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**Testimony of United Neighborhood Houses
Before the New York City Council Committee on Education
Council Member Rita Joseph, Chair**

Oversight - Early Childhood Programs in New York City

**Submitted by Tara Klein, Deputy Director of Policy & Advocacy
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Thank you Chair Joseph and members of the New York City Council Committee on Education for the opportunity to testify. My name is Tara Klein, and I am Deputy Director of Policy & Advocacy at United Neighborhood Houses (UNH). UNH is a policy and social change organization representing 45 neighborhood settlement houses, including 40 in New York City, that reach 765,000 New Yorkers from all walks of life.

A progressive leader for more than 100 years, UNH is stewarding a new era for New York's settlement house movement. We mobilize our members and their communities to advocate for good public policies and promote strong organizations and practices that keep neighborhoods resilient and thriving for all New Yorkers. UNH leads advocacy and partners with our members on a broad range of issues including civic and community engagement, neighborhood affordability, healthy aging, early childhood education, adult literacy, and youth development. We also provide customized professional development and peer learning to build the skills and leadership capabilities of settlement house staff at all levels.

Several settlement houses started the first kindergartens in New York City, and early childhood education programs remain an important component of the settlement house movement. Settlement houses operate 70 DOE-contracted center-based child care programs which provide year-round, full-day programs for children 0-4 years old, and/or Pre-K for All and 3-K for All Programs, 9 settlement houses run DOE-contracted Family Child Care Networks, and 10 operate Direct Head Start or Early Head Start programs. Several also run fee-for-service early childhood education programs. Collectively, settlement houses serve about 12,000 children under age 5 citywide. In addition, UNH runs the Early Childhood Mental Health (ECMH) Collaborative in partnership with the New York Center for Child Development (NYCCD) to provide professional development and consultation for our members' early childhood education professionals. This work includes identifying the mental health needs of young children and giving staff resources to help them address the children experiencing behavioral or emotional challenges.

In the *Blueprint for Child Care and Early Childhood Education* announced by Mayor Eric Adams on June 28th, 2022, the Mayor noted that one of his priorities is to "lay a foundation for a multi-pronged approach to child care that focuses on accessibility, quality and equity for families and the child care workforce." His blueprint detailed many actions for system accessibility and expansion. Additionally, there is strong support for the concept of universal

child care, with City and State policymakers recognizing the importance and value of early childhood education for both young children and their caregivers.

However, the early childhood education system needs significant support before expansion should even be considered. If we do not attend to the underlying issues facing the sector, the system's foundation will not be stable enough to continue moving forward.

This testimony addresses several issues currently impacting the early childhood education system. UNH's main recommendations to stabilize the ECE system include:

- Address late payments from FY22 and improve processes to ensure FY23 and future contracts are paid on time;
- Invest in the early childhood education workforce by ensuring salaries keep pace with DOE counterparts;
- Provide a full day of child care for working families;
- Support ECE providers with various programmatic improvements; and
- Support asylum seekers and their families.

Late Payments, Late Contract Registrations, and Pay For Enrollment

Contract reimbursements are among the most pressing challenges facing early childhood education providers who contract with the Department of Education. The *Blueprint for Childcare and Early Childhood Education* includes the goal to raise the allowable allocation of reimbursable days when a child is absent to 80 days. We appreciate that the Administration acknowledges the fact that fluctuations in attendance creates financial instability. However, the Adams Administration must take the next step and suspend its pay for enrollment policy as described below, and to expedite payments to providers to ensure their financial stability.

New DOE Birth to Five contracts for early childhood education services (including infant and toddler care, 3-K and Pre-K, former EarlyLearn programs, and DOE contracted Head Start programs) began in July 2021. Though many providers began offering their services at the start of the contract term, many operated without a registered contract for many months. Without a registered contract, providers cannot bill the DOE for services rendered. Contracts were eventually registered, some halfway through the fiscal year, but then delays began with contract reimbursements. Providers are only able to submit information one month at a time for reimbursement before moving to the next month. Providers reported delays in the system to submit such information, and more delays on the DOE side for approving those monthly invoices.

SeaChange Capital Partners recently conducted an analysis of how much the contracted early childhood system is owed and found that the City was delinquent in paying out \$464 million for services rendered to early childhood education providers at the end of FY22.¹ One of our members operating 3-K and pre-K at six early childhood centers said the city owed them \$4.6 million for the last fiscal year that ended in June 2022. As of September 2022, UNH estimates that its network is owed approximately \$20 million in late payments. This is a major crisis and any system expansions cannot take place without reforming the payment system. Child care providers have reported cashflow problems, issues making their payroll and insurance payments for their employees, and deferring payments to vendors. Providers cannot be

¹<http://gd7xi2tioeh408c7o34706rc-wpengine.netdna-ssl.com/wp-content/uploads/2022/09/SeaChange-Research-Note-Early-Childhood-Education.pdf>

expected to operate with a precarious cash flow situation. One large provider has already reported that they will be giving their contracts back to the DOE at the end of the year, leaving 400 children without services.² We fear that without serious reforms from the DOE, more providers could be forced to make this decision.

Furthermore, the DOE chose to implement a pay for enrollment system under the new Birth to Five system, further exacerbating financial challenges as providers could not rely on their full contract value, but rather their reimbursement would be linked to how many children were enrolled in a given month. Linking contract reimbursement percentages to enrollment levels impacts providers in a negative way, since the general costs of operating a classroom (staffing, cleaning, supplies, utilities, rent) do not change meaningfully whether the class is at full capacity or less. Being reimbursed less for fixed costs causes programs to operate at a loss as they serve their communities. What makes this particularly challenging is that the DOE has centralized enrollment; providers are not fully in control of who they enroll into their programs, but have to pay the financial price when their programs are under-enrolled.

To address these late payment and contract registration issues, UNH recommends:

- Pay ALL providers their contract value for FY22 immediately;
- Migrate invoicing and payment processes from DOE PreKids system to MOCS (Mayor's Office of Contract Services) Passport system, in line with other human services contracts which would simplify the process for providers;
- Pay FY23 invoices promptly assuring the ability for providers to bill for more than one month at time and that the lag between invoicing and reimbursement never exceeds 30 days; and
- Hold providers harmless from enrollment penalties as long as DOE controls enrollment.

Salary Parity for the ECE Workforce

Even before the pandemic, the childcare workforce in New York City - especially staff at early childhood education programs operated by settlement houses and other CBOs - have historically been underpaid.

At a time when early childhood programs are key to the City's pandemic recovery, we cannot afford to have a staffing crisis due to low wages and salaries. To expand the early childhood education services that New Yorkers need, we need to ensure that all providers are able to offer competitive salaries and wages to their staff. For the City to offer quality education of families' choice that is safe, accessible, and affordable, first and foremost, we need to support the workforce.

Lack of Salary Parity

The main obstacle for hiring and retaining staff in early childhood education programs is low salaries that are not at parity with salaries for similar positions in the DOE. On average, a head teacher with a master's degree working for a settlement house-run early childhood education program earned \$63,507 a year in 2021, 24 percent below the annual salary earned by their DOE counterparts.³

² <https://nypost.com/2022/10/03/nearly-400-kids-will-lose-out-on-daycare-in-doe-reimbursement-debacle/>

³ Average salaries for teachers employed by settlement houses are from the 2021 UNH Salary Survey.

Average salaries for DOE/government-employed teachers are based on the Five-year 2015-2019 American

Lack of parity between the DOE and the CBOs is leading to higher vacancy rates and making it difficult for CBOs to fill and retain critical positions. One settlement house member reported that 20 percent of staff positions in their early childhood education programs were vacant as of September 1st, 2022. “We cannot simply compete with the DOE salaries on our own without support from the City,” noted one member. Center-based programs are left dealing with staff shortages, preventing them from running at full capacity due to required children-adult ratios. Furthermore, high turnover rates threaten the stability and continuity of care that is proven to be necessary for young children’s behavioral and cognitive development.

Shortcomings of 2019 pay parity agreement

In 2019, the City attempted to address pay parity concerns by reaching a contract with certified early childhood education lead teachers working in community-based centers that brought their salaries on par with the salary of an entry level 10-month DOE teacher. However, the agreement did not account for regular increases or longevity bonuses, nor did it cover special education teachers. The last scheduled wage increase took effect in October 2021, and advocates have raised concerns that in the absence of negotiations to address outstanding issues from the 2019 agreement, the field will be facing a serious crisis in finding qualified, dedicated teachers to lead both general and special education early childhood education classrooms. The City must invest in true pay parity for all teachers in order to avoid a crisis that would negatively impact the education of the City’s youngest learners.

Furthermore, the lack of pay parity between center-based program directors working for CBOs and their equivalent counterparts in the DOE remains an issue. In 2019 and 2020, discussions of pay parity for early childhood program directors were delayed, and directors are still working without a contract. Early childhood program directors, similar to DOE principals, dedicate their time and energy into making their programs the highest quality for the children they serve, and we must finally acknowledge their hard work and dedication by showing how valuable they are through increases in their salaries on par with DOE principals. UNH members have expressed their frustrations around losing program directors to the DOE, who they noted have been able to pay their directors what they deserved. One early education administrator at a settlement house noted: “I can’t pay my director \$100k. I can do \$85k, although I know it’s not comparable to the amount of work that they do.” Our members also shared that program directors are considering going back to teaching, since certified teacher salaries are poised to surpass director salaries. “The max salary cap placed by DOE for lead staff positions such as Network and Education Director also pose serious challenges and reduces long-term commitment to those roles,” noted another member. Center-based program directors should be brought to parity with equivalent positions in DOE programs. A director shortage of this magnitude in community-based organizations would destabilize the whole field.

Early childhood education support staff are also in urgent need of wage increases. The 2019 contract awarded the support staff a 2 percent increase which brought wages up to \$15.75/hour. This rate is not only significantly lower than DOE equivalent jobs, but it is also lower than what some big box retail companies offer for their employees in NYC. According to UNH’s 2021 member salary survey, a teacher’s aide or assistant working at a settlement house-run early childhood education program earned an average annual salary of about \$33,600 in 2021—not far off from the federal poverty line of \$26,500 for a family of four with two adults and two children. While early education staff are individuals who engage their work with love,

Community Survey data from the US Census Bureau. Census data includes preschool and kindergarten teachers and does not allow for kindergarten teachers to be excluded.

many make the hard choice to leave the field entirely in order to better support their own families. This exodus leaves early education programs short staffed and in crisis. The city must increase wages to a minimum of \$25 per hour so that community-based organizations can retain their experienced staff by offering competitive wages. Similar to lead teachers and directors, longevity bonuses also must be taken into account for these workers.

Furthermore, any parity agreement and wage increase incentive should also apply to staff working at family child care providers. Family child care providers account for a sizable share—62 percent—of the city’s child care providers licensed and registered by the NY State Office of Children and Family Services.⁴ Family child care providers, who are educators, but also small business owners, face unique challenges.

Encouragingly, New York State’s FY23 Enacted Budget included \$324 million additional state funding to increase child care provider reimbursement rates from the 69th percentile to 80th percentile of the market rate. The market rate is the rate that social service districts reimburse child care providers which is set at a rate per child per day/week that they attend a child care program. In addition to child care subsidies, the Enacted Budget includes a \$343 million investment in child care stabilization grants, with 75% of this amount to be reserved specifically for supporting workforce initiatives. Furthermore, during the FY23 Adopted City Budget press conference Council Speaker Adrienne Adams and Mayor Eric Adams made commitments to stabilizing the child care workforce by implementing contract enhancements for child care providers and special education teacher salaries.

To address salary shortcomings in early childhood education programs, UNH recommends:

- Put early childhood directors and support staff on a path to parity with their colleagues in public schools;
- Raising the minimum wage of support staff to minimum of \$25 per hour, in line with the hourly rates that DOE substitutes and paraprofessionals are paid; and
- Funding longevity increases for all teachers, staff and directors.

Investing in Full-Day/Year-Round Care for Children Under 5

The de Blasio Administration focused on building a universal pre-school system via Pre-K for All and 3-K for All. The City’s historic investment in universal pre-K for four-year-olds and the expansion of 3-K for three-year-olds has nearly tripled the number of seats in the contracted system, from 33,000 seats in 2012 to more than 92,000 in 2019.⁵ However, this has left the City’s system with a patchwork of strengths and weaknesses. While Pre-K and 3-K for All programs have a significant impact on communities, these programs only operate from 8 am - 3 pm, and do not provide care in the summer months. A Citizens’ Committee for Children analysis found that only 13 percent of four-year-olds in the Pre-K program received full-day, year-round care for the 2019-20 school year.⁶ For families who need a full day/year of care, they are left having to

⁴ NY State Office of Children and Family Services. Child Care Facts and Figures 2021.

<https://ocfs.ny.gov/programs/childcare/assets/docs/factsheets/2021-DCCS-Fact-Sheet.pdf>

⁵ Citizens’ Committee for Children. “Massive Needs Remain Unaddressed in New York’s Child Care System.”

https://s3.amazonaws.com/media.cccnewyork.org/2022/01/CCC-Early-Education-Massive-Needs_Remain-Infographic-January-2022-FINAL.pdf.

⁶ Citizens’ Committee for Children. “Massive Needs Remain Unaddressed in New York’s Child Care System.”

pay for wrap-around hours. This can be a strain on lower income families, and there are not enough subsidized seats available to provide that extended care to all families that need it.

Child care continues to remain unaffordable for many of our city's families. In New York City, according to the NYS Office of Children and Family Services' (OCFS) most recent 2022 Market Rate survey, the annual cost of infant center-based child care services in New York City at the highest quality care level is \$28,572 a year,⁷ which would consume about a third (32 percent) of the median household income for families with infants. Meanwhile, the cost of one year of family child care at the highest quality care level is \$18,220, which would consume 20 percent of the median household income for families with infants.

The City is in a unique position to expand its system to serve more children thanks to the investments that were included in this year's New York State budget. The \$220 billion FY 2022-2023 NY State budget included a historic \$7 billion investment in child care over a four-year period. This \$7 billion investment includes increased funding for child care subsidies that would expand eligibility by raising family income levels from 200 percent to 300 percent of the Federal Poverty Level (FPL).

According to data from OCFS, the majority—62 percent—of children served through child care subsidies in New York State are from New York City. By expanding the income eligibility thresholds to 300 percent of the FPL, an additional 74,000 children under age 5 in New York City are now eligible for child care subsidies, with infants and toddlers accounting for the majority of newly eligible children. Infants and toddlers account for the majority (56 percent) of children under age 5 who are now eligible for child care subsidies, while preschool-aged children make up 44 percent.

Now, nearly 6 out of every 10 children under age 5 are eligible for child care subsidies, in contrast to just 42 percent under the previous family income threshold of 200 percent of FPL. With the higher threshold of 300 percent of FPL, 54 percent of infants and toddlers aged two and under (equivalent to 164,000 children) are now eligible for child care subsidies, up from 41 percent (123,000 children) using the previous 200 percent of the FPL threshold. Among preschool-aged children (3-4), 60 percent now qualify for child care subsidies, compared to just 45 percent under the previous family income eligibility threshold.

Despite this, less than a quarter of all children under five are served by the publicly-funded system (3-K, pre-K, EarlyLearn), including only 7 percent of infants and toddlers. It is clear that the current system is not meeting demand and is not serving enough children under age 5. Furthermore, expansions of early childhood programs have focused in the past on universal school day/year programming, and these expansions have not always matched the needs of working families, who are often looking for full day, year round care.

In order to meet the diverse needs of NYC families, the City should:

- Expand the number of subsidized extended day/year slots for 3- and 4- year-olds to provide a full day and year of care for working families; and

https://s3.amazonaws.com/media.cccnewyork.org/2022/01/CCC-Early-Education-Massive-Needs_Remain-Infographic-January-2022-FINAL.pdf.

⁷ NY State Office of Children and Family Services. 2022 Child Care Market Rate Survey. <https://ocfs.ny.gov/main/reports/2022-Child-Care-Market-Rate-Survey.pdf>

- Age down the system by increasing the number of infant and toddler slots available. This is one of the greatest needs identified by settlement houses in their communities.

Supporting asylum seekers and their families

Early childhood education providers also anticipate serving an increased number of children who recently migrated to New York with their families seeking asylum. The system will need increased capacity to serve these children, but providers will also need the right tools to support the unique needs that these children might have.

One way to do this is to increase the Children Under Five Initiative. The Children Under Five (CU5) initiative provides early childhood mental health services to infants, toddlers and pre-school aged children and their families in community-based settings. A Council Initiative under the Department of Health and Mental Hygiene (DOHMH), the program allows organizations to work with children to develop psychosocial and educational skills, as well as to cope with trauma resulting from witnessing or experiencing domestic violence, sexual abuse, or physical or mental abuse. Using a trauma-informed lens, providers are able to provide screening and clinical evaluation, individual, small group, and child-parent psychotherapy, and consultation to pediatricians, teachers, and child welfare workers. For years, CU5 providers have been testing new interventions and models of providing care, greatly contributing to the City's understanding of the most appropriate ways to treat this population. Their expertise is essential in both working on complex cases and in putting forth new treatment options. CU5 currently supports 13 organizations, including two UNH members. The Council should enhance this initiative in FY24 to support the increased number of children coming to New York City.

Additionally, the City should work toward eliminating citizenship requirements that currently exist for certain extended day/year child care programs. Due to federal and state funding restrictions, the only public programs that children can currently join are 3-K, Pre-K, and federal Head Start. This leaves a major gap in care for asylum seekers. The City could invest its own funding to support undocumented children for these programs – one option is to look at the \$10 million included in the FY23 City Budget for undocumented children, but additional resources should be secured. The City should also advocate to the State to loosen programmatic rules around citizenship requirements.

Additional recommendations include investing in legal services and access to representation for asylum seekers, increasing pipeline programs for bilingual teachers and teachers who serve English Language Learners, additional training for school-based social workers and mental health clinicians to address the needs of children and their families, and looking at how to appropriately scale up early childhood education programs. We look forward to continuing to be a part of this conversation in the coming months.

Thank you for your time. To follow up, you can contact me at tklein@unhny.org.