



Testimony of United Neighborhood Houses
Before the New York City Council
Committee on General Welfare
Honorable Stephen Levin, Chair
At the FY 2020 Preliminary Budget Hearing

Presented by Gregory Brender, Director of Children and Youth Services

March 25, 2019

Thank you, Chair Levin and members of the City Council Committee on General Welfare for convening this hearing and for the opportunity to testify.

UNH is a policy and social change organization representing 40 neighborhood settlement houses in New York City with two in upstate New York. We mobilize our members and their communities to advocate for good public policies, and we promote strong organizations and practices that keep neighborhoods resilient and thriving for all.

The work we do strengthens the capacity of more than 30,000 employees and volunteers working across 680 locations to continue providing necessary services for people of multiple generations with programs that provide skills, education, social services, health, arts, and connection to community and civic engagement opportunities for over 765,000 New Yorkers who visit settlement houses each year.

UNH is also part of the steering committee of *Campaign for Children*- a coalition of more than 150 organizations working towards high-quality early childhood education and after-school programs for every child in New York City.

UNH and its settlement house members are deeply committed to high-quality early childhood education programs and the children and families that they serve. We recognize that early childhood education is not just a necessity for working families but also the most effective investment government can make to prepare young children for success, promote long-term economic mobility and support families.

UNH greatly appreciates our collaboration with the General Welfare Committee over many years to strengthen early childhood education in New York City. This committee's leadership has pushed the City towards significant improvements to the early childhood systems including creating more stable contracts by baselining funds for programs that had been funded through one-year allocations.

We are deeply concerned at this point that the planned transition of EarlyLearn programs from management by Administrations to Children's Services to management by Department of Education (DOE) may lead to more destabilization of the system. In our testimony today, we focus on five major problems with DOE's Requests for Proposals that must be rectified in order to ensure that programs

have the consistent funding and support that they need to provide high-quality services for children and families.

Background

More than 60% of Pre-K for All and 3-K for All seats, and 100% of full-year EarlyLearn programs are provided by community-based organizations operating with City contracts. In 2019, all of these contracts will be re-procured as part of four Requests for Proposals (RFPs) issued by New York City Department of Education (DOE). These proposals are:

- **The Birth-To-Five RFP** which re-procures center-based, non-Head Start, EarlyLearn programs and all Pre-K for All and 3-K for All programs. Under this new procurement, the center-based EarlyLearn model will become the Extended Day Model and 6 hour 20 minute Pre-K for All programs and 3-K for All Programs will become School Day/ School Year programs. This RFP was released on March 5, 2019 and responses are due June 3rd.
- **The Head Start RFP** which re-procures City contracted Head Start programs which use federal funds to provide both early childhood education and family support in a program model based on goals of breaking intergenerational cycles of poverty. The Federal government contracts with both the City and directly with community-based organizations for both Early Head Start which provides prenatal services and services for infants and toddlers and Head Start which serves 3-year-old and 4-year-old children. This RFP was released on March 13th and proposals are due June 13th.
- **The Family Child Care RFP** will re-procure contracts for Family Child Care Networks- community-based organizations which provide support, training, and referrals for Family Child Care Providers who offer care to a small number of children in the providers' own home. This RFP has not yet been released.
- **Head Start Extended Day RFP** will offer community-based organizations who are directly funded by federal Head Start contracts to apply for supplemental funding to lengthen hours of service. This RFP represents a significant budget cut to many of the highest quality programs as currently Head Start contractors provide Pre-K for All programs in conjunction with their Head Start programs. This RFP has not been released yet.

Major Problems in the Requests for Proposals

UNH has worked with its members, ACS and the City Council to develop ways to strengthen early childhood education programs. Since the announcement of the transfer of EarlyLearn programs to DOE, UNH has participated in numerous planning meetings with DOE, urged DOE to produce a concept paper which they shared as an RFP Preview and publicly shared the important elements for a successful early childhood education program. We have now begun a comprehensive review of these Requests for Proposals in conjunction with leaders and early childhood educators in our settlement house network. Our review indicates that the fiscal and program model presented in the Requests for Proposals already released is unworkable. There are five main areas where changes are needed in order to make this RFP feasible for the community-based organizations.

- 1. Address Salary Disparities:** Neither the Birth-to-Five RFP nor the Head Start RFP makes progress towards eliminating the salary disparities between teachers, staff, and directors in community-based organizations and their counterparts in public schools.

There are stark salary disparities. And they grow over time. For example, a certified head teacher in a 3-year-old classroom in a community-based organization has a starting salary of \$46,920 while a certified teacher in a public school starts at \$61,894. With eight years of experience, a public school teacher's annual salary will have grown to slightly over \$81,042 while a teacher in a community based program will be earning just \$48,920.

Settlement houses and other CBOs offer top-quality early childhood education programs. However, these nonprofit providers are forced to pay their teachers, staff and directors far less than they would earn doing the same job at a public school because the city is underfunding these contracts

The situation is only getting worse. Nonprofit providers consistently lose staff to higher paying positions with the New York City Department of Education. Some providers have been forced to close classrooms or shut down their programs entirely. Research has shown that a consistent connection between a child and an adult is essential to early childhood development. The salary disparity issue directly interrupts this relationship as teachers leave their positions, often suddenly.

NYC must provide salary parity.

- 2. Include Cost Escalators:** Both the Birth-to-Five RFP and the Head Start RFP are planned as eight-year contracts. It is reasonable to expect that costs will grow over time. Expenses such as rent, building maintenance, salaries and other costs will not remain stagnant over the lifetime of the contract .

Moreover, because DOE, unlike ACS, is not part of the Human Services Cost of Living Adjustment, staff under DOE contracted programs will not even be eligible for these modest increases that reflect cost inflation for their own housing, food, transportation, child care for their own children, and other costs.

DOE should build cost escalators and make the necessary investments in the RFPs to reflect the increasing costs of doing business.

- 3. Fund Indirect Costs:** Neither the Birth-To-Five RFP nor the Head Start RFP provides funding for indirect costs. Indirect Costs cover a range of expenses that are essential to running quality programs. These costs may include program management and oversight, administrative operations, facilities, and organizational insurance policies.

It is unreasonable to expect an organization, large or small, to operate sophisticated programs without reimbursement for indirect expenses. It is especially unreasonable for a program that

requires as much oversight as an early childhood education program. DOE's Early Childhood Quality Framework has 78 separate indicators and the 2018 Head Start Performance Standards issued by US Department of Health and Human Services are 172 pages long.

Funding must be available to support a program's indirect costs.

- 4. Eliminate Pay for Enrollment:** The Birth-to-Five RFP reinstates a Pay for Enrollment Plan wherein providers are penalized and lose a portion of their funding if enrollment in their programs dip. As DOE will handle all enrollment centrally providers will be limited in their options to bring new children into their programs even if there is tremendous need for their services.

In 2012 NYC ACS implemented a similar system basing reimbursement partially on enrollment at the start of the new EarlyLearn contracts. The practice led to instability in centers and contributed to the closure of programs. It was appropriately rescinded and abandoned by ACS in 2015. Most expenses in a child care program are fixed by classroom and do not decrease if a small number of children leave the program.

As then Councilmember Bill de Blasio wrote in a 2008 New York Daily News editorial with CSA President Ernest Logan, *"predicting the enrollment at a day care center is harder than projecting the enrollment of a neighborhood school. Enrollment figures at day care centers rise and fall with the changing nature of the neighborhood as well as the individual fortunes of a family. In addition, child care centers are continuously dealing with factors affecting enrollment that they have no control over."*¹ These factors will continue to impact providers and ultimately lead to destabilization of programs if this policy is implemented.

This practice will unfairly burden community-based programs and DOE must eliminate the Pay for Enrollment policy.

- 5. Re-organize the Birth-to-Five program model that splits Extended Day programs into what is now referred to as core and non-core hours.** Early Childhood Education programs are designed with the understanding that young children are learning all the time and their care and education includes play and interaction. The Birth-to-Five RFP defines "non-core" hours, which are the hours in excess of the 6 hours and 20 minutes of a standard Pre-Kindergarten program and expects to fund lower teacher qualifications than the "core" hours.

Quality early childhood education is different than quality K – 12 education. The interactions of children and staff for early childhood education cannot be based on the time of day. Although this distinction seems to have arisen from the different requirements of State and Federal funding streams which DOE is using to support its early childhood system, it shows a lack of understanding about what a Birth-to-Five system should look like to support children and their families. UNH supports investing in sustainable early childhood education programs, incorporating the expertise of program leaders, educators, staff and families in system design, promoting socioeconomic and racial integration, and providing an extended day for those

¹ Bill de Blasio and Ernest Logan. "City's Plan Hurts Day Care Centers" *New York Daily News*, May 28, 2008. <https://www.nydailynews.com/new-york/queens/city-plan-hurts-day-care-centers-article-1.330098> (See Attached)

families who want it and robust family support. DOE has not provided a pathway to achieving these goals.

Next Steps

DOE has had extensive meetings with providers and convened info sessions in all five boroughs. While each of the points above has been raised in these forums, there is no indication from DOE that they will provide the support to achieve their articulated goals and the key aspects identified above have not been addressed in the recently released RFPs. DOE should not move forward with a new procurement until these issues are addressed and providers believe we are working together to create a true Birth-to-Five system that educates our children, supports the needs of families and respects and partners with quality early education providers.

Thank you for your time today.