearn's funding issues extend into salaries and professional development for staff. Our EarlyLearn salaries are not commensurate with the level of effort or impact by our staff members. In addition to lower pay for certified teachers, the rates for other staff are more appropriate for custodial daycare than an education-focused program. EarlyLearn funding cannot cover necessary components of a high-quality program, from providing ongoing staff development to installing necessary support positions and accessing educational technology.

We have attempted to counter this situation by directing private fundraising and a small annual drawdown from our endowment toward salary enhancements. The EarlyLearn salary for a Master's level certified UPK teachers is \$39,000, yet we use organization funds to increase the salary to \$42,000. Although this salary is slightly more competitive, it is still significantly lower than the DOE average of \$50,000. The situation is exacerbated by the recent increase in salaries for DOE Universal Pre-Kindergarten teachers. Salary differentials have resulted in the loss of several qualified teachers, placing centers at risk and forcing us into a constant cycle of hiring, training, and turnover due to competition. Although we, like other EarlyLearn providers, are receiving funds to increase the salaries of select UPK teachers, we still face the challenge of disparate salaries within sites. Having two qualified teachers in side-by-side



classrooms with one making more than the other is leading to lower morale in an already unlevel playing field.

In addition to staffing our programs with high quality educators, we need to prepare our children to compete in the 21<sup>st</sup> century. This strategy requires a significant investment in technology and the quality of the teaching environment. These enhancements are particularly valuable for special needs children who can benefit from differentiated teaching methods that are available through technology. Unfortunately, the EarlyLearn rate is not sufficient to pay for any programmatic enhancements. As a result, we have used our organization's shared general operating funds to pay for TEACH SMART White Boards, classroom computers, and other investments that are necessary to meet the demands of our rigorous curriculum. In spite of the demonstrated value of such enhancements, our significant costs above the EarlyLearn rate create an untenable situation that jeopardizes our entire EarlyLearn effort.

## **2. Facilities**

Our resources are further strained by exorbitant facility costs. The majority of our program sites are located in old NYCHA facilities that are littered with myriad issues. Varying problems, ranging from unforeseen gas leaks to pipe damage, occur on a daily basis. If these issues are not immediately remedied, the site can be placed out of compliance with the DOH or FDNY. In spite of our best efforts to maintain the quality of our sites, these random and laborious events have led to repair costs, staff overtime, violations, and tribunals that cost our organization thousands of dollars. We urge the City to consider a capital fund that pays for repairs at child care centers.

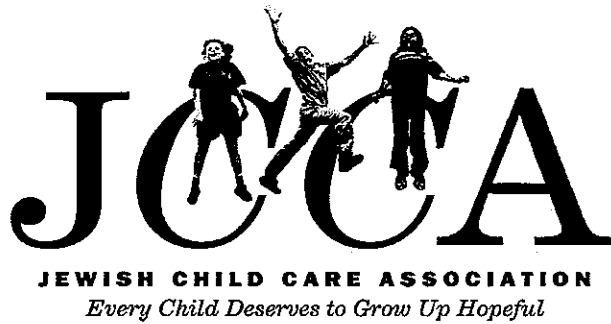
Facility considerations should not be limited to base repairs. In line with our aforementioned points about the teaching environment, it's important that EarlyLearn funding provides for technological upgrades. For example, our sites are located in buildings that are not constructed to support the wiring necessary for Wi-Fi. Given the critical importance of internet access for instructional efforts, communication, and data management, we strongly recommend funding in the EarlyLearn and/or NYCHA budget to upgrade the technology infrastructure in facilities.

## **3. Other sustainability concerns**

The retention of highly qualified staff is a paramount priority for ongoing programmatic impact and financial sustainability. In addition to higher rates to account for salaries and instructional enhancements, it's important that funding allows for health insurance to be purchased for all staff. This includes general liability insurance and worker's compensation. At ESS, nearly half of our staff – equating to 50 out of 125 staff members – were forced to opt out of health insurance because they could not afford the employee contributions. When coupled with the difficulties faced by staff members by virtue of lower salaries, the overall compensation situation is a cause for alarm. We hope the new union contract will include a level of salary and benefits that is not only competitive for staff members, but also reflective of their tremendous impact on young lives.

Additionally, EarlyLearn's enrollment stipulations have disrupted the continuity of care. The current reimbursement system leads to a constant sense of uncertainty because they are tied to enrollment requirements that do not reflect the realities in which we operate. Enrollment currently has three categories: Head Start (50%), Dual (30%), and Child Care (20%). However, the actual needs of families will vary on a community-by-community basis, forcing us to enroll children by quota rather than necessity. We recommend EarlyLearn adopts metrics that are more flexible and in line with each provider's community of operation, which would create stronger footing for the program's operation.

Chair Levin and the Committee, we thank you for your interest in advancing the development of the City's youngest children. We've seen that an investment in Early Childhood Education leads to significant gains for not only the children, but also their families, communities, and the City at large. We hope the City Council will act on our recommendations to strengthen EarlyLearn, and we look forward to working with you to build a brighter future for our City's children.



*Testimony to General Welfare Committee Hearing  
Oversight of EarlyLearn NYC  
January 14, 2015*

Good morning. My name is Sandy Katz, and I am the Director of Early Childhood Programs at the Jewish Child Care Association. Thank you Council Member Levin, chair of the General Welfare Committee, for this opportunity to address the committee today.

JCCA is one of the oldest and largest child and family care agencies in the nation and provides non-sectarian services to over 16,000 children and family members each year throughout the greater New York City region. At nearly 200 years old, JCCA provides an extensive array of child welfare, mental health, education, youth development and day care services.

We are excited to have the opportunity to apply to be a part of the Early Learn system with our Family Child Care network and provide ongoing support to families who have been benefitting from our program for generations. JCCA did not win an Early Learn award in 2011 because greater consideration was given to agencies that provided center based care along with a Family Child Care network. Thanks to the City Council's restoration of our program for the last three years, we have been able to maintain this vital resource to 1,000 children annually in 140 provider homes. We appreciate the opportunity to present today about the assets family child care brings to EarlyLearn as we apply for our first contract with the program.

Family child care is critical in addressing the shortage of child care for children under age two which centers cannot accommodate. It allows for high standards for early education while still providing the comfort and stability of a home environment.

JCCA has operated our Family Child Care Network in both Brooklyn and Queens for over 50 years, providing care to families with young children ages 6 weeks to 3 years. Seventy-five to

eighty percent of our child care providers are first and second generation Russian-speaking immigrants. The same is true for the parents and children who use the services.

In our first contact with parents, we help them to determine which child care option best meets their family's needs. We have found that family child care is an important option for the immigrant and religious populations we serve. Our homes are geographically located within these communities and are linguistically and culturally aligned. Our network has not only been an economic engine for them but also ensures enriched and culturally sensitive child care.

JCCA informs, engages, and empowers families to become active in their children's' learning. In order to create a family-centered approach, JCCA strives to develop a circle of collaboration and trust among parents/caretakers, providers, staff, and community resources. The staffers that work with our new immigrant families are fluent in one or more of the languages spoken by them, including Russian, Farsi, Bukhari, and Spanish. JCCA understands that social service delivery must be grounded in a deep respect for culture and a continuous and committed effort to understand the many ways in which culture shapes experience. We recruit, screen, train, and monitor child care providers, who are independent contractors, and we place eligible subsidized children in their homes. We ensure that all providers are licensed by the New York State Office of Children and Family Services (OCFS) and are in compliance with New York State Department of Health (DOH) Child Care Regulations and Article 47. An assigned JCCA staff person monitors provider homes and specific meals. JCCA maintains rigorous program requirements including using a standards-based educational curriculum, developmental screenings, and educational workshops. JCCA also provides ongoing professional development for child care providers. These standards allow our Family Child Care Network to act as an asset not only to the families and children we serve, but also to the Early Learn NYC community.

We hold our providers to the highest standards of care, with a philosophy that the children we serve should be prepared for the next level of education. We believe in a well rounded education: bringing specialists into our homes, from dance to art, and encouraging multi lingual and cultural education. In our family child care homes, we have families that have been providing care for generations; now with grandparents and grandchildren working together as providers to children whose siblings and cousins were in care at the home. This continuity is what allows JCCA to

engage the communities in which we work. Again, JCCA believes that family child care networks have an important role to play in Early Learn. We look forward to being at the forefront of raising the standards and practice of family child care and remain available to the Council to share our experience and knowledge. Because of your past and present support, we have been able to provide ongoing recourse and care for children across the city, and we are excited to continue to do so through Early Learn NYC, if awarded a contract.

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FOR THE RECORD

# Campaign for Children

## **EarlyLearn Rate is Too Low to Sustain High-Quality Early Childhood Education Programs in NYC**

*Campaign for Children Survey of EarlyLearn NYC providers finds  
evidence of gap between ACS payments and program costs*

January 2015

## Executive Summary

Launched in 2012, EarlyLearn NYC was designed to create a single, unified system for New York City's publically funded early childhood education services, in order to raise the quality of programs, strengthen support for families, and increase professional development opportunities for providers. However, since its implementation in October of that year, contracted providers of EarlyLearn early childhood education services have reported that the City's rate was insufficient to fund the high-quality system envisioned by EarlyLearn. The Campaign for Children conducted a survey regarding EarlyLearn and the findings document that the inadequacy of the rate has led early childhood education programs to struggle with costs including rent, maintenance repairs, workers compensation and general liability insurance, staff health insurance, professional development and the classroom supplies and technology needed to sustain high quality programs.

Notably, in addition to seeking to enhance quality, EarlyLearn also translated into fundamental changes to the way contracted subsidized child care was paid for by the City of New York. Individualized rates that accommodated individualized program needs (such as facility costs) were replaced by a system-wide rate. Health insurance, liability insurance and worker's compensation were no longer provided by the City. The City also began to require a 6.7% contractor contribution meaning city reimbursement is for 93.3% percent of the contract cost. With EarlyLearn, the City also implemented a Full Enrollment policy whereby the programs are only reimbursed for children enrolled even though enrollment numbers can fluctuate but fixed costs do not; this policy exacerbates the fiscal stressors already experienced with the inadequate rate.

The Campaign for Children surveyed 42 agencies (representing at least 102 sites<sup>1</sup>), which contract with the Administration for Children's Services (ACS) to provide center-based subsidized child care to the City's low-income children, and documented that the overwhelming majority of agencies responding to the survey were struggling with the EarlyLearn rate. Surveyed agencies said that the most challenging aspects related to the rate and the ability to provide high-quality early childhood education pertained to hiring and retaining high-quality staff; meeting insurance (health insurance, general liability insurance and worker's compensation) and facilities costs; providing a high-quality learning environment including obtaining classroom supplies and technology; as well as shortfalls and difficulty planning due to the pay-for-enrollment policy.

### Overwhelming Majority of Agencies Struggling with the EarlyLearn Rate

**83% of the surveyed agencies (35 of 42) reported struggling with the EarlyLearn rate. Nearly half of those struggling (17) reported that they actually spend more on their EarlyLearn program than their contracted amount with the City.** Of the 7 programs that did not report a gap and did not report struggling, only 3 agencies affirmatively stated that the rate was sufficient (the other 4 programs did not answer those questions).

### Fiscal Gap

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<sup>1</sup> There are 132 EarlyLearn contractors with 368 sites. The C4C sample represents 31% of the agencies. The sample included agencies with a total of at least 102 sites, as 2 agencies did not provide their total number of sites. The sample findings therefore represent at least 28% of the EarlyLearn sites.

17 programs reported that they spend more on their EarlyLearn program than their center-based contract amount from ACS (before any reductions from full enrollment are applied). This gap ranged from \$18,000 to \$827,000 with a mean of \$248,000. Given that agencies have varying sizes of contracts, programs and children served, we also looked at what percent the gap was of the full contract amount. This gap ranged from 2% to 79% of the total budget with a mean of 16%<sup>2</sup>.

It is worth underscoring that the EarlyLearn rate paid by ACS is supposed to incorporate many of the expenses agencies reported struggling with (such as staff salaries, health insurance and facility costs), but because the programs reported their revenue to be so low as compared to their expenses, agencies qualitatively reported these items as stressors on their budget. Given the consistently reported theme of the rate being inadequate, all of these types of expenses compete in the budget.

It is also important to note that because the survey asked for the amount an agency spends on their EarlyLearn contracted centers and the amount of their full contract amount prior to full enrollment reductions, some agencies may not have reported a gap because they were not fully enrolled. Specifically, since agencies are only reimbursed by ACS for the number of children enrolled (known as the pay-for-enrollment policy), the amount they are paid by ACS is often lower than their full contract amount. Thus, there are likely more agencies in the Campaign for Children sample whose expenditures exceed what they are receiving from ACS than what was documented in the survey findings due to the way the questions were posited.

### Most Challenging Issues for Providers

In response to several open-ended questions<sup>3</sup>, the 35 agencies that reported struggling with the EarlyLearn rate cited the following as the most challenging for their agencies:

- **Staff recruitment and retention – 63% (22)<sup>4</sup>**
  - Recruitment/filling positions with high quality employees: 16
  - Salaries: 14
  - Staff Retention: 9
- **Facilities including rent, maintenance and repairs – 54% (19)**
  - Rent: 16
  - Maintenance and Repairs: 9
- **Classroom supplies/quality learning environment – 43% (15)**
  - Classroom supplies and materials: 14
  - Technology for the classroom (computers, white boards, etc.): 7
  - Field Trips: 3

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<sup>2</sup> Note: Pursuant to the EarlyLearn contract, there is a 6.7% contractor contribution that can be satisfied through either in-kin or monetary elements or both and can include cash, good, services, donations, etc. The survey instrument and responses were not precise enough to determine whether the fiscal gap included the 6.7% for some or all of the agencies reporting a gap.

<sup>3</sup> Note: While this data is being presented quantitatively, it is intended to be qualitative and merely illustrative of the challenges programs face. Due to the fact that the questions were open-ended, the fact that an agency did not affirmatively write about a particular issue does not mean that it was not a hardship for that agency. That said, data reported is based on the issues specifically mentioned in the open-ended responses.

<sup>4</sup> Note: Aggregated sub-totals equal more than the total for each category because many agencies mentioned more than one of the issues in the sub-bullets.



- **Insurance costs – 35% (12)**
  - Health Insurance: 11
  - General Liability and worker’s compensation: 5
- **Full enrollment issues (such as planning, hiring and making payroll) – 23% (8)**
- **Other challenges**
  - 6.7% contractor contribution: 4; other staff (kitchen, nurse, consultants): 4; family support staff: 2; mental health services: 2; professional development: 3; substitutes: 2

**Campaign for Children Recommendation:**

Based on the findings of this survey and our ongoing discussions with EarlyLearn providers, the Campaign for Children concludes that the current EarlyLearn rate is insufficient for agencies to be able to provide a high-quality early childhood education to children and to adequately hire and compensate well-trained, qualified staff. The current rate structure leaves many agencies with budget deficits and makes the current system unsustainable. The pay for enrollment policy is further exacerbating this already untenable situation.

It is important to note that the EarlyLearn providers have also been essential to the implementation of the full day pre-kindergarten expansion for 4-year olds, as all of the 4-year olds in EarlyLearn programs are also part of the pre-k program. Thus at the same time as the providers have been trying to sustain their programs with the EarlyLearn rate, they have also been dealing with the challenges and opportunities presented by the pre-k expansion.

We urge the Administration to address the EarlyLearn rate, salaries and benefits for staff, as well as the pay-for-enrollment policy and the 6.7% contractor contribution as soon as possible. This is critical to sustaining the city’s subsidized early childhood system for infants, toddlers and preschoolers and to ensuring the success of both the first and second years of the pre-k expansion.

**Background on EarlyLearn Rate**

While the goals of the EarlyLearn contracted child care system have been lauded by government officials, advocates, and early childhood professionals as a means to strengthen the quality of NYC’s subsidized early childhood system, the fiscal ramifications have been a cause for alarm since its inception. As a result, while the Campaign for Children remains supportive of EarlyLearn, it is essential that the EarlyLearn rate be increased in order to meet its objectives and ensure New York City’s children have access to high-quality early childhood education.

After hearing persistent concerns about the rate over the past two years, the Campaign for Children surveyed EarlyLearn providers to learn more about the gap between their contracted rate and what they spend on their programs, as well as the components of EarlyLearn that cause the most financial struggles. During a 3-week period in November-December 2014, the Campaign for Children surveyed EarlyLearn center-based programs and received responses from 42 contractors. Almost 1/3 of the contractors responded to the survey, as there are a total of 132 EarlyLearn contractors operating more than 300 sites in the system.

The EarlyLearn rate is the funding formula for three types of early childhood center-based models (with three different rates): a) child care and pre-kindergarten; b) Head Start and pre-kindergarten; c) child care, Head Start and pre-kindergarten.<sup>5</sup> All three types of programs responded to the survey and expressed similar concerns.

To understand the survey results, it is important to understand the key fiscal changes that accompanied EarlyLearn:

- **Facilities:** The rate is no longer individually adjusted to accommodate varying facility costs, such as rent, rent increases, maintenance, repairs or new equipment. ACS stopped adjusting rates for rent increases prior to the implementation of EarlyLearn.
- **Insurance:** The City eliminated the Central Insurance Program, which, prior to EarlyLearn, provided health insurance to staff and general liability and worker's compensation for programs. The EarlyLearn rate is supposed to accommodate agencies' purchase of insurance, including health care for their employees. The new health insurance program is expensive for child care employees and requires a 15% contribution towards monthly costs for those who opt in. Providers pay 80% and the DC 1707 Welfare Fund contributes 5%. For those staff who opt out, they received a \$1,000 lump sum from their employers. Many staff members have opted out of the health insurance program, in part due to their low salaries. Three providers responded to the survey saying that they could not afford to pay for the insurance if all of their staff were to opt in. It is important to note that the health insurance program was negotiated after the EarlyLearn rate was already established. In addition, it has been estimated that the City is reimbursing agencies 60% of the actual cost of general liability and worker's compensation insurance.<sup>6</sup>
- **Salaries:** Salaries are factored into the EarlyLearn rate. Most of the staff are unionized. There has not been a union contract or any salary adjustment for most staff since 2006. The exception is that in 2014, salaries were increased for lead teachers in 4-year-old pre-kindergarten classrooms as part of the New York City's pre-k expansion effort.
- **Quality Standards and Professional Development:** In accordance with best practice and the desire to ensure NYC's children were enrolled in high-quality programs, EarlyLearn increased the quality standards, hours of professional development, and expectations for the system. For example, the number of professional development days increased from 3 days per year to 12 days per year. While improving quality is a positive step, these changes were also expensive to implement.
- **Contractor Contribution:** Prior to Early Learn, the City reimbursed programs for 100% of the contract. Now the City factors in a 6.7% contractor contribution and thus only pays agencies 93.3% of the contract amount.
- **Pay-for-Enrollment:** Prior to EarlyLearn, programs were paid based on their contracted capacity. Now the contracted amount is based on 100% enrollment. Thus, agencies are not paid for any vacancies despite their fixed costs. Currently, the system is operating at 82% enrollment. As part of the analysis for this report, ACS requested that the Campaign for Children determine whether our survey findings differed for highly enrolled programs (95-100%) compared to programs that were not highly enrolled. While this analysis showed that

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<sup>5</sup> EarlyLearn also includes family child care networks, but these programs were not the focus of the survey.

<sup>6</sup> This estimate was provided by an insurance broker who works with the ACS child care programs.

the programs that did not report struggling were typically highly enrolled, it also showed that highly enrolled programs were also struggling with the rate.

### Campaign for Children Survey Sample

To learn more about the impact of the EarlyLearn rate on programs, the Campaign for Children administered a survey to EarlyLearn contracted center-based providers.

The Campaign for Children used two versions of the survey. The initial survey was distributed online through Survey Monkey beginning November 18, 2014. Due to feedback about the length and complexity of the survey, a simplified Survey Monkey version was circulated November 21, 2014. Agencies were able to submit responses either online or on hard copy versions of the survey instruments. All surveys were due December 3, 2014. Only surveys that had sufficient information (i.e. not just the agency name or agency name and capacity) are part of the sample of 42 agencies. The 42 responses include: 16 of the first survey, 25 of the simplified survey and 1 agency that completed both versions.

There are 132 EarlyLearn contractors with 368 sites. The C4C sample of 42 represents 31% of the agencies. The sample included agencies with a total of at least 102 sites, as 2 agencies did not provide their total number of sites. The sample findings therefore represent at least 28% of the EarlyLearn sites.

The sample includes agencies of varying sizes with regard to the size of their budgets, number of sites, number of programs and number of classrooms. In addition, the sample includes agencies with City-leased sites and sponsor sites. The facilities ranged from owned to rented, and several were within NYCHA facilities.

### Survey Findings

The overwhelming majority of agencies reported struggling with the EarlyLearn rate. **Specifically, 83% of the surveyed agencies (35 of 42) reported struggling with the EarlyLearn rate. Nearly half of those struggling (17) reported that they actually spend more on their EarlyLearn program than their contracted amount with the City.** Of the 7 programs that did not report a gap and did not report struggling, only 3 agencies affirmatively stated that the rate was sufficient (the other 4 programs did not answer those questions.)

17 programs reported that they spend more on their EarlyLearn program than their center-based contract amount from ACS (before any reductions from full enrollment are applied). This gap ranged from \$18,000 to \$827,000 with a mean of \$248,000. Given that agencies have varying sizes of contracts, programs and children served, we also looked at what percent the gap was of the full contract amount. This gap ranged from 2% to 79% of the total budget with a mean of 16%.

It is important to note that because the survey asked for the amount an agency spends on their EarlyLearn contracted centers and the amount of their full contract amount prior to full enrollment reductions, some agencies may not have reported a gap because they were not fully enrolled.

Specifically, since agencies are only reimbursed by ACS for the number of children enrolled, the amount they are paid by ACS is often lower than their full contract amount. Thus, there are likely more agencies whose expenditures exceed what they are receiving from ACS than was documented in the survey findings.

In response to several open-ended questions, the 35 agencies that reported struggling with the EarlyLearn rate were consistent with regard to the facets they were struggling with the most. These were staff recruitment and retention; facilities (rent, maintenance and repairs); purchasing the classroom supplies to create a quality learning environment; insurance; and issues stemming from the pay-for-enrollment policy.

It is worth noting that the EarlyLearn rate was supposed to incorporate many of the expenses agencies reported struggling with (such as facility and insurance costs), but because programs reported their revenue to be so low as compared to their expenses, agencies qualitatively reported these items as stressors on their budget. It is also important to note that the health insurance package/costs were negotiated after the EarlyLearn rate was already established. Given the consistently reported theme of the rate being inadequate, all of these types of expenses compete in the budget.

More details regarding agencies' responses are provided below:

#### **Staff Recruitment and Retention**

*"Quality of care is a function of the ability to maintain highly qualified personnel. I would say salaries and health benefits are driving potential hires away from our program."*

Surveyed agencies repeatedly discussed the impact of poor compensation for staff as one of the greatest challenges they face. In fact, 63% of the surveyed agencies (22/35) discussed this issue in their surveys. This included 16 agencies that discussed challenges recruiting highly qualified staff, 14 agencies that discussed the issues around low salary impacting their existing staff, and 9 agencies that discussed difficulties retaining their staff. One program actually responded saying that they had laid off their more experienced director because they could not afford to maintain her salary.

It is important to note that the current staff salaries are based on the union contract and that the EarlyLearn rate would be adjusted when there is a contract agreement. For example, when there was a recent cost of living adjustment for Head Start staff, ACS added that funding to the rate for its Head Start providers.

Most of the staff in EarlyLearn center-based programs are unionized staff who have not had a salary increase since 2006. The salary for an ACS certified child care teacher with a BA and 5 years experience is \$39,665 and \$45,233 for a similarly experienced Head Start teacher. Those teachers now all face a 15% employee contribution towards the monthly health plan cost. In 2014, as part of New York City's pre-kindergarten expansion, salaries were increased for pre-k lead teachers so a pre-k lead teacher with the same experience earns \$50,000. In some instances, this salary is higher than the center director. On the other hand, child care and Head Start salaries are all significantly lower than salaries for staff with the same job functions at Department of Education (DOE) public schools. A

DOE teacher with the same BA and 5 years experience earns \$51,161. Notably, CBO child care staff work 8-10 hours per day year round while DOE pre-k teachers work the school day for 10 months a year, and the salary disparity grows wider as teachers gain more experience. Thus, there is a clear incentive for experienced teachers to seek employment with the DOE rather than in CBOs.

Given the salary disparity between pre-school teachers in CBOs and DOE, the disparity between pre-k teachers in CBOs and other teachers in CBOs, and the very low salaries across the board in CBOs, it is not surprising that EarlyLearn centers are struggling to recruit and hire well-qualified staff and maintain them once they gain experience.

### **Facility Issues including Rent, Maintenance and Repairs**

*“Building repairs and maintenance are very expensive, often pulling significant money from the program which could otherwise be spent on the children and staff to enhance their educational experience.”*

Prior to EarlyLearn, facilities costs were negotiated individually for providers, and thus the payment from ACS incorporated the higher costs of rent for some programs versus others. In addition, the City assisted programs with regard to maintenance and repairs.

The EarlyLearn rate is supposed to accommodate facilities costs despite the wide range of costs by providing a facility add-on that was the average facility cost that ACS had been paying prior to EarlyLearn. Thus for some sites this could be higher than what they had been receiving previously for facility costs and for other sites this amount is substantially less. This helps to explain why some agencies are struggling with the facility costs while others are not.

The exception to receiving the facility add-on is the City-leased sites where the City pays the cost of the rent. Programs located in NYCHA facilities reported extensive delays in getting NYCHA to make repairs, which has resulted in sanctions to their programs. In addition, there had been a time when ACS adjusted rates when there was a rent increase, but that practice ended several years before EarlyLearn was implemented.

Over half (54%) of the surveyed agencies discussed facilities costs as very challenging to cover with the current EarlyLearn rate. 16 agencies discussed the rent and rent increases, and 9 agencies discussed the costliness of maintenance and repairs. Agencies described how challenging maintenance and repairs can be because they cannot be anticipated in advance, yet are part of the rate; thus, when there is a need for a repair, the cost comes out of funds that would otherwise be used for programming for the children.

### **Classroom Supplies/Quality Learning Environment**

*“With the current rate and reimbursement structure allowed by ACS, it is difficult to hire better qualified staff, have extracurricular activities that enhance the educational experience and obtain learning supplies.”*

While one of the primary goals of EarlyLearn was to improve the quality of the early childhood education system, nearly half (43%) of the agencies discussed obtaining the supplies necessary to

provide children with a high-quality learning environment as particularly difficult with the EarlyLearn rate.

Agencies described their desires to invest in the curriculum, classroom materials, and technology for the classrooms such as computers, tablets and white boards. Other programs expressed how the rate limits their ability to enhance the children's educational experience by making it too challenging to take the children on field trips.

### **Insurance Costs**

*"The money given by ACS for health insurance, liability insurance and worker's compensation is much lower than the market rate. Some employees waived the right for health insurance because of the cost. If all employees were covered by health insurance, the center would not operate and would be closed down."*

Over 1/3 (35%) of the surveyed agencies discussed their struggles with the rate accommodating their purchase of health insurance for staff, as well as general liability insurance and worker's compensation.

As discussed in the background section, prior to EarlyLearn, insurance was provided to child care programs (and senior centers) through the Central Insurance Program (CIP). Much of CIP's coverage was self-insured by the City, which made it difficult to "untangle" the costs of these insurance programs for individual programs.

With EarlyLearn, these costs became the responsibility of the agencies. While the City has asserted that the rate accommodates the costs, the health insurance coverage agreement was resolved **after** the EarlyLearn rate had already been established. After the previous administration announced that the health insurance program was being eliminated, the Day Care Council issue an RFP for health insurance coverage. There was a collective bargaining process that included Executive Directors where it was determined that the maximum agencies could afford was 80% of the cost, the employees would contribute 15% and the DC 1707 Welfare Fund would contribute 5%. Those staff who opted out of health insurance received a \$1,000 lump sum from their employers.

The 15% monthly contribution for health insurance plan has likely led many child care staff to opt out of health insurance through their employer. While some of these providers are covered through their spouse's plan, others may be enrolled in Medicaid, receive coverage through the Health Insurance Exchange, or have no health insurance at all.

In addition to the hardship this has created for staff, surveyed agencies reported that it is a hardship for them with regard to the costs of the health insurance program as a component of their rate. Three of the surveyed agencies actually said that they were "fortunate" that so many staff opted out of health insurance because they could not afford to remain open if they were paying the employee contribution for their staff's health insurance. In addition, it has been estimated that the City only pays agencies 60% of cost of workers' compensation and general liability insurance.<sup>7</sup>

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<sup>7</sup> This estimate was provided by an insurance broker who works with the ACS child care programs.

### **Full Enrollment Issues (Planning, Hiring and Making Payroll)**

*“With the current EarlyLearn contract, centers are reimbursed based on attendance. In months when attendance is low, we have a shortfall in our budget. Expenses, such as rent, salaries, etc. remain the same in the months we’re reimbursed less due to enrollment.”*

*“One of the big issues for us is under-enrollment and the fact that staff must be in place before we can accept children. So while we are incurring expenses, we are not earning the revenue equally to offset these expenses.”*

Almost a quarter (23%) of the surveyed agencies reported that the City’s policy to pay for enrollment (rather than capacity) has created challenges for their ability to provide a high-quality early childhood program.

Agencies explained that it was very difficult to manage their budgets when it was so variable based on enrollment. Agencies explained that they cannot enroll children until they have staff for the classroom, but that it is expensive to hire the staff before they are paid for the children in the classroom. Furthermore, agencies discussed how they have many fixed costs (facilities, salaries, etc.) that do not fluctuate with enrollment. One agency suggested reimbursing agencies for 100% enrollment when they were at 85%.

According to the Administration for Children’s Services, only 13% of sites are currently at 100% enrollment and system-wide enrollment is 82% (including Head Start and the non-subsidized private pre-k seats in some programs.) This means that many agencies are not receiving the full amount of their contract. It is thus difficult to know for certain exactly how much of the EarlyLearn rate challenges are caused by and/or exacerbated by the pay for enrollment policy.

To try to tease out the impact of the full enrollment policy from the impact of the EarlyLearn rate on the reported struggles, ACS provided the Campaign for Children with the list of 105 sites operating at 95-100% capacity at the time C4C conducted its survey—“the high enrollment list.”

29% (105 out of 368 sites) of the EarlyLearn system is operating at 95-100% enrollment and **thus 71% of the system is losing a substantial amount of its potential budget revenue.** The C4C sample was similar to the overall system with 26% of the sample of sites being on the high enrollment list. Specifically, 19 of the 42 surveyed agencies (45%) had one or more sites on the high enrollment list. 27 of the 105 sites on the high enrollment list (26%) were part of the C4C sample.

Interestingly, all 3 agencies that affirmatively reported that they were not struggling were on the high enrollment list. Three of the four agencies that did not report a budget gap and did not answer the qualitative questions about struggling were also on the high enrollment list. Thus, 6 of the 7 that C4C did not count as struggling were on the high enrollment list. This makes sense because it would be very difficult to make the budget work when an agency is not receiving close to its contract amount.

At the same time, the C4C sample also includes 13 agencies with 22 sites on the high enrollment list that reported fiscal gaps and/or struggling with the rate, including 4 agencies operating just a single

site. They reported gaps of \$0-\$500,000. In terms of the challenges, they discussed facility costs, health insurance, professional development, technology, staffing, etc.

For instance one agency operating 2 sites with 1 site at 100% enrollment reported a \$287,000 gap, struggles with facility costs and professional development, and stated that they laid off their senior educational director and replaced her with a less experienced staff member because they could not afford her salary. Another agency with one site operating at 96% enrollment said, ““Current rate is not sufficient to provide a high quality early childhood program.” **Finally, another agency that is operating two sites, both of which are on the high enrollment list (97% and 100% enrollment) said, “If all of our staff took the health insurance coverage, we would not be able to function. Luckily not all are taking and of those who did take it, not all are requesting family coverage. If they were, we could not continue.”**

### Recommendations and Conclusion

The contracted center-based early childhood system is an integral component of New York City’s ability to provide low-income children with a quality early learning experience while their parents are at work or in school. The Campaign for Children concludes from this survey, as well as our other discussions with providers, that the current EarlyLearn rate is insufficient for agencies to be able to provide a high-quality early childhood education to children and to adequately hire and compensate well-trained, qualified staff. The current rate structure leaves many agencies with budget deficits and makes the current system unsustainable.

It is critical that the de Blasio Administration increase the EarlyLearn rate to sustain these programs and to ensure young children have high-quality programs to attend. We urge the Administration to address the EarlyLearn rate, salaries and benefits for staff, the pay-for-enrollment policy, and the 6.7% contractor contribution as soon as possible.

Specifically we make the following recommendations with regard to increasing the rate:

- Salaries must be increased for child care staff, including salary parity with DOE. The rate must be adjusted accordingly.
- The rate must do a better job of addressing disparate facility costs, including rent, and be adjusted as costs increase. The City should consider creating a capital fund to pay for repairs at child care centers so that these costs do not come out of the rate.
- To ensure a high-quality classroom experience, the City needs to ensure that the rate is sufficient to enable agencies to invest in necessary classroom materials and technology. The City should consider using some of the State Smart Bond funds for the purchase of technology for classrooms.
- The City needs to make adjustments to how insurance is paid for and provided for child care staff. Agencies need to be paid a rate that is high enough that they are able to purchase health insurance for ALL of their staff, as well as for general liability insurance and worker’s compensation. Furthermore, the City and the union must work together to ensure that the new union contract includes adequate salary and benefits for child care staff.



- The City should reconsider the current metrics for full enrollment and implement a reimbursement system that better ensures agencies have funding for their fixed costs, as well as more certainty about their reimbursement so that they can better plan for their programs.

### In Their Own Words...

*Below are quotes from the agencies responding to the survey:*

#### **Staff salaries, staff retention, staff recruitment**

- “Staff salaries are another problem for us to retain staff. As soon as the staff become qualified and certified, they leave for higher salaries, which they can obtain elsewhere.”
- “We had to lay off the senior educational director and replace her with a lower-paid staffer because we could not afford to retain the higher credentialed staff.”
- “We have lost some teachers to the DOE given their better benefits, salaries and personal time off.”
- “It is hard to pay wages that are competitive. It’s hard to hire quality kitchen help. It’s almost impossible to do staff development. But the single hardest thing is the disparity in wages paid to UPK head teachers compared to EarlyLearn head teachers. DOE dictated that head teachers are paid \$50,000 which we do, and it has created morale issues and we are trying to deal with that and keep our teachers from moving to UPK classrooms somewhere else.”
- “We also have the issue with teacher turnover due to low salaries. Finding suitable replacements is a challenge as the budgeted rate cannot sustain higher salaries.”
- “It is really challenging to recruit and retain qualified teachers/education staff due to the low compensation package offered, compared to those of DOE.”
- “Quality of care is a function of the ability to maintain highly qualified personnel. I would say salaries and health benefits are driving potential hires away from our program.”

#### **Facility costs (rent, repair and maintenance, etc.)**

- “Building repairs and maintenance are very expensive, often pulling significant money from the program which could otherwise be spent on the children and staff to enhance their educational experience.”
- “We have our own lease and the EarlyLearn rate for facility costs is not enough to cover the facility costs. It is very challenging to meet facility costs such as rent, repair and maintenance.”
- “Facility costs are a lot of the burden since maintenance must take place for safety of children, staff and parents.”
- “The programs are sponsor leased. The cost of rent and facility repair cuts into the budget, thus minimizing our ability to provide enrichment services/activities for our children. NYCHA’s failure to make timely repairs results in costly fines to our organization.”

#### **Curriculum and Classroom Materials**

- “With the current rate and reimbursement structure allowed by ACS, it is difficult to hire better qualified staff, have extracurricular activities that enhance the educational experience and obtain learning supplies.”

### **Insurance**

- “The current EarlyLearn rate will not cover health insurance coverage for our staff. We have been fortunate that so many of our staff have declined health insurance to date, but if they decide to take it, the current rate will not be sufficient to pay for it.”
- “If all of our staff took the health insurance coverage, we would not be able to function. Luckily, not all are taking it and of those who did take it, not all are requesting family coverage. If they were, we could not continue.”
- “The health insurance cost is very high for the agency and the employees are unhappy with additional cost burdens placed upon them. We are unable to offer competitive salaries due to budgetary constraints and therefore, we find it difficult to attract more qualified staff.”
- “The money given by ACS for health insurance, liability insurance and worker’s compensation is much lower than the market rate. Some employees waived the right for health insurance because of the cost. If all employees were covered by health insurance, the center would not operate and would be closed down.”
- “Health care is slated to increase 7% from 2014 levels. Liability and related insurances are far above the corresponding per diem rate increase given by ACS. The agency absorbed \$120,000 of excess costs in fiscal year 2014. The 401(k) match was discontinued with EarlyLearn. It is hard to compete with the private sector and large non-profits as far as acquiring and retaining quality staff.”

### **Challenges Caused by Pay for Enrollment**

- “With the current EarlyLearn contract, centers are reimbursed based on attendance. In months when attendance is low, we have a shortfall in our budget. Expenses, such as rent, salaries, etc. remain the same in the months we’re reimbursed less due to enrollment.”
- “One of the big issues for us is under-enrollment and the fact that staff must be in place before we can accept children. So while we are incurring expenses, we are not earning the revenue equally to offset these expenses.”
- “Getting a more definite amount of funds for the year, not based on enrollment, will help our agency provide a quality EarlyLearn program.”
- “All other city-based contracts are paid at 100% if you meet the 85% enrollment. A similar policy would be helpful from ACS due to child sickness, low summer enrollment and transitional children. It is nearly impossible to reach 100% and yet staff and fixed costs remain the same.”

### **Overall Issues Regarding the Rate Being Insufficient**

- “The current rate is not good enough to ensure high quality early childhood programs. Rate is a key factor.”

- “There is a huge gap between what ACS pays and what is spent on the program. With the complexity of the funding and various funding requirements, it is impossible to provide the services required by ACS without incurring a significant deficit.”
- “The current rate is not sufficient to provide a high quality early childhood education program. In order to ensure high quality, we need to hire experienced teachers, have adequate and upgraded technological instruments, have high quality materials and supplies, etc.”

## Early Learn Rate Survey Instructions

The Day Care Council is working with the Campaign for Children to survey agencies regarding the Early Learn rate. We want to learn more about the gap between the Early Learn rate and the cost of providing high quality child care programs.

Please complete 1 survey per agency (not per program). If you have any questions, please contact Lisa Caswell at [lcaswell@dccnyinc.org](mailto:lcaswell@dccnyinc.org). Please be sure to complete the survey by November 25, 2014.

**Agency Name (please complete one survey per AGENCY)**

**1. What is the name of your agency?**

## Discretionary Programs Only

**2. Discretionary Programs:** If you have any programs previously funded by City Council discretionary funds, please describe your rate, number of children served (and ages), staffing structure. Please also describe the GAP in funding between the rate you are paid and the services/care you provide.

	 
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## Early Learn Programs

**3. How many center-based Early Learn programs do you have?**

**4. How much (in \$) is your full Early Learn center-based contract amount from ACS (before any reductions from full enrollment are applied)?**

**5. How much (in \$) do you actually spend on your Early Learn contracted center-based programs?**

## Early Learn Programs- Capacity

**6. How many infants/toddlers are your Early Learn center-based programs contracted to serve?**

**7. How many preschool (3s and 4s) children are your center-based Early Learn programs contracted to serve?**

**8. On average, how many days does it take you to fill a vacancy?**

- 0-3 days
- 4 days- 6 days
- 1-2 weeks
- 2 weeks- 1 month
- 1-3 months
- 3-6 months
- Over 6 months

You can use this space for comments on filling vacancies if you would like:



## Early Learn Programs- Staff-related Questions

**9. Please describe your staffing structure in your Early Learn contracted center-based classrooms (Include the numbers and types of staff such as director(s), lead teacher(s), substitute(s), assistant teacher(s), cook(s), etc.**

**10. How many staff do you have in your Early Learn center-based programs?**

**11. How many, of the total # of staff in your Early Learn center-based programs, are enrolled in the DCC 1707 health insurance plan?**

**12. How many of your Early Learn center-based contracted staff opted out of the DC 1707 health insurance program?**

**13. How much does your agency currently spend on health insurance for Early Learn center-based staff?**

## Early Learn Programs- Additional Costs

**14. How much are your facility costs?**

**15. Are any of your center-based sites city-leased or sponsor-leased sites?**

Yes

No

**16. Please describe how many of your programs sites are city-leased; sponsor-leased; owned; or rented:**

City Leased:

Sponsor Leased:

Owned:

Rented:

Other:

**17. How does having a city-leased or sponsor-leased site affect your budget priorities?**

**18. What are your costs for worker's compensation and liability (for Early Learn center-based programs)?**

## Family Child Care

**19. Do you have an Early Learn Family Child Care program?**

Yes

No

**20. Please share any information related to the adequacy of the rate for Early Learn family-based child care here:**

## Contractor Contribution

**21. Please describe the impact of the contractor contribution on your program including: how you fulfill it, how difficult this is, how it impacts your program, etc.**

**22. Do you have a Head Start Program at any of your Early Learn sites?**

Yes

No

**23. Please describe how you fulfill the non-federal match and how this impacts your program:**

## Early Learn Programs- impact of the current rate

**24. Which of the current mandates are not funded adequately in your current rate?**

**25. Please describe any issues that you have had retaining center directors with the current rate.**

**26. With the current rate, what components of a high quality early childhood program are most challenging for you to provide?**



## Additional Information

**27. Is there anything else about the current Early Learn rate, your Early Learn programs, or the discretionary programs that you feel we should know to better understand the gap between what ACS pays you and how much you spend on your program?**

## Early Learn Rate Survey Instructions

The Day Care Council and the Campaign for Children are working together to learn more about the Early Learn rate. We want to learn more about the potential gap between the Early Learn rate you are paid and the cost of providing high quality child care.

Due to feedback about the original survey, we have simplified this survey and reduced the number of questions. Please note that the survey is focused on THE RATE you are paid and the COSTS your program incurs. It is therefore likely the best person to complete the survey will be from your fiscal department.

Finally, please complete one survey PER AGENCY (not per program).

If you have any questions, please contact Stephanie Gendell at [sgendell@cccnewyork.org](mailto:sgendell@cccnewyork.org) or 212-673-1800 x17.

Thank you,  
The Campaign for Children and the Day Care Council

**Agency Information (please complete 1 survey per AGENCY)**

**1. What is the name of your agency?**

**2. What is the name of the person completing this survey?**

**3. What is your email address?**

## Early Learn Rate

**4. How much (in \$) is your full Early Learn center-based contract amount from ACS (before any reductions from full enrollment are applied?)**

**5. How much (in \$) do you actually spend on your Early Learn contracted center-based programs?**

## Your Programs

**6. Please describe your programs (including how many programs your agency has, the capacity of each of your programs, the ages of the children-infant/toddler; 3s or 4s), your staffing pattern, etc.)**

## Facility Costs

**7. Please describe the impact of facility costs on your ability to make the Early Learn rate work for you. Please be sure to include whether any of your programs are city-leased or sponsor-leased sites.**

## Impact of the Rate on Your Program

**8. With the current rate, what components of a high quality early childhood program are most challenging for you to provide?**

## Anything else?

**9. Is there anything else about the current Early Learn rate, your Early Learn programs, the health insurance coverage of your staff, the contractor contribution, your ability to fill vacancies, your ability to retain staff, your discretionary programs, etc. that you feel we should know about to better understand the gap between what ACS pays you and how much you spend on your program?**



**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 1/14/14

(PLEASE PRINT)

Name: Mallory Nugent

Address: 281 Park Ave NY, NY

I represent: Federation of Protestant Welfare Agencies

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Jeremy Hoffman, Dir. of Child Care Policy

Address: \_\_\_\_\_

I represent: UFT

Address: 52 Broadway, NY, NY 10004

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: \_\_\_\_\_

Address: \_\_\_\_\_

I represent: \_\_\_\_\_

Address: \_\_\_\_\_

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

*campaign for  
children panel*

**Appearance Card**

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

**(PLEASE PRINT)**

Name: James Mlatisan

Address: \_\_\_\_\_

I represent: Brooklyn Kindergarten Society

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

*campaign for children  
panel*

**Appearance Card**

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I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

**(PLEASE PRINT)**

Name: Mohan Sivonglatuan

Address: \_\_\_\_\_

I represent: Safe space

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

*campaign for  
children panel*

**Appearance Card**

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I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

**(PLEASE PRINT)**

Name: Tanisha Washington

Address: \_\_\_\_\_

I represent: SEBVC

Address: \_\_\_\_\_



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**THE COUNCIL  
THE CITY OF NEW YORK**

*campaign  
for  
children  
panel*

**Appearance Card**

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I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Stephanie Gendell

Address: \_\_\_\_\_

I represent: Citizens Committee for Children

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

*campaign for  
children  
panel*

**Appearance Card**

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I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Lisandra Fernandez

Address: \_\_\_\_\_

I represent: Advocates For Children

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

*campaign for  
children  
panel*

**Appearance Card**

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I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Gregory Brender

Address: \_\_\_\_\_

I represent: United Neighborhood Houses

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 1/14/15

(PLEASE PRINT)

Name: Gwen Mc Evilly

Address: ~~1120~~

I represent: Head Start sponsoring Board Council

Address: 1120 Ave. of the Americas, 4<sup>th</sup> Fl. 10036

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Stephanie Gendell

Address: \_\_\_\_\_

I represent: CITIZENS COMMITTEE for Children

Address: \_\_\_\_\_

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)

Name: Shayna Williams

Address: \_\_\_\_\_

I represent: Episcopal Social Services of New York

Address: 305 1<sup>st</sup> Ave, NY, NY

◆ Please complete this card and return to the Sergeant-at-Arms ◆

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: Jan. 14, 2015

(PLEASE PRINT)  
Name: Dr. Randi Herman

Address: 40 Rector St. NYC

I represent: CSA - Council of School Supervisors &

Address: 40 Rector St NYC Administrators

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: 1/14/15

(PLEASE PRINT)  
Name: Sandra Katz

Address: 17 Tolip Circle SI NY

I represent: JCCA

Address: 855 E 29th St Bklyn

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_  
 in favor  in opposition

Date: \_\_\_\_\_

(PLEASE PRINT)  
Name: Mabel Everett

Address: 128-14 140 St

I represent: D.C. 1707 Local 205

Address: 420 West 45 St

Please complete this card and return to the Sergeant-at-Arms

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 1/14/15

Name: Lorelei VARGAS (PLEASE PRINT)

Address: 66 JOHN STREET, NY

I represent: NYC ACS

Address: 150 WILLIAM STREET, NY

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 1/14/15

Name: MAVIA BENEJAN (PLEASE PRINT)

Address: 66 JOHN STREET, NY

I represent: NYC ACS

Address: 150 WILLIAM STREET, NY

**THE COUNCIL  
THE CITY OF NEW YORK**

Appearance Card

[ ]

I intend to appear and speak on Int. No. \_\_\_\_\_ Res. No. \_\_\_\_\_

in favor  in opposition

Date: 1/14/15

Name: LISA CASWELL (PLEASE PRINT)

Address: \_\_\_\_\_

I represent: DAY CARE COUNCIL of New York

Address: 2082 Lexington Ave, Suite 204  
N.Y. 10038