

Campaign for Children

EarlyLearn Rate is Too Low to Sustain High-Quality Early Childhood Education Programs in NYC

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gap between ACS payments and program costs*

January 2015

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Executive Summary

Launched in 2012, EarlyLearn NYC was designed to create a single, unified system for New York City's publically funded early childhood education services, in order to raise the quality of programs, strengthen support for families, and increase professional development opportunities for providers. However, since its implementation in October of that year, contracted providers of EarlyLearn early childhood education services have reported that the City's rate was insufficient to fund the high-quality system envisioned by EarlyLearn. The Campaign for Children conducted a survey regarding EarlyLearn and the findings document that the inadequacy of the rate has led early childhood education programs to struggle with costs including rent, maintenance repairs, workers compensation and general liability insurance, staff health insurance, professional development and the classroom supplies and technology needed to sustain high quality programs.

Notably, in addition to seeking to enhance quality, EarlyLearn also translated into fundamental changes to the way contracted subsidized child care was paid for by the City of New York. Individualized rates that accommodated individualized program needs (such as facility costs) were replaced by a system-wide rate. Health insurance, liability insurance and worker's compensation were no longer provided by the City. The City also began to require a 6.7% contractor contribution meaning city reimbursement is for 93.3% percent of the contract cost. With EarlyLearn, the City also implemented a Full Enrollment policy whereby the programs are only reimbursed for children enrolled even though enrollment numbers can fluctuate but fixed costs do not; this policy exacerbates the fiscal stressors already experienced with the inadequate rate.

The Campaign for Children surveyed 42 agencies (representing at least 102 sites¹), which contract with the Administration for Children's Services (ACS) to provide center-based subsidized child care to the City's low-income children, and documented that the overwhelming majority of agencies responding to the survey were struggling with the EarlyLearn rate. Surveyed agencies said that the most challenging aspects related to the rate and the ability to provide high-quality early childhood education pertained to hiring and retaining high-quality staff; meeting insurance (health insurance, general liability insurance and worker's compensation) and facilities costs; providing a high-quality learning environment including obtaining classroom supplies and technology; as well as shortfalls and difficulty planning due to the pay-for-enrollment policy.

¹ There are 132 EarlyLearn contractors with 368 sites. The C4C sample represents 31% of the agencies. The sample included agencies with a total of at least 102 sites, as 2 agencies did not provide their total number of sites. The sample findings therefore represent at least 28% of the EarlyLearn sites.

Overwhelming Majority of Agencies Struggling with the EarlyLearn Rate

83% of the surveyed agencies (35 of 42) reported struggling with the EarlyLearn rate. Nearly half of those struggling (17) reported that they actually spend more on their EarlyLearn program than their contracted amount with the City. Of the 7 programs that did not report a gap and did not report struggling, only 3 agencies affirmatively stated that the rate was sufficient (the other 4 programs did not answer those questions).

Fiscal Gap

17 programs reported that they spend more on their EarlyLearn program than their center-based contract amount from ACS (before any reductions from full enrollment are applied). This gap ranged from \$18,000 to \$827,000 with a mean of \$248,000. Given that agencies have varying sizes of contracts, programs and children served, we also looked at what percent the gap was of the full contract amount. This gap ranged from 2% to 79% of the total budget with a mean of 16%².

It is worth underscoring that the EarlyLearn rate paid by ACS is supposed to incorporate many of the expenses agencies reported struggling with (such as staff salaries, health insurance and facility costs), but because the programs reported their revenue to be so low as compared to their expenses, agencies qualitatively reported these items as stressors on their budget. Given the consistently reported theme of the rate being inadequate, all of these types of expenses compete in the budget.

It is also important to note that because the survey asked for the amount an agency spends on their EarlyLearn contracted centers and the amount of their full contract amount prior to full enrollment reductions, some agencies may not have reported a gap because they were not fully enrolled. Specifically, since agencies are only reimbursed by ACS for the number of children enrolled (known as the pay-for-enrollment policy), the amount they are paid by ACS is often lower than their full contract amount. Thus, there are likely more agencies in the Campaign for Children sample whose expenditures exceed what they are receiving from ACS than what was documented in the survey findings due to the way the questions were posited.

² Note: Pursuant to the EarlyLearn contract, there is a 6.7% contractor contribution that can be satisfied through either in-kind or monetary elements or both and can include cash, good, services, donations, etc. The survey instrument and responses were not precise enough to determine whether the fiscal gap included the 6.7% for some or all of the agencies reporting a gap.

Most Challenging Issues for Providers

In response to several open-ended questions³, the 35 agencies that reported struggling with the EarlyLearn rate cited the following as the most challenging for their agencies:

- **Staff recruitment and retention – 63% (22)**⁴
 - Recruitment/filling positions with high quality employees: 16
 - Salaries: 14
 - Staff Retention: 9
- **Facilities including rent, maintenance and repairs – 54% (19)**
 - Rent: 16
 - Maintenance and Repairs: 9
- **Classroom supplies/quality learning environment – 43% (15)**
 - Classroom supplies and materials: 14
 - Technology for the classroom (computers, white boards, etc.): 7
 - Field Trips: 3
- **Insurance costs – 35% (12)**
 - Health Insurance: 11
 - General Liability and worker's compensation: 5
- **Full enrollment issues (such as planning, hiring and making payroll) – 23% (8)**
- **Other challenges**
 - 6.7% contractor contribution: 4; other staff (kitchen, nurse, consultants): 4; family support staff: 2; mental health services: 2; professional development: 3; substitutes: 2

Campaign for Children Recommendation:

Based on the findings of this survey and our ongoing discussions with EarlyLearn providers, the Campaign for Children concludes that the current EarlyLearn rate is insufficient for agencies to be able to provide a high-quality early childhood education to children and to adequately hire and compensate well-trained, qualified staff. The current rate structure leaves many agencies with budget deficits and makes the current system unsustainable. The pay for enrollment policy is further exacerbating this already untenable situation.

It is important to note that the EarlyLearn providers have also been essential to the implementation of the full day pre-kindergarten expansion for 4-year olds, as all of the 4-year olds in EarlyLearn programs are also part of the pre-k program. Thus at the same time as the providers have been trying to sustain their programs with the EarlyLearn rate, they have also been dealing with the challenges and opportunities presented by the pre-k expansion.

We urge the Administration to address the EarlyLearn rate, salaries and benefits for staff, as well as the pay-for-enrollment policy and the 6.7% contractor contribution as soon as possible. This is critical

³ Note: While this data is being presented quantitatively, it is intended to be qualitative and merely illustrative of the challenges programs face. Due to the fact that the questions were open-ended, the fact that an agency did not affirmatively write about a particular issue does not mean that it was not a hardship for that agency. That said, data reported is based on the issues specifically mentioned in the open-ended responses.

⁴ Note: Aggregated sub-totals equal more than the total for each category because many agencies mentioned more than one of the issues in the sub-bullets.

to sustaining the city's subsidized early childhood system for infants, toddlers and preschoolers and to ensuring the success of both the first and second years of the pre-k expansion.

Background on EarlyLearn Rate

While the goals of the EarlyLearn contracted child care system have been lauded by government officials, advocates, and early childhood professionals as a means to strengthen the quality of NYC's subsidized early childhood system, the fiscal ramifications have been a cause for alarm since its inception. As a result, while the Campaign for Children remains supportive of EarlyLearn, it is essential that the EarlyLearn rate be increased in order to meet its objectives and ensure New York City's children have access to high-quality early childhood education.

After hearing persistent concerns about the rate over the past two years, the Campaign for Children surveyed EarlyLearn providers to learn more about the gap between their contracted rate and what they spend on their programs, as well as the components of EarlyLearn that cause the most financial struggles. During a 3-week period in November-December 2014, the Campaign for Children surveyed EarlyLearn center-based programs and received responses from 42 contractors. Almost 1/3 of the contractors responded to the survey, as there are a total of 132 EarlyLearn contractors operating more than 300 sites in the system.

The EarlyLearn rate is the funding formula for three types of early childhood center-based models (with three different rates): a) child care and pre-kindergarten; b) Head Start and pre-kindergarten; c) child care, Head Start and pre-kindergarten.⁵ All three types of programs responded to the survey and expressed similar concerns.

To understand the survey results, it is important to understand the key fiscal changes that accompanied EarlyLearn:

- **Facilities:** The rate is no longer individually adjusted to accommodate varying facility costs, such as rent, rent increases, maintenance, repairs or new equipment. ACS stopped adjusting rates for rent increases prior to the implementation of EarlyLearn.
- **Insurance:** The City eliminated the Central Insurance Program, which, prior to EarlyLearn, provided health insurance to staff and general liability and worker's compensation for programs. The EarlyLearn rate is supposed to accommodate agencies' purchase of insurance, including health care for their employees. The new health insurance program is expensive for child care employees and requires a 15% contribution towards monthly costs for those who opt in. Providers pay 80% and the DC 1707 Welfare Fund contributes 5%. For those staff who opt out, they received a \$1,000 lump sum from their employers. Many staff members have opted out of the health insurance program, in part due to their low salaries. Three providers responded to the survey saying that they could not afford to pay for the insurance if all of their staff were to opt in. It is important to note that the health insurance program was negotiated after the EarlyLearn rate was already established. In addition, it has been

⁵ EarlyLearn also includes family child care networks, but these programs were not the focus of the survey.

estimated that the City is reimbursing agencies 60% of the actual cost of general liability and worker's compensation insurance.⁶

- **Salaries:** Salaries are factored into the EarlyLearn rate. Most of the staff are unionized. There has not been a union contract or any salary adjustment for most staff since 2006. The exception is that in 2014, salaries were increased for lead teachers in 4-year-old pre-kindergarten classrooms as part of the New York City's pre-k expansion effort.
- **Quality Standards and Professional Development:** In accordance with best practice and the desire to ensure NYC's children were enrolled in high-quality programs, EarlyLearn increased the quality standards, hours of professional development, and expectations for the system. For example, the number of professional development days increased from 3 days per year to 12 days per year. While improving quality is a positive step, these changes were also expensive to implement.
- **Contractor Contribution:** Prior to Early Learn, the City reimbursed programs for 100% of the contract. Now the City factors in a 6.7% contractor contribution and thus only pays agencies 93.3% of the contract amount.
- **Pay-for-Enrollment:** Prior to EarlyLearn, programs were paid based on their contracted capacity. Now the contracted amount is based on 100% enrollment. Thus, agencies are not paid for any vacancies despite their fixed costs. Currently, the system is operating at 82% enrollment. As part of the analysis for this report, ACS requested that the Campaign for Children determine whether our survey findings differed for highly enrolled programs (95-100%) compared to programs that were not highly enrolled. While this analysis showed that the programs that did not report struggling were typically highly enrolled, it also showed that highly enrolled programs were also struggling with the rate.

Campaign for Children Survey Sample

To learn more about the impact of the EarlyLearn rate on programs, the Campaign for Children administered a survey to EarlyLearn contracted center-based providers.

The Campaign for Children used two versions of the survey. The initial survey was distributed online through Survey Monkey beginning November 18, 2014. Due to feedback about the length and complexity of the survey, a simplified Survey Monkey version was circulated November 21, 2014. Agencies were able to submit responses either online or on hard copy versions of the survey instruments. All surveys were due December 3, 2014. Only surveys that had sufficient information (i.e. not just the agency name or agency name and capacity) are part of the sample of 42 agencies. The 42 responses include: 16 of the first survey, 25 of the simplified survey and 1 agency that completed both versions.

There are 132 EarlyLearn contractors with 368 sites. The C4C sample of 42 represents 31% of the agencies. The sample included agencies with a total of at least 102 sites, as 2 agencies did not provide their total number of sites. The sample findings therefore represent at least 28% of the EarlyLearn sites.

⁶ This estimate was provided by an insurance broker who works with the ACS child care programs.

The sample includes agencies of varying sizes with regard to the size of their budgets, number of sites, number of programs and number of classrooms. In addition, the sample includes agencies with City-leased sites and sponsor sites. The facilities ranged from owned to rented, and several were within NYCHA facilities.

Survey Findings

The overwhelming majority of agencies reported struggling with the EarlyLearn rate. **Specifically, 83% of the surveyed agencies (35 of 42) reported struggling with the EarlyLearn rate. Nearly half of those struggling (17) reported that they actually spend more on their EarlyLearn program than their contracted amount with the City.** Of the 7 programs that did not report a gap and did not report struggling, only 3 agencies affirmatively stated that the rate was sufficient (the other 4 programs did not answer those questions.)

17 programs reported that they spend more on their EarlyLearn program than their center-based contract amount from ACS (before any reductions from full enrollment are applied). This gap ranged from \$18,000 to \$827,000 with a mean of \$248,000. Given that agencies have varying sizes of contracts, programs and children served, we also looked at what percent the gap was of the full contract amount. This gap ranged from 2% to 79% of the total budget with a mean of 16%.

It is important to note that because the survey asked for the amount an agency spends on their EarlyLearn contracted centers and the amount of their full contract amount prior to full enrollment reductions, some agencies may not have reported a gap because they were not fully enrolled. Specifically, since agencies are only reimbursed by ACS for the number of children enrolled, the amount they are paid by ACS is often lower than their full contract amount. Thus, there are likely more agencies whose expenditures exceed what they are receiving from ACS than was documented in the survey findings.

In response to several open-ended questions, the 35 agencies that reported struggling with the EarlyLearn rate were consistent with regard to the facets they were struggling with the most. These were staff recruitment and retention; facilities (rent, maintenance and repairs); purchasing the classroom supplies to create a quality learning environment; insurance; and issues stemming from the pay-for-enrollment policy.

It is worth noting that the EarlyLearn rate was supposed to incorporate many of the expenses agencies reported struggling with (such as facility and insurance costs), but because programs reported their revenue to be so low as compared to their expenses, agencies qualitatively reported these items as stressors on their budget. It is also important to note that the health insurance package/costs were negotiated after the EarlyLearn rate was already established. Given the consistently reported theme of the rate being inadequate, all of these types of expenses compete in the budget.

More details regarding agencies' responses are provided below:

Staff Recruitment and Retention

"Quality of care is a function of the ability to maintain highly qualified personnel. I would say salaries and health benefits are driving potential hires away from our program."

Surveyed agencies repeatedly discussed the impact of poor compensation for staff as one of the greatest challenges they face. In fact, 63% of the surveyed agencies (22/35) discussed this issue in their surveys. This included 16 agencies that discussed challenges recruiting highly qualified staff, 14 agencies that discussed the issues around low salary impacting their existing staff, and 9 agencies that discussed difficulties retaining their staff. One program actually responded saying that they had laid off their more experienced director because they could not afford to maintain her salary.

It is important to note that the current staff salaries are based on the union contract and that the EarlyLearn rate would be adjusted when there is a contract agreement. For example, when there was a recent cost of living adjustment for Head Start staff, ACS added that funding to the rate for its Head Start providers.

Most of the staff in EarlyLearn center-based programs are unionized staff who have not had a salary increase since 2006. The salary for an ACS certified child care teacher with a BA and 5 years experience is \$39,665 and \$45,233 for a similarly experienced Head Start teacher. Those teachers now all face a 15% employee contribution towards the monthly health plan cost. In 2014, as part of New York City's pre-kindergarten expansion, salaries were increased for pre-k lead teachers so a pre-k lead teacher with the same experience earns \$50,000. In some instances, this salary is higher than the center director. On the other hand, child care and Head Start salaries are all significantly lower than salaries for staff with the same job functions at Department of Education (DOE) public schools. A DOE teacher with the same BA and 5 years experience earns \$51,161. Notably, CBO child care staff work 8-10 hours per day year round while DOE pre-k teachers work the school day for 10 months a year, and the salary disparity grows wider as teachers gain more experience. Thus, there is a clear incentive for experienced teachers to seek employment with the DOE rather than in CBOs.

Given the salary disparity between pre-school teachers in CBOs and DOE, the disparity between pre-k teachers in CBOs and other teachers in CBOs, and the very low salaries across the board in CBOs, it is not surprising that EarlyLearn centers are struggling to recruit and hire well-qualified staff and maintain them once they gain experience.

Facility Issues including Rent, Maintenance and Repairs

"Building repairs and maintenance are very expensive, often pulling significant money from the program which could otherwise be spent on the children and staff to enhance their educational experience."

Prior to EarlyLearn, facilities costs were negotiated individually for providers, and thus the payment from ACS incorporated the higher costs of rent for some programs versus others. In addition, the City assisted programs with regard to maintenance and repairs.

The EarlyLearn rate is supposed to accommodate facilities costs despite the wide range of costs by providing a facility add-on that was the average facility cost that ACS had been paying prior to EarlyLearn. Thus for some sites this could be higher than what they had been receiving previously for facility costs and for other sites this amount is substantially less. This helps to explain why some agencies are struggling with the facility costs while others are not.

The exception to receiving the facility add-on is the City-leased sites where the City pays the cost of the rent. Programs located in NYCHA facilities reported extensive delays in getting NYCHA to make repairs, which has resulted in sanctions to their programs. In addition, there had been a time when ACS adjusted rates when there was a rent increase, but that practice ended several years before EarlyLearn was implemented.

Over half (54%) of the surveyed agencies discussed facilities costs as very challenging to cover with the current EarlyLearn rate. 16 agencies discussed the rent and rent increases, and 9 agencies discussed the costliness of maintenance and repairs. Agencies described how challenging maintenance and repairs can be because they cannot be anticipated in advance, yet are part of the rate; thus, when there is a need for a repair, the cost comes out of funds that would otherwise be used for programming for the children.

Classroom Supplies/Quality Learning Environment

“With the current rate and reimbursement structure allowed by ACS, it is difficult to hire better qualified staff, have extracurricular activities that enhance the educational experience and obtain learning supplies.”

While one of the primary goals of EarlyLearn was to improve the quality of the early childhood education system, nearly half (43%) of the agencies discussed obtaining the supplies necessary to provide children with a high-quality learning environment as particularly difficult with the EarlyLearn rate.

Agencies described their desires to invest in the curriculum, classroom materials, and technology for the classrooms such as computers, tablets and white boards. Other programs expressed how the rate limits their ability to enhance the children’s educational experience by making it too challenging to take the children on field trips.

Insurance Costs

“The money given by ACS for health insurance, liability insurance and worker’s compensation is much lower than the market rate. Some employees waived the right for health insurance because of the cost. If all employees were covered by health insurance, the center would not operate and would be closed down.”

Over 1/3 (35%) of the surveyed agencies discussed their struggles with the rate accommodating their purchase of health insurance for staff, as well as general liability insurance and worker’s compensation.

As discussed in the background section, prior to EarlyLearn, insurance was provided to child care programs (and senior centers) through the Central Insurance Program (CIP). Much of CIP's coverage was self-insured by the City, which made it difficult to "untangle" the costs of these insurance programs for individual programs.

With EarlyLearn, these costs became the responsibility of the agencies. While the City has asserted that the rate accommodates the costs, the health insurance coverage agreement was resolved **after** the EarlyLearn rate had already been established. After the previous administration announced that the health insurance program was being eliminated, the Day Care Council issued an RFP for health insurance coverage. There was a collective bargaining process that included Executive Directors where it was determined that the maximum agencies could afford was 80% of the cost, the employees would contribute 15% and the DC 1707 Welfare Fund would contribute 5%. Those staff who opted out of health insurance received a \$1,000 lump sum from their employers.

The 15% monthly contribution for health insurance plan has likely led many child care staff to opt out of health insurance through their employer. While some of these providers are covered through their spouse's plan, others may be enrolled in Medicaid, receive coverage through the Health Insurance Exchange, or have no health insurance at all.

In addition to the hardship this has created for staff, surveyed agencies reported that it is a hardship for them with regard to the costs of the health insurance program as a component of their rate. Three of the surveyed agencies actually said that they were "fortunate" that so many staff opted out of health insurance because they could not afford to remain open if they were paying the employee contribution for their staff's health insurance. In addition, it has been estimated that the City only pays agencies 60% of cost of workers' compensation and general liability insurance.⁷

Full Enrollment Issues (Planning, Hiring and Making Payroll)

"With the current EarlyLearn contract, centers are reimbursed based on attendance. In months when attendance is low, we have a shortfall in our budget. Expenses, such as rent, salaries, etc. remain the same in the months we're reimbursed less due to enrollment."

"One of the big issues for us is under-enrollment and the fact that staff must be in place before we can accept children. So while we are incurring expenses, we are not earning the revenue equally to offset these expenses."

Almost a quarter (23%) of the surveyed agencies reported that the City's policy to pay for enrollment (rather than capacity) has created challenges for their ability to provide a high-quality early childhood program.

Agencies explained that it was very difficult to manage their budgets when it was so variable based on enrollment. Agencies explained that they cannot enroll children until they have staff for the classroom, but that it is expensive to hire the staff before they are paid for the children in the classroom. Furthermore, agencies discussed how they have many fixed costs (facilities, salaries, etc.)

⁷ This estimate was provided by an insurance broker who works with the ACS child care programs.

that do not fluctuate with enrollment. One agency suggested reimbursing agencies for 100% enrollment when they were at 85%.

According to the Administration for Children's Services, only 13% of sites are currently at 100% enrollment and system-wide enrollment is 82% (including Head Start and the non-subsidized private pre-k seats in some programs.) This means that many agencies are not receiving the full amount of their contract. It is thus difficult to know for certain exactly how much of the EarlyLearn rate challenges are caused by and/or exacerbated by the pay for enrollment policy. To try to tease out the impact of the full enrollment policy from the impact of the EarlyLearn rate on the reported struggles, ACS provided the Campaign for Children with the list of 105 sites operating at 95-100% capacity at the time C4C conducted its survey—"the high enrollment list."

29% (105 out of 368 sites) of the EarlyLearn system is operating at 95-100% enrollment and **thus 71% of the system is losing a substantial amount of its potential budget revenue.** The C4C sample was similar to the overall system with 26% of the sample of sites being on the high enrollment list. Specifically, 19 of the 42 surveyed agencies (45%) had one or more sites on the high enrollment list. 27 of the 105 sites on the high enrollment list (26%) were part of the C4C sample.

Interestingly, all 3 agencies that affirmatively reported that they were not struggling were on the high enrollment list. Three of the four agencies that did not report a budget gap and did not answer the qualitative questions about struggling were also on the high enrollment list. Thus, 6 of the 7 that C4C did not count as struggling were on the high enrollment list. This makes sense because it would be very difficult to make the budget work when an agency is not receiving close to its contract amount.

At the same time, the C4C sample also includes 13 agencies with 22 sites on the high enrollment list that reported fiscal gaps and/or struggling with the rate, including 4 agencies operating just a single site. They reported gaps of \$0-\$500,000. In terms of the challenges, they discussed facility costs, health insurance, professional development, technology, staffing, etc.

For instance one agency operating 2 sites with 1 site at 100% enrollment reported a \$287,000 gap, struggles with facility costs and professional development, and stated that they laid off their senior educational director and replaced her with a less experienced staff member because they could not afford her salary. Another agency with one site operating at 96% enrollment said, "Current rate is not sufficient to provide a high quality early childhood program." **Finally, another agency that is operating two sites, both of which are on the high enrollment list (97% and 100% enrollment) said, "If all of our staff took the health insurance coverage, we would not be able to function. Luckily not all are taking and of those who did take it, not all are requesting family coverage. If they were, we could not continue."**

Recommendations and Conclusion

The contracted center-based early childhood system is an integral component of New York City's ability to provide low-income children with a quality early learning experience while their parents are at work or in school. The Campaign for Children concludes from this survey, as well as our other discussions with providers, that the current EarlyLearn rate is insufficient for agencies to be able to provide a high-quality early childhood education to children and to adequately hire and compensate well-trained, qualified staff. The current rate structure leaves many agencies with budget deficits and makes the current system unsustainable.

It is critical that the de Blasio Administration increase the EarlyLearn rate to sustain these programs and to ensure young children have high-quality programs to attend. We urge the Administration to address the EarlyLearn rate, salaries and benefits for staff, the pay-for-enrollment policy, and the 6.7% contractor contribution as soon as possible.

Specifically we make the following recommendations with regard to increasing the rate:

- Salaries must be increased for child care staff, including salary parity with DOE. The rate must be adjusted accordingly.
- The rate must do a better job of addressing disparate facility costs, including rent, and be adjusted as costs increase. The City should consider creating a capital fund to pay for repairs at child care centers so that these costs do not come out of the rate.
- To ensure a high-quality classroom experience, the City needs to ensure that the rate is sufficient to enable agencies to invest in necessary classroom materials and technology. The City should consider using some of the State Smart Bond funds for the purchase of technology for classrooms.
- The City needs to make adjustments to how insurance is paid for and provided for child care staff. Agencies need to be paid a rate that is high enough that they are able to purchase health insurance for ALL of their staff, as well as for general liability insurance and worker's compensation. Furthermore, the City and the union must work together to ensure that the new union contract includes adequate salary and benefits for child care staff.
- The City should reconsider the current metrics for full enrollment and implement a reimbursement system that better ensures agencies have funding for their fixed costs, as well as more certainty about their reimbursement so that they can better plan for their programs.

In Their Own Words...

Below are quotes from the agencies responding to the survey:

Staff salaries, staff retention, staff recruitment

- “Staff salaries are another problem for us to retain staff. As soon as the staff become qualified and certified, they leave for higher salaries, which they can obtain elsewhere.”
- “We had to lay off the senior educational director and replace her with a lower-paid staffer because we could not afford to retain the higher credentialed staff.”
- “We have lost some teachers to the DOE given their better benefits, salaries and personal time off.”
- “It is hard to pay wages that are competitive. It’s hard to hire quality kitchen help. It’s almost impossible to do staff development. But the single hardest thing is the disparity in wages paid to UPK head teachers compared to EarlyLearn head teachers. DOE dictated that head teachers are paid \$50,000 which we do, and it has created morale issues and we are trying to deal with that and keep our teachers from moving to UPK classrooms somewhere else.”
- “We also have the issue with teacher turnover due to low salaries. Finding suitable replacements is a challenge as the budgeted rate cannot sustain higher salaries.”
- “It is really challenging to recruit and retain qualified teachers/education staff due to the low compensation package offered, compared to those of DOE.”
- “Quality of care is a function of the ability to maintain highly qualified personnel. I would say salaries and health benefits are driving potential hires away from our program.”

Facility costs (rent, repair and maintenance, etc.)

- “Building repairs and maintenance are very expensive, often pulling significant money from the program which could otherwise be spent on the children and staff to enhance their educational experience.”
- “We have our own lease and the EarlyLearn rate for facility costs is not enough to cover the facility costs. It is very challenging to meet facility costs such as rent, repair and maintenance. “
- “Facility costs are a lot of the burden since maintenance must take place for safety of children, staff and parents.”
- “The programs are sponsor leased. The cost of rent and facility repair cuts into the budget, thus minimizing our ability to provide enrichment services/activities for our children. NYCHA’s failure to make timely repairs results in costly fines to our organization.”

Curriculum and Classroom Materials

- “With the current rate and reimbursement structure allowed by ACS, it is difficult to hire better qualified staff, have extracurricular activities that enhance the educational experience and obtain learning supplies.”

Insurance

- “The current EarlyLearn rate will not cover health insurance coverage for our staff. We have been fortunate that so many of our staff have declined health insurance to date, but if they decide to take it, the current rate will not be sufficient to pay for it.”
- “If all of our staff took the health insurance coverage, we would not be able to function. Luckily, not all are taking it and of those who did take it, not all are requesting family coverage. If they were, we could not continue.”
- “The health insurance cost is very high for the agency and the employees are unhappy with additional cost burdens placed upon them. We are unable to offer competitive salaries due to budgetary constraints and therefore, we find it difficult to attract more qualified staff.”
- “The money given by ACS for health insurance, liability insurance and worker’s compensation is much lower than the market rate. Some employees waived the right for health insurance because of the cost. If all employees were covered by health insurance, the center would not operate and would be closed down.”
- “Health care is slated to increase 7% from 2014 levels. Liability and related insurances are far above the corresponding per diem rate increase given by ACS. The agency absorbed \$120,000 of excess costs in fiscal year 2014. The 401(k) match was discontinued with EarlyLearn. It is hard to compete with the private sector and large non-profits as far as acquiring and retaining quality staff.”

Challenges Caused by Pay for Enrollment

- “With the current EarlyLearn contract, centers are reimbursed based on attendance. In months when attendance is low, we have a shortfall in our budget. Expenses, such as rent, salaries, etc. remain the same in the months we’re reimbursed less due to enrollment.”
- “One of the big issues for us is under-enrollment and the fact that staff must be in place before we can accept children. So while we are incurring expenses, we are not earning the revenue equally to offset these expenses.”
- “Getting a more definite amount of funds for the year, not based on enrollment, will help our agency provide a quality EarlyLearn program.”
- “All other city-based contracts are paid at 100% if you meet the 85% enrollment. A similar policy would be helpful from ACS due to child sickness, low summer enrollment and transitional children. It is nearly impossible to reach 100% and yet staff and fixed costs remain the same.”

Overall Issues Regarding the Rate Being Insufficient

- “The current rate is not good enough to ensure high quality early childhood programs. Rate is a key factor.”
- “There is a huge gap between what ACS pays and what is spent on the program. With the complexity of the funding and various funding requirements, it is impossible to provide the services required by ACS without incurring a significant deficit.”
- “The current rate is not sufficient to provide a high quality early childhood education program. In order to ensure high quality, we need to hire experienced teachers, have adequate and upgraded technological instruments, have high quality materials and supplies, etc.”

Early Learn Rate Survey Instructions

The Day Care Council is working with the Campaign for Children to survey agencies regarding the Early Learn rate. We want to learn more about the gap between the Early Learn rate and the cost of providing high quality child care programs.

Please complete 1 survey per agency (not per program). If you have any questions, please contact Lisa Caswell at lcaswell@dccnyinc.org. Please be sure to complete the survey by November 25, 2014.

Agency Name (please complete one survey per AGENCY)

1. What is the name of your agency?

Discretionary Programs Only

2. Discretionary Programs: If you have any programs previously funded by City Council discretionary funds, please describe your rate, number of children served (and ages), staffing structure. Please also describe the GAP in funding between the rate you are paid and the services/care you provide.

Early Learn Programs

3. How many center-based Early Learn programs do you have?

4. How much (in \$) is your full Early Learn center-based contract amount from ACS (before any reductions from full enrollment are applied)?

5. How much (in \$) do you actually spend on your Early Learn contracted center-based programs?

Early Learn Programs- Capacity

6. How many infants/toddlers are your Early Learn center-based programs contracted to serve?

7. How many preschool (3s and 4s) children are your center-based Early Learn programs contracted to serve?

8. On average, how many days does it take you to fill a vacancy?

- 0-3 days
- 4 days- 6 days
- 1-2 weeks
- 2 weeks- 1 month
- 1-3 months
- 3-6 months
- Over 6 months

You can use this space for comments on filling vacancies if you would like:

Early Learn Programs- Staff-related Questions

9. Please describe your staffing structure in your Early Learn contracted center-based classrooms (Include the numbers and types of staff such as director(s), lead teacher(s), substitute(s), assistant teacher(s), cook(s), etc.

10. How many staff do you have in your Early Learn center-based programs?

11. How many, of the total # of staff in your Early Learn center-based programs, are enrolled in the DCC 1707 health insurance plan?

12. How many of your Early Learn center-based contracted staff opted out of the DC 1707 health insurance program?

13. How much does your agency currently spend on health insurance for Early Learn center-based staff?

Early Learn Programs- Additional Costs

14. How much are your facility costs?

15. Are any of your center-based sites city-leased or sponsor-leased sites?

Yes

No

16. Please describe how many of your programs sites are city-leased; sponsor-leased; owned; or rented:

City Leased:

Sponsor Leased:

Owned:

Rented:

Other:

17. How does having a city-leased or sponsor-leased site affect your budget priorities?

18. What are your costs for worker's compensation and liability (for Early Learn center-based programs)?

Family Child Care

19. Do you have an Early Learn Family Child Care program?

Yes

No

20. Please share any information related to the adequacy of the rate for Early Learn family-based child care here:

Contractor Contribution

21. Please describe the impact of the contractor contribution on your program including: how you fulfill it, how difficult this is, how it impacts your program, etc.

22. Do you have a Head Start Program at any of your Early Learn sites?

Yes

No

23. Please describe how you fulfill the non-federal match and how this impacts your program:

Early Learn Programs- impact of the current rate

24. Which of the current mandates are not funded adequately in your current rate?

25. Please describe any issues that you have had retaining center directors with the current rate.

26. With the current rate, what components of a high quality early childhood program are most challenging for you to provide?

Additional Information

27. Is there anything else about the current Early Learn rate, your Early Learn programs, or the discretionary programs that you feel we should know to better understand the gap between what ACS pays you and how much you spend on your program?

Early Learn Rate Survey Instructions

The Day Care Council and the Campaign for Children are working together to learn more about the Early Learn rate. We want to learn more about the potential gap between the Early Learn rate you are paid and the cost of providing high quality child care.

Due to feedback about the original survey, we have simplified this survey and reduced the number of questions. Please note that the survey is focused on THE RATE you are paid and the COSTS your program incurs. It is therefore likely the best person to complete the survey will be from your fiscal department.

Finally, please complete one survey PER AGENCY (not per program).

If you have any questions, please contact Stephanie Gendell at sgendell@cccnewyork.org or 212-673-1800 x17.

Thank you,
The Campaign for Children and the Day Care Council

Agency Information (please complete 1 survey per AGENCY)

1. What is the name of your agency?

2. What is the name of the person completing this survey?

3. What is your email address?

Early Learn Rate

4. How much (in \$) is your full Early Learn center-based contract amount from ACS (before any reductions from full enrollment are applied?)

5. How much (in \$) do you actually spend on your Early Learn contracted center-based programs?

Your Programs

6. Please describe your programs (including how many programs your agency has, the capacity of each of your programs, the ages of the children-infant/toddler; 3s or 4s), your staffing pattern, etc.)

Facility Costs

7. Please describe the impact of facility costs on your ability to make the Early Learn rate work for you. Please be sure to include whether any of your programs are city-leased or sponsor-leased sites.

Impact of the Rate on Your Program

8. With the current rate, what components of a high quality early childhood program are most challenging for you to provide?

Anything else?

9. Is there anything else about the current Early Learn rate, your Early Learn programs, the health insurance coverage of your staff, the contractor contribution, your ability to fill vacancies, your ability to retain staff, your discretionary programs, etc. that you feel we should know about to better understand the gap between what ACS pays you and how much you spend on your program?