



**UNITED
NEIGHBORHOOD
HOUSES**

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**Testimony of United Neighborhood Houses
Before the New York City Council Committee on Women and Gender Equity
Council Member Tiffany Cabán, Chair**

Oversight - Child Care in New York

**Submitted by Elvan Sahin, Policy Analyst
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Thank you Chair Cabán and members of the New York City Council Committee on Women and Gender Equity for the opportunity to testify. My name is Elvan Sahin, and I am a Policy Analyst on Early Childhood Education at United Neighborhood Houses (UNH). UNH is a policy and social change organization representing 45 neighborhood settlement houses, 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 and today early childhood education programs remain an important component of serving their communities. 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.

This testimony calls on the City Council to pass the package of child care bills that are presented in this hearing, and to continue to build on stabilizing and expanding New York City's early education system by:

- Prioritizing salary parity for all early childhood education staff;
- Addressing contracting and payment issues that create financial instability for early childhood education providers;
- Focusing on interagency communication, and clearing backlogs in the Comprehensive Background Check process;
- Implementing new changes passed by the State to reflect the needs of communities and working families, especially focusing on expanding infant and toddler seats, and providing more full year/day programming; and
- Establishing a clear line of communication between community-based programs and City agencies on contract related procedures, implementation of childcare vouchers, and any other expansion efforts.

Proposed Bills related to Child Care System

We applaud Council Member Julie Menin, Council Member Crystal Hudson, and chair, Council Member Tiffany Cabán, and all the co-sponsors of the proposed bills for their commitment to achieving universal child care in NYC. The proposed bills will bring more accountability, transparency, and clarity to the field of early childhood education on path to achieving universality. We also urge the committee to consider below feedback for these bills:

- Coordinate with all city agencies that have a stake in the child care system (ACS, DOHMH, DOE), as well as with City Hall, and seek feedback from appropriate staff in order to avoid duplicative actions that have the same purpose. Similarly, take into account state actions and resources to avoid duplicative actions and tools.
- Do not put undue burden on existing providers in order to implement these bills.

Additionally, the Blueprint for Childcare and Early Childhood education that was announced by City Hall includes several similar actions to the bills proposed by council member Julie Menin. We urge the Council to keep clear lines of communication with City Hall, and exercise oversight, and offer insights for the goals that the Administration announced.

For Int-0485 (Electronic Child Care Directory) and Int-0487 (Establishing a Child Care Subsidy Information Portal) we suggest exploring the ways in which already existing databases for these purposes (such as one managed by the New York State Office of Children and Family Services) could be incorporated into the newly planned directory and portal, so that the purpose of these bills can be achieved with efficiency and accuracy.

For Int-0486 (Establishing a Child Care Advisory Board) we urge the Council to make sure that CBO voices are represented by those who have a multitude of experience in the field as members of this board, in addition to using the Advisory Board as an entity to submit feedback.

For Int-0488 (Establishing a Child Care Program Fund) we urge the process of applying for these funds to be as simple and easy as possible for providers with minimal red tape, in addition to assuring speedy disbursement of funds. The release of the fund also should be coordinated with other support programs, such as the State's next round of Child Care Stabilization Grants. Furthermore, the bill should clarify whether this is a program that is time limited or exists in perpetuity. Finally, this bill will have a significant fiscal component, and would require an appropriation in the FY24 budget to ensure that it could get off the ground.

For Int-0489 (Child Care Certification Program) we recommend strong and dedicated partnership with DOHMH, the agency that is responsible for licensing centers, and that has extensive guidelines and inspection authority on spatial and hygienic requirements for child care programs in NYC.

For Int-0477 (Establishing a Child Care Task Force) we recommend that CBO representatives have a seat at the table, and the timeline for producing a report is prompt to ensure there will be no gap in the city's path to universal child care.

UNH is thankful to have strong supporters of early childhood education in the City Council, and we are hopeful that we can continue to build on the budget wins that were in the FY23 Adopted Budget. The \$10 million allocation for child care for undocumented children is an important win, and these bills that are under consideration for this hearing, can keep the momentum on universal child care going.

We urge the Council to continue on building on this important work by implementing solutions for and exercising oversight over the systemic issues outlined below.

Child Care System Overview

New York City's early childhood education system is one of the largest publicly contracted systems in the country, with community-based organizations offering center-based and licensed family child care that serve the majority of the city's children.

Child care providers of New York City continued to take care of the city's children during the Covid-19 pandemic as they have done so during moments of crisis before. While providers were ready to serve NYC's families, they have been facing pandemic related challenges such as fluctuations in enrollment, which in turn have exacerbated the pre-pandemic problems such as recruitment and retention of child care staff related to the fact that child care workforce has remained historically underpaid. Additionally, as a result of the new Birth to Five RFPs that transferred the contracted childcare system from ACS to DOE (awarded in 2020 for Family Child Care Networks and 2021 for center-based programs), providers have been having difficulties navigating the new system, its requirements and regulations.

In order to serve NYC's families effectively and efficiently, the City must strengthen its partnership with community-based providers. The city is in a unique position to expand its system to serve more children thanks to the investments that were included in the New York State FY23 budget, the important investments made in the City FY23 budget, and commitment

of Mayor Adams to building a fair and equitable system. UNH recommends that it is crucial to stabilize the early childhood education system first. By addressing the workforce and operational issues outlined below, the City can lay a stable foundation to build an universal system that meets the needs of working families.

The Early Childhood Education Workforce

At a time when there is immediate need for early childhood programs for the City's pandemic recovery progress, we cannot afford to have a staffing crisis due to low wages and salaries. In order 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 and they have a continuous pool of qualified and passionate candidates to hire from. 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.

Salary Parity, and Wage Increases

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 Department Of Education. As a result, center-based programs are left dealing with staff shortages, preventing them from running at full capacity due to required children-adult ratios, and with high turnover rates which threaten the stability of care that is proven to be necessary for young children's behavioral and cognitive development.

UNH appreciates the commitment, made by Council Speaker Adrienne Adams during the FY23 Adopted City Budget press conference, to implement contract enhancements for child care providers and special education teachers salaries. We encourage the Council to double down on this commitment, and to continue to advocate for salary parity, until salaries and wages of all early childhood education staff are level.

UNH's recommendations around salaries include:

- *Parity progress for certified lead teachers must continue, and special education teachers must be included in the parity agreement.*

In 2019, as a result of advocacy efforts, certified lead teachers in early childhood education working in community-based centers entered into a contract agreement with the City that brought their salaries on par with the salary of an entry level 10-month DOE teacher. The agreement did not account for regular increases or longevity bonuses, nor did it cover special education teachers. The last scheduled wage increase happened in October 2021, and we fear that in the absence of negotiations to address issues that were left out in 2019, 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 only way to avoid a crisis that would negatively impact the education of our youngest, the City must invest in true pay parity for all teachers.

- *Center-based program directors should be brought to parity with equivalent positions in DOE programs.*

In 2019 and 2020, discussions of pay parity for early childhood program directors were delayed, and since then there have been no movement on negotiations. 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. Our members shared that program directors are considering going back to teaching, since certified teacher salaries are poised to surpass director salaries. A director shortage of this magnitude in community-based organizations would destabilize the whole field.

- *All support staff should receive at least \$21 per hour.*

Early childhood education support staff are in urgent need of wage increases. The 2019 contract awarded the support staff a 2% increase which brought wages up to \$15.75/h. This rate is not only significantly lower than DOE equivalent jobs, it is also lower than what some big box retail companies offer for their employees in NYC. While early education staff are individuals who engage their work with love, 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 \$21 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.

Family Child Care Program Reimbursement Rates

Family child care providers, who are educators, but also small business owners, face unique challenges. In addition to making sure that any parity agreement, and wage increase incentive applies to family child care staff, the City must ensure that the owners that run these programs receive fair rates for reimbursement so that they can continue to keep their doors open and serve their communities.

UNH recommends the following for FCC providers:

- *FCC Network providers should receive at least the new market rate and ideally be reimbursed at nothing less than 90% of the cost of care.*

Oftentimes, family child care providers have to make the tough decision between paying themselves and paying for other expenses to keep their business going. No business owner should have to live in poverty themselves in order to support their own staff, or the needs of their business. The fact that many providers choose to serve the children they

take care of over their own livelihood is a testament to their dedication for their communities. It is up to the City to support them by making sure that they are being reimbursed with rates that cover their cost of care.

Workforce Development

The City must work to create a workforce pipeline through incentives and programs such as tuition support and loan forgiveness. It is crucial that in addition to assuring fair compensation for the existing staff across all positions, we must guarantee that there is talent coming into the field with the prospects of financial stability. We applaud the Administration on its commitment to achieving this through the partnership with CUNY, and look forward to more details on its implementation and how staff will be supported to further their education and gain credentials. We encourage the City Council to exercise its oversight power in order to make sure that the program runs smoothly.

Operational Challenges

In addition to workforce-related challenges, early childhood education providers have faced a number of operational challenges due to COVID-19 and changing government policies and procedures. Before expanding the system, these operational challenges must be addressed. Below is a description of the most significant operational challenges and recommendations for addressing them.

Contract Reimbursements

- *For FY22, the City must truly hold providers harmless and reimburse full contract amounts, and for FY23 and beyond, must take steps to permanently unlink enrollment from reimbursement.*

Linking contract reimbursement percentages to enrollment levels impact providers in a negative way, since the general costs of operating a classroom (staffing, cleaning, supplies, utilities, rent) do not change drastically whether the class is at full capacity or less. Being reimbursed less for fixed costs causes programs to operate at a loss as they try to serve their communities. While the DOE initially announced on March 11, 2022 that the providers were going to be held harmless for FY22 budgets, the DOE finance team very recently announced that “holding harmless” meant adjusting reimbursement percentages to be relatively more forgiving - rather than reimbursing the full contract amount - and that this adjustment would be only for the month of June 2022, and would not be applied retroactively. Many providers still do not know how much they will actually be getting which causes serious cash flow issues, and financial instability.

- *The City must remove the bureaucratic red tape for market rate applications, and streamline the process by making market rate hikes automatic.*

The FY23 State Budget included many exciting reforms for early childhood education, including raising the market rates to the 80th percentile of the market rate survey. Market

rate is the rate that social service districts reimburse child care providers which is set at a rate per child per day/ week. In NYC, the providers that would benefit from these increases are majority family child care providers. However these providers face multiple challenges when it comes to their ability to claim these new rates.

Family Child Care providers that are not in a DOE contracted Family Child Care networks are facing cumbersome bureaucratic forms and difficult requirements just to prove that they deserve the new rate. Many of these providers have been operating without any rate hike for at least 5 years, a time frame in which there have been significant increases in the true cost of care.

- *The DOE must amend existing FCCN contracts to include the new market rates, so that FCC networks can stay whole, and continue to provide support to family child care providers.*

DOE contracted Family Child Care Networks are also facing potential losses in their networks, unless the DOE agrees to amend the existing contracts to reflect the new market rate increase. Our members have informed us that their network members will leave if it means they can apply for new rates as an independent provider. FCC networks are a crucial component of the child care system in New York City; they provide support, and training that these small businesses would have difficulty accessing otherwise.

- *DOE should honor the Indirect Cost Rate Initiative with additional funding and not require providers to cover their new rate with their current program budget.*

All providers have experienced DOE instructing them to use existing money in their overall budget to cover their indirect costs, rather than adding in new money. DOE has deemed budget lines unusable when providers have taken their indirect rate including equipment, professional development, office and janitorial. The feedback from providers point to the fact that they are not getting the full indirect rate, which adds to their already existing cash flow problems due to the pay for enrollment system.

Administrative Practices and Systems:

Vendor Portal and Payment System: In addition to operating under the pay for enrollment system, child care providers also have to navigate complex operational systems on the backend in order to comply with the requirements that their contracts stipulate. Complex administrative practices, in return, result in delayed contract payments, and create cash flow challenges for providers.

Many FY22 contracts are just being registered, which means that providers are just beginning to input necessary information into the vendor portal system, the electronic interface that allows providers to upload invoices, attendance, and other required documents for approval. System glitches, and the requirement to reconcile enrollment with attendance manually - which is a

labor intensive process - create significant delays. Furthermore, providers can upload material one month at a time, and have to wait for each month to get approved, until they can move on to the subsequent month. Approval of monthly budgets by DOE have been slow, adding another undue burden on providers. Ultimately, all these system issues lead to delays in contract payments, as providers scramble to make budgets balance while they wait to receive what they are rightfully owed. Additionally, even without any or recent contract payments for FY22, DOE has started recouping money from the advances they provided, creating more unjust financial hardship.

While providers are waiting to receive what they are owed for FY22, they were also expected to submit FY23 budgets for approval. Creating a sound and responsible budget for FY23 is nearly impossible for many providers, when they do not know how exactly the DOE is reimbursing them for FY22. And while providers are expected to meet strict deadlines, contract registrations and payments for the new fiscal year are on track to be delayed, simply because city agencies are still working on clearing backlogs for FY22.

Enrollment System: While providers are held financially accountable for enrollment percentages, the centralized enrollment system often puts community based providers at disadvantage, as it is unclear whether or not family's are assigned seats at their first choice of modality. We urge the city to reorganize the enrollment system to allow for community-based organizations to enroll families directly into their programs. Families should have easy access to information on all available modalities of care through DOE, and should be placed in their first choice of provider. Outreach from CBOs and the DOE should inform families on all modalities of care in an equitable manner.

Interagency Communication and Clearance of Backlogs

The New York City child care system is overseen by multiple city agencies. While the contracts were transferred to DOE under the new Birth to Five RFP, ACS still is responsible for managing the child care voucher system. HRA is tasked with reviewing and approving applications for subsidy eligibility. And finally DOHMH oversees the licensing process, conducts inspections for child care spaces, in addition to running the comprehensive background checks for child care staff. DOE also oversees PETs clearances. It is crucial to have open lines of communications between agencies when it comes to overseeing, and managing the complex early education system, to ensure a smooth experience for parents, providers, and children.

In addition to establishing clear communication between agencies, the city also should focus on clearing backlogs in DOHMH clearances and HRA approvals, especially since by August 1st, 2022 the eligibility pool for child care subsidies will expand, with the threshold rising to 300% of Federal Poverty Line.

To address these issues, UNH recommends that the City:

- Invest in DOHMH to clear the backlog on comprehensive background checks that is slowing down the hiring process. Because it takes many months to clear staff, this has led to staffing shortages at programs. This backlog is negatively impacting the required staff to children ratios, and in some cases preventing providers from opening classrooms.
- Expedite the family income verification process at the Human Resources Administration so that families receiving subsidized care can have timely access to the childcare modality of their choice.

Investing in Infants and Toddlers and Full Day/Year Care

Simultaneous to system stabilization efforts, the City should also take a targeted approach to expanding the system. The previous administration focused on building a universal pre-school system via Pre-K for All and 3-K for All. 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. For families who need a full day/year of care, they are left having to 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. In order to meet the diverse needs of NYC families, the City should:

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

DOE has already taken some steps to match the supply of seats to the demand of the communities by contacting programs that have excess school day/year 3-K seats in their contracts. We urge the DOE to conduct a system wide survey to locate not only seats that need to be converted from 3-K school year/day to infant toddler, but also to locate seats that can be converted from school day/ year 3-K and pre-K to extended day/ year 3-K and pre-K. Our providers often communicate with us that they cannot provide services to a family who is qualified for subsidies due the fact that the seats they can offer are locked by their contracts, and express a need for flexibility.

Finally, New York State passed significant reforms to the state's child care system in its FY23 budget, which could alter the City's system and make it easier to expand care to infants and toddlers. The City must work quickly to implement any reforms from Albany so that families can access care and providers can access financial relief and support. The Mayor's recently released Blueprint for Childcare and Early Childhood Education plans to leverage vouchers to expand family and center-based capacity and support extended and year-round care. In order to ensure that voucher implementation goes well, UNH recommends that:

- Vouchers should be able to be used to help families in contracted school day/year programs to pay for the extended day/ year hours, and thus provide them with wrap-around care.
- The way in which voucher system functions needs to be communicated very clearly with providers, especially since many DOE contracted center based programs are not familiar with the voucher system. The system needs to be set up so that it is seamless for both parents and providers.

Thank you for your time and the opportunity to testify today. For more information, or to answer any additional questions, you can reach me at esahin@unhny.org