



FEDERATION OF PROTESTANT WELFARE AGENCIES

**EarlyLearn NYC Concept Paper:
Federation of Protestant Welfare Agencies' (FPWA's) Response**

Submitted on May 21, 2010

Dear Commissioner Mattingly,

The Federation of Protestant Welfare Agencies (FPWA) is a membership organization with a network of human service organizations and churches that operate over 1,100 programs throughout New York City. Together we serve over 1.5 million low-income New Yorkers of all ages, ethnicities and denominations each year.

FPWA is a unique institution in New York City as we are the only membership organization for Protestant and non-sectarian health and human services organizations. Our work with our member agencies and church-based human service programs puts us in direct contact with every level of the social service system. This gives us a comprehensive view of the complex social problems that human service organizations face today, and allows us to identify common ground among our members so that we can have a greater impact as we advocate on their behalf.

The EarlyLearn NYC Concept Paper and RFP hold particular organizational importance to FPWA because it will have far reaching impact on our member agencies. Seventy five of our nearly two hundred member agencies are early childhood education providers. Our comments reflect the opportunities, concerns and questions raised by our member agencies, which vary greatly in size and organizational capacity. We appreciate the opportunity to offer comments on the Administration for Children's Services (ACS) EarlyLearn NYC Concept Paper.

There are many aspects of the EarlyLearn NYC Concept Paper that would put into action a model for publically funded childcare that advocates have been promoting for years as important to young children's development. These include:

- The development of a comprehensive early child care and education system
- Improved teacher-child ratios

- Increased administrative staff in child care centers
- Inclusion of Family Child Care in a comprehensive model
- Utilization of appropriate screening and child assessments to guide children’s growth and development
- Unified program standards and assessment system which will inform training and technical assistance for providers
- Comprehensive family supports
- Increased opportunities for staff development, including increased training days
- The availability of system-wide family supports
- Longer daily hours and more complete coverage throughout the year

While we support many aspects of the vision, we have an equal number of questions and grave concerns about the model including: the underlying financial assumptions, the loss of capacity to serve children needing subsidies, the disproportionate impact on smaller community based programs in communities of color, the impact on the family child care system, implications for the unionized workforce, and concerns regarding the Community Needs Assessment’s overwhelming role in resource alignment decisions.

In addition, FPWA acknowledges that there are many external pressures on ACS to move EarlyLearn forward quickly. However, given the broad and long term impact the RFP will have on the provision of Early Childhood Education in NYC the current timeframe is extremely short. The timeline does not enable ACS to address several critical issues. First, the large number of unanswered questions limits programs’ ability to fully assess their role in EarlyLearn and their ability to compete for a contract. Second, although we have heard from ACS about the benefits of the EarlyLearn model there has been a noticeable absence of any risk analysis and potential impact on communities of moving ahead full scale.

Concerns with the Underlying Financial Assumptions

Our first overall impression is that EarlyLearn NYC is a promising model for a time of economic growth – where both quality and capacity can be enhanced. It is best suited for a time of program expansion, rather than an environment where budgets are being cut deep to the bone. With the total cost of \$616 million, including \$30.9 million in provider contributions, we question whether this total amount is sufficient to fund and sustain the proposed quality enhancements.

There is also little clarity in the EarlyLearn NYC Concept Paper about the rate per child, which is of special concern as this model incorporates the Project Full Enrollment initiative. We were, however,

pleased to hear from ACS during their briefing on April 14 that the rates will be adjusted to respond to routinely occurring fluctuations in student enrollment throughout the year.

FPWA fundamentally opposes the provider match as it will further burden providers in New York City's chronically underfunded early childhood education system. Requiring contracting agencies to further contribute toward services that the city has deemed essential, such as preventive services, Out of School Time, and now early childhood education, abdicates government's fundamental role and shifts the burden to the non-profit sector. ACS has stated that the match already exists within the Head Start context so this is nothing new. A different perspective is that this is a creeping fiscal strategy that is unevenly applied. Contractors who repair roads or provide IT services for example are not asked to provide a "match" in order to be awarded a contract.

Early childhood education is no less important than staplers or asphalt or school desks or phone lines, and the non-profit community should not be treated as undeserving of full funding to cover the costs of the services we provide.

In relation to the private pay aspect incorporated in the concept paper, some programs in mixed income communities have all of their seats filled with subsidized children. For these programs, bringing in private pay would simply mean reducing seats for the families who need them most. In other communities parents paying privately may be able to afford a hundred dollars a week, but to pay much more would be impossible.

Concerns with the Impact on Smaller Community Based, Minority-Governed Programs

We would like to highlight the importance of protecting small and minority-governed service providers. We fear that many aspects of the proposal, including the complete overhaul of the business model and steep financial match requirements, will lead to the elimination of many high quality smaller community based programs, many of whom are governed by community members of color that are not affiliated with larger better funded organizations that have the financial support and administrative infrastructure to make it through the proposal process successfully. Such a loss would be devastating, especially considering that ACS has identified some of these smaller community based centers as their best programs.

In recognition of the value these agencies bring to New York City's Early Childhood Education system, ACS must take clear and concrete measures to do all that it can to ensure that they are prepared to meet the requirements of the RFP.

While the EarlyLearn NYC Concept Paper calls for additional administrative support, the model assumes a high level and wide ranging set of professional skills such as marketing, communication, business/strategic planning, grant writing and private donation acquisition. Many non-profits, particularly smaller community based programs, lack the funding support to be able to hire and maintain staff members with these skills. Therefore, adequate funding must be provided by ACS to support these personnel requirements.

Concerns with the Loss of Capacity to Serve Children Needing Subsidies

FPWA members are deeply concerned about the shrinking capacity to serve children needing subsidized care, which is the primary mission of ACS. We were provided with a projected capacity loss of 1,000 center based slots and 2,000 family childcare slots in the meeting ACS convened with advocates in early May. Though these projections reflect a significant loss of capacity, these are modest estimations that have many variables; we fear that the loss of slots could grow significantly worse.

There are three compounding factors in the EarlyLearn NYC Concept Paper that we fear will structurally lead to the system's decreased capacity to served subsidized children. The first factor is an increase in quality standards while decreasing the pool of funding. The second is that the private-pay changes will result in fewer subsidized slots. Though we agree that creating classrooms with children from families of varying income levels would help to promote socio-economic diversity, low-income working families desperately need subsidized child care for their children. Currently, only 27% of eligible families receive subsidized child care. FPWA is concerned that the proposal to include private-pay children as a significant revenue source in the program will reduce access to subsidized slots even further. We also question what the impact will be on the level of parent fees. Third, with the aging down of center-based care and Family Child Care, fewer children, by definition, can be served with the current resources.

Concerns Regarding the Impact on the Family Child Care System

The impact on Family Child Care networks is several-fold. Family Child Care providers will be directly impacted by the aging down of the children they can serve – limiting both the system's overall capacity and providers' earning ability. Parents' option to choose family child care for older children will be eliminated. For parents the flexibility to choose family childcare for older children is an important option for the well-being of a child and to simplify what can often be overwhelming work and child care logistics.

We are very pleased with the changes ACS has made regarding the inability of stand-alone family child care networks to compete for contracts. We commend you for making the change to enable stand-alone family childcare networks to compete for contracts as long as they have established affiliations with one or more center-based programs

Questions Regarding the Impact on Unionized Staffing

There are many unanswered questions about the impact EarlyLearn NYC will have on unionized workers. Since one major goal of EarlyLearn NYC is to unify standards and lift them to Head Start performance levels, the same standard should apply to worker pay. To address the wage discrepancy, adequate funding needs to be included in the budget to lift child care workers' salaries to the same level as Head Start workers.

FPWA is also very concerned that opening the RFP process to for-profit providers will lead to the erosion of the unionized workforce comprised of jobs with family-sustaining wages and important benefits including health insurance, pensions and paid sick days.

Concerns about the Community Needs Assessment Data Driving Decisions Regarding Resource Alignment

Low-income families do not only access services where they live. Similar to the Out of School Time redesign, EarlyLearn proposes realigning programs for low-income families within the communities they reside. While this is an important factor it is by no means the only one considered when determining where programs should be located so that they are accessible to low-income families they are designed to serve. What the ACS methodology doesn't factor in is that some programs serve families who don't live in the community, but instead work or go to school in the neighborhood where the program is located. Some centers are located in more affluent areas where many low-income people work (e.g., low wage jobs in hospitals) but the workers may live in a different —and poor— neighborhood. Simply looking at data by community district residence might eliminate these programs or decrease the likelihood of families being able to access services at such programs.

Since many parents prefer to have their young children in care close to where they work, family choice should play a critical role in this analysis. ACS should promote accessibility and the community analysis should be more layered.

Additional Questions and Concerns

FPWA also has the following additional questions or concerns regarding EarlyLearn NYC.

- How does EarlyLearn address early intervention and preschool special education collaborations?

There are many such creative and collaborative efforts currently in place among child care, Head Start, Early Intervention and preschool special education programs. With the requirement of 8-10 hours of services onsite, these collaborations will be greatly impacted, and in many instances, Early Intervention and preschool special education programs will be out of compliance in terms of providing an integrated classroom model.

- Will there be a substantial reallocation of resources across neighborhoods? What impact will this have on services in lower-need communities that have substantial pockets of income-eligible families?
- What is the expectation of disproportionate impact on smaller, community-based agencies in communities of color?
- Programs are being asked to age down their capacity and serve more infants and toddlers as well as special needs children. However, there is no mention in the EarlyLearn NYC Concept Paper of ACS's funding support for start-up, re-configuration of classrooms, purchase of age appropriate furniture and equipment and the increased staffing required.
- What technical assistance will ACS provide to the early childhood education providers?
- Quality Stars was conceived as a voluntary model, not a mandatory model. What financial resources are being allocated to support programs' movement up the Quality Stars rating system?
- How updated is the data that ACS is relying upon to make its funding decisions?
- Has ACS evaluated the impact of the proposal to eliminate separate shelter or Limited Purchase of Service contracts?
- What skills/knowledge will be required for the new administrative support person (marketing, communication, business/strategic planning) and will there be adequate salary funding to support the level of required skill?
- With for-profit entities participating in the RFP process will programs with unionized staff which pay union scale salaries and offer health and other benefits, face a competitive disadvantage due to their higher costs of operation?
- What is ACS doing to eliminate the bureaucratic inefficiencies such as redundant program reporting requirements involving ACS, Department of Education and Department of Health?
- It is very difficult for FCC networks to implement the Head Start model, even if there are resources and great interest from providers. What will be the requirements and resources provided to implement this aspect of EarlyLearn?
- Will parent fees remain available for discretionary use?

Recommendations

1 – Considering the EarlyLearn NYC Concept Paper leaves many crucial questions regarding fundamental elements of the EarlyLearn model unanswered, FPWA urges ACS to **reset the**

implementation time line to allow a comprehensive systemic analysis and inclusive planning process to take place, in full consultation with relevant parties, including early childhood education providers and sponsoring boards, advocates, and parents. We are concerned that with major budget threats, now is not the time to undergo a full scale restructuring of the program. Stabilizing the system, in this time of crisis, as best possible should be the goal in order to maintain the maximum capacity possible. Specifically, we recommend the comprehensive system analysis to include:

- A careful assessment of the true costs of implementing the proposed model, which can best be identified by providers with varying program sizes.
- An independent assessment of the fiscal environment including: the availability of in-kind contributions, private donations and board donations, foundation funding and the demand for service from private-pay children.
- A full independent analysis as to whether restructuring will lead to stability and cost savings or will further destabilize the early childhood education infrastructure at this time.

2 – FPWA urges ACS to **issue a more detailed second Concept Paper** that addresses the multitude of questions that have been raised.

3 – Given that the EarlyLearn NYC Concept Paper calls for a complete overhaul of a long established and largely successful model, FPWA calls for ACS to take a measured approach in testing and implementing the EarlyLearn model. To that end, we propose that **ACS approach EarlyLearn NYC by initiating a well thought through demonstration project**, with a solid evaluative component, that tests the model's strengths and applicability, and allows for problem solving on a reasonable scale.

Although there are programs that currently use a blended funding model there are many aspects of the entirely new business model incorporated in the EarlyLearn Concept Paper that have not been tested. For example:

- The risks and impact on communities of revamping the entire system all at once, including the consolidation of current program contracts into a total of 350.
- The applicability of a successful model run by larger, multi-service agencies with multi-million dollar budgets to smaller, low-resourced child care providers.
- The time frame and resources needed for smaller high quality programs with less experience raising private funds to be able to sustain their programs in the new business model.
- The impact of implementing Project Full Enrollment system wide.
- The impact of aging down of the family childcare system.

The models should be tested through application to quality programs of ranging size, infrastructure capacity, and neighborhood location before being implemented citywide. A demonstration project will enable ACS to guarantee the feasibility and sustainability of the model while protecting our invaluable subsidized childcare capacity and infrastructure during these deeply troubled financial times. The demonstration project should involve programs of various sizes and current infrastructure capacities. It should also make sure that the programs are not concentrated in a single community, in order to allow for the spread of both benefit and risk.

The city undertook similar demonstration initiatives with the senior Meals on Wheels program and the child welfare program components, such as the Family Team Conferencing model, prior to initiating a full restructuring of a service sector. We urge the city to follow a similar well-planned and well-evaluated demonstration project prior to quickly moving ahead with such an immense restructuring that could destroy the city's early childhood education infrastructure, one of the best and most comprehensive systems in the nation.


4 – Along with heightened program standards, we call on ACS to **ensure that salary ranges for workers be raised to Head Start levels** – enabling programs to recruit and retain a consistent, highly qualified workforce. In this light we also believe that **salary and benefit parameters must be established for for-profit entities submitting proposals** that are consistent with Head Start salary and benefit standards.

Conclusion

We appreciate the opportunity to submit our comments. They reflect the sentiments of our diverse membership. We hope that our questions, concerns are recommendations are strongly considered as ACS moves forward.

If you have any questions, please feel free to contact Liz Accles, Senior Policy Analyst for Early Childhood Education and Income Security at laccles@fpwa.org or 212-801-1393.

Sincerely,



Fatima Goldman
Executive Director/CEO