



**Testimony of Day Care Council of New York
Before the New York City Council Committee on Education,
Honorable Rita Joseph, Chair
At the Oversight Hearing for 3-K Funding Cuts and Delayed Reimbursements to
Early Child Care Providers**

February 15th, 2023

Presented By Gregory Brender, Chief Policy and Innovation Officer

Thank you Chair Joseph and members of the Committee on Education for the opportunity to testify and for your work to ensure that New York City's children can access high quality education especially during the crucial earliest years. The Day Care Council of New York (DCCNY) is the membership organization of early care and education providers across New York City. DCCNY sees a future where all children have access to quality early childhood education and where early childhood providers and their workforce have the tools and resources necessary to offer the highest quality early childhood education.

DCCNY supports its member organizations and New York City's early childhood field a through policy research and advocacy, labor relations and mediation, professional development and training for early childhood educators, directors and staff and referral services for parents looking to find child care. DCCNY member organizations provide early care and education at over 200 sites in neighborhoods across all five boroughs.

Most DCCNY member organizations operate with contracts with the New York City Department of Education (DOE), while a smaller portion work with federally funded Head Start contracts or through private funding. DCCNY member organizations seek to provide quality early care and education services to New York's children and families across all five boroughs. DCCNY member organizations employ over 4,000 New Yorkers— the majority of whom are Black and Brown women.

Day Care Council of New York is an active member of Campaign for Children and our testimony reflects the agenda of that coalition.

Cuts to Universal 3-K

We are deeply disappointed that that in the Mayor's Preliminary Budget New York City is moving away from the path to Universal Child Care. When the mayor released his November Budget Modification, it indicated that the City's commitment to the promise of 3-K for all of New York City's children would no longer be fulfilled. This cut was also reflected in the Preliminary Budget Proposal. This is devastating to families around New York City that were planning to rely on this service. Child care is extremely expensive, and families can spend up to \$20,000 a year on child care alone. This universal program would give families some financial relief, especially in an increasingly expensive city.

The administration has cited underenrollment in 3-K programs as a justification for this cut. While we acknowledge underenrollment in many programs, systemic reforms that both DCCNY and many members of the City Council have long supported are a more appropriate solution.

The system faces enrollment challenges, because of a lack of outreach and awareness, the significant administrative barriers to enrollment and the large number of child care to enrollment will continue to exist without adequate funding to increase the capacity and reach of our childcare providers.

The City must act NOW and reform its current 3-K system so that all children in New York City have the opportunity to access early childcare, not only a select few. We at the DCCNY recommend that New York City immediately enact the following recommendations:

- Release an RFP for the expansion of 3-K for All allowing contracts for expanded programs to start in July and services to start in September
- Commit to fund current 3-K program levels and restoring the timeline for the 3-K expansion.
- Convert existing 3-K school day / school year seats, to extended day, year round seats and ensure 3-K expansion efforts prioritize creating new capacity for extended day, year round seats.
- Invest a robust level of resources in linguistically and culturally appropriate on the ground and multimedia marketing, community engagement and enrollment efforts for 3-K.
- Reform enrollment procedures so that community based organizations have the option of directly enrolling children whose families apply for 3-K, Pre-K or child care.
- Convert existing school day, school year seats to full-day and full-year seats and ensure any new capacity prioritizes meeting the full day, year

round needs of children and families.

- Ensure children with developmental delays and disabilities can receive mandated developmental and special education supports and services in center-based birth to five programs and that preschool special education capacity meets demand.
- Build upon the successes UPK and new 3K marketing and community engagement efforts to continuously improve the take up of services across age ranges and modalities (family child care and center based care).

Late DOE Payments

Late payments continue to put New York City's early childhood education providers at risk of closure and in a state of crisis. At the October 19th hearing of this committee, we shared the results of a survey we conducted of 159 centers and Family Child Care Networks operating through FY 2022 contracts with DOE. The survey uncovered that:

- 29% of respondents had at least one unregistered contract
- Only 13.2% of respondents were able to submit an invoice through PreKids Vendor Portal for their June 2022 expenses
- 41.5% of respondents had missed payroll or delayed vendor payments due to delayed payments from DOE

We also reported on a research note using data from Checkbook NYC that SeaChange Capital released in September showing:

- A cumulative cash flow deficit of \$464 million in City contracts when comparing the funds approved to invest in early childhood education and the funds received by providers
- Nineteen organizations with a deficit of \$5 million or more
- Deficits were as high as \$35 million in individual organizations.¹

Thanks in large part to the City Council bringing attention to the issue, the Department of Education made a public commitment to:

- Pay all providers at least 75% of their negotiated contract value for FY 2022. Providers were guaranteed this level of funding in the requests for proposals which they responded to in 2019.
- Establish a rapid response team to help providers address issues with their FY 2022 invoices

¹ SeaChange Capital Partners. *Early Childhood Education: How Much More Can Nonprofits Endure?* September 23, 2022

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

DOE also took the important step of allowing providers to invoice for multiple months at the same time, it was only this week that that functionality was enabled for FY 2023 invoices.

However, these actions have not stopped the crisis. Many providers have still not been paid for their full FY 2022 contract value. A recent follow-up analysis from SeaChange Capital uncovered that, based on the information publicly available in Checkbook NYC:

- There is a \$95 million gap between what has been paid to providers for their FY 2022 contracts and the guaranteed 75% minimum of contract value
- There is a \$398.8 million gap between what has been paid to providers for FY 2022 and funds budgeted for their contracts

And this is just for FY 2022. We are now more than eight months into FY 2023 and the outdated systems that DOE uses continue to prevent providers from being paid on time.

This crisis is causing:

- Missed payroll, forcing ECE committed staff members to look for new jobs or struggle to make ends meet
- Missed payments to vendors
- Missed payments for employee benefits

The City must act immediately to fix its systems. DCCNY makes the following recommendations:

- Immediately complete back payments, bringing all center based providers to no less than 75 % of their full contract value for FY'22.
- Increase FY 2023 advance payments to 75 % of full contract value to address emerging and serious payment delays for the current fiscal year.
- Extend provider's ability to batch and submit multiple months of invoices and maintain DOE rapid response teams charged with assisting providers to FY 2023 and for future years.
- Separate the system supporting enrollment data collection from the system responsible for invoicing & payments and migrate DOE invoicing and payments out of the PreKids system and into Passport by FY'24.

Crucial FY 2024 Budget Actions- Salary Parity for the Early Childhood Workforce and Furthering Access to Early Childhood Education and Youth Services

As the representative of New York City's early care and education provider organizations, DCCNY works with the City and our partners in organized labor to come to a labor agreement that reflects the skills and hard work of the teachers, staff and directors who work every day to make high-quality education available to the youngest New Yorkers.

In the FY 2024 Budget, the City must act to ensure that these essential but underappreciated workers receive salary and benefits on par with their counterparts in public schools.

DCCNY makes the following recommendations:

- Fund a new labor contract that advances childhood education parity between center and school based services – ensuring staff left out of the first phase of parity (early childhood directors, support staff in community based organizations and preschool special education teachers and support staff) are included, that longevity factored into salary increases, and that a minimum wage floor of \$25 is established for all support staff.
- Ensure home-based family child care providers benefit from the increased market rate (reimbursement has increased to 80 percent from 65 percent).

Thank you for the opportunity to testify. I am happy to answer any questions and can be reached at gbrender@dccnyinc.org.



2/13/23

Invest in New York's Children and Families:

A Plan for Early Childhood Education and Youth Services in Fiscal Year 2024

The Campaign for Children (C4C), is a coalition of over 150 organizations, parents, and advocates, formed in 2011 to improve and expand New York City's early childhood education and youth services ecosystem. C4C recognizes that families need access to year-round, high-quality, affordable child care and youth programs in order to survive and thrive in New York City, and that protecting, strengthening, and expanding availability of these services is critical at this moment. C4C is committed to working with City leaders to ensure the early childhood education and youth service providers, their workforce and the children, youth and families they serve have the investments and supports needed to not only recover from the social-economic insecurity wrought by the Covid-19 pandemic but to thrive.

Early Childhood Priorities

At a time when early childhood education providers in contract with the City's Department of Education continue to suffer severe financial hardships due to delayed payments for FY'22 and FY'23, the FY 2024 Budget moves New York City away from the path to Universal Child Care. The FY2024 Preliminary Budget cuts the expansion of 3-K for All programs and fails to take action on investments and operational reforms needed to stabilize and strengthen the early childhood education system and meet the needs of children, families and the workforce.

Campaign for Children's Early Childhood Policy Priorities are designed to ensure that New York City's FY 2024 Budget not only keeps the promise of 3-K for All but puts New York City solidly on the path to universal child care.

- **Immediate action and operational reforms to achieve fiscal stability in FY'23:**
 - Immediately complete back payments, bringing all center based providers to no less than 75% of their full contract value for FY'22.
 - Increase FY 2023 advance payments to 75% of full contract value to address emerging and serious payment delays for the current fiscal year.
 - Extend provider's ability to batch and submit multiple months of invoices and maintain DOE rapid response teams charged with assisting providers to FY 2023

- and for future years.
- Release an RFP for the expansion of 3-K for All supporting NEW extended day year round seat capacity start in July and services to start in September;
 - Separate the system supporting enrollment data collection from the system responsible for invoicing & payments and migrate DOE invoicing and payments out of the PreKids system and into Passport by FY'24.
- **Meet Child and Family Needs by Keeping the Promise of 3-K for All in FY'24:**
 - Commit to fund current 3-K program levels and restoring the timeline for the 3-K expansion.
 - Convert existing 3-K school day / school year seats, to extended day, year round seats and ensure 3-K expansion efforts prioritize creating new capacity for extended day, year round seats.
 - Invest a robust level of resources (*potentially city and philanthropic*) in linguistically and culturally appropriate on the ground and multi-media marketing, community engagement and enrollment efforts for 3-K and early childhood education programs.
 - Reform enrollment procedures so that community based organizations have the option of directly enrolling children whose families apply for 3-K, Pre-K or child care.
- **Invest in the early childhood workforce in FY'24:**
 - Fund a new labor contract that advances childhood education parity between center and school based services – ensuring staff left out of the first phase of parity (early childhood directors, support staff in community based organizations and preschool special education teachers and support staff) are included, that longevity factored into salary increases, and that a minimum wage floor of \$25 is established for all support staff.
 - Ensure home-based family child care providers benefit from the increased market rate (reimbursement has increased to 80 percent from 65 percent).
- **Put New York City on a solid path to Universal Child Care:**
 - Prioritize meeting the full day, year round needs of children and families across all settings - – supporting both center based and family child care network contracts that ensure extended day, year round care is offered
 - Ensure children with developmental delays and disabilities can receive mandated developmental and special education supports and services in center-based birth to five programs and that preschool special education capacity meets demand.
 - Build upon the successes UPK and new 3K marketing and community engagement efforts to continuously improve the take up of services across age ranges and modalities (family child care and center based care).

Youth Services Priorities

Immediate action and operational reforms to achieve fiscal stability in FY'23

- The City must make immediate payment of all outstanding contracts for work done in Summer 2021 and 2022, in accordance with the goals of the Mayor's Office of Nonprofit Contracting.

Raise Afterschool & Summer Rates to Pay Staff a Competitive Wages in FY'24

The labor market has changed significantly since the last COMPASS Elementary and SONYC RFPs in 2015, which would have been the most recent opportunity to ameliorate these rate concerns. The delayed release of a new RFP has resulted in program rates remaining stagnant and providers not being compensated for the true cost of overseeing afterschool and summer programs. Currently, CBOs now have to provide programming after inflation has increased 6.1%¹ in the New York City metropolitan area, in a more competitive labor market where CBOs are competing with national chains who might pay higher minimum wages, and with positions that allow for remote work. To begin to address the staffing challenges facing CBOs, and address youth and family needs, the Campaign for Children offers the following recommendations:

- **Increase the cost-per-participant rates to set a wage floor at \$21 an hour**, allowing providers to offer competitive salaries and compensate staff for the important, quality work that they do. A wage increase for both afterschool and summer programming will help with staffing challenges and to stabilize the youth development workforce to prevent the sector from losing more talented individuals to other employers. This is also in line with the rate that Department of Education (DOE) paraprofessional substitutes received for similar work during Summer Rising 2021.² City contracts must allow agencies to pay a livable wage to staff and any attempts to address wage increases need the City's financial backing to avoid agencies taking on unfunded mandates.
- **Shift to a K-8 summer programming model to draw on the best aspects of Summer Rising and Summer Camp models.** Aspects of Summer Rising have been tremendously positive, including ensuring that young people who do participate in summer school can access camp as well (something that was previously difficult with conflicting schedules) and the increased investment in cost-per-participant rates resulted in wider access for families. Key ingredients in a new model should include permitting providers to:
 - Design programming to be responsive to local needs and parent choice
 - Manage their own budgets with SACC licensing ratios of staff to youth without having to go through inefficient processes to justify their spending and secure approval
 - Allow CBOs to enroll families, especially families who need additional digital and

language support to apply for programming, and maintain their own rosters.

Put New York on a solid path to universal year round youth services:

- The City must establish year-round, 12 month youth service contracts moving forward and streamline the procurement process.
- The City must release a new RFP for the SONYC and COMPASS contracts that include:
 - Indirect rates must be paid in full, in accordance with the City’s Indirect Cost Rate Initiative.
 - Providers must be able to claim those rates at the outset, not have a placeholder rate that later gets amended.
 - Cost escalators must be included in the contracts, in accordance with inflation.
 - Funding must support staffing ratios appropriate for School Age Child Care (SACC) licensing for all 12 months of the year.

Shared Priorities - Agency Headcount - Expedite Comprehensive Background Checks

The Campaign for Children is supportive of the *Blueprint for Child Care and Early Childhood Education in New York City’s* recommendation that the DOHMH hire an additional 40 staff to expedite the Comprehensive Background Check (CBC) process. There are still significant backlogs in the CBC process that impact child and youth programming, with some CBO staff reporting that it takes several months to clear staff. The *Blueprint* also indicated DOHMH was developing an online platform for prospective employees to submit their documents, aiming to make the background check process more efficient.

- DOHMH has developed a new online Comprehensive Background Check system that aims to make the background check process more efficient, and is currently conducting user testing of this new platform with providers before the official rollout.
- Lastly, we encourage DOHMH to collaborate with the New York State Office of Children and Family Services (OCFS) on any issues at the state level impacting the timely completion of comprehensive background checks.

¹ Taken from the [New York State Comptroller’s Economic and Policy Insight Brief](#), April 2022

² The DOE used paraprofessional substitutes to assist with staffing shortages during the DOE and CBO portions of the day in Summer Rising 2021. Paraprofessional substitutes were not available to support staffing shortages in the Summer Rising 2022 program. Intro 0510-2022 requires this \$21 wage floor.