



June 17, 2021

The Honorable Bill de Blasio
Mayor of the City of New York
City Hall
New York, NY 10007

Chancellor Meisha Ross Porter
New York City Department of Education
52 Chambers Street
New York, NY 10007

Deputy Chancellor Josh Wallack
New York City Department of Education
52 Chambers Street
New York, NY 10007

Re: Immediate Actions Needed to Stabilize New York City's Child Care Sector and Support Working Families

Dear Mayor de Blasio, Chancellor Porter, and Deputy Chancellor Wallack,

We write today as child care providers, advocates, and community-based organizations to call on the Department of Education (DOE) and City to immediately rectify various issues that have arisen in the City's contracted and publicly funded early care and education system.

In 2019 the Campaign for Children and the DOE worked together to address several issues in the Birth-to-Five and Head Start/Early Head Start RFPs. These issues included enrollment-based payments, cost escalators, and year-round services, and later in Summer 2019, the salary parity agreement. Now that the DOE has awarded contracts for this RFP - with new family child care contracts starting in 2020 and new center-based contracts starting this July - there are once again several issues in the process of implementing awards that may impede access to care for sorely-needed for children and families, and may destabilize child care providers who contract with the City.

After a year in which the pandemic has wrought havoc on parents' ability to work and find care, providers' ability to operate, and childrens' social-emotional health and development, we urge the administration and DOE to take several actions to address the needs of children, support working families, and stabilize the sector.

1) The City needs to invest in and expand full-day/year-round care.

While we applaud this administration's ongoing commitment to early childhood and their planned expansion of Pre-K for 3-year-olds, this expansion fails to increase access to full-day and year-round programs. Caregivers cannot work full time if they do not have options available to them that provide for their children full time. Safe and high-quality programming that is offered year-round and covers the entire workday is paramount to an economic recovery.

Mayor de Blasio's Executive Budget proposes \$377 million to support 3-K expansion by 16,500 slots with a goal of reaching universal access by the fall of 2023. However, capacity for full-day/year-round programs that serve infants and toddlers remains relatively flat. Planned expansion efforts for 3-K do not support a full day of care and summer services for three and four-year old children.

Furthermore, the family child care awards for whom implementation commenced last summer left many family child care networks and providers that previously provided full-day, year-round care and the bulk of care for the youngest children, only able to offer school-day care for 3-year-olds.

This shift negatively impacts home-based providers' fiscal viability and limits access to care for low-income families. Additionally, the recent contract awards for center-based providers have resulted in many longstanding community-based organizations which primarily serve low-income communities of color offering only school-day/school-year programs, again negatively impacting the fiscal viability of programs and creating a significant barrier to access to care for families.

To ensure that child care and preschool are available for working families, the Campaign for Children urges the administration to at a minimum include the following new investments in this year's adopted budget with \$45 million to support the following:

- \$17.5 million to convert over 2,000 school-day/school-year slots for 3 and 4-year old children to full-day/year-round slots.
- \$10 million for approximately 1000 new full-day family child care slots for infants and toddlers.
- \$17.5 million to expand center-based full-day infant toddler capacity by approximately 700 slots.

The current and incoming administration must also take concrete steps to ensure that planned 3-K expansion and continued UPK programming includes a significant share of full-day/year-round seats, and that future child care investments target the City's lack of infant and toddler care.

2) Remove the 25% cap on fringe costs in center-based contracts.

The contract awards for center-based providers included a 25% cap on fringe costs in the BUDGET tool that providers use to submit their budgets to the DOE for approval. This fringe rate does not reflect the true costs of employee fringe and does not allow providers to meet the obligations of their collective bargaining agreements. Specifically, the Head Start Sponsoring Board recently raised the pension plan contribution for its workers from 11% to 18% of wages, making it difficult for Head Start providers who contract with the DOE to fulfill the required pension contributions, while also supplying health, disability and workers comp benefits while staying under the 25% cap.

High quality child care and preschool programming is contingent on the compensation and benefits of the teachers and staff. The DOE must lift the cap on allowable fringe rates to ensure that pension, health benefits including dental and vision, and disability and workers comp costs are fully met, as part of a continued effort to protect and expand access to competitive and comparable compensation. Furthermore, indirect costs should be in adherence with the City's Indirect Cost Rate Manual. Balancing the budget on the backs of those providing the most critical services is not an effective nor viable method of fiscal responsibility.

3) Revisit enrollment-based payments to provide stability and promote recovery.

In response to advocacy around enrollment-based budgeting, Addendum 8 to the 2019 Birth-to-Five RFP front-loaded payment from DOE to providers and set a payment floor of 75% of the contract value below which reimbursement to providers would not fall, and after January 2022 providers would receive payment based on enrollment.

In light of the pandemic and the decline in enrollment it has caused, it is critical that the DOE recalibrate the timeline for implementation of this agreement, and ensure providers receive their full contract value for the entire 2022 City fiscal year. This will give providers stability following a tumultuous year, and ensure parents have care options they need as they begin to return to the workplace. Enrollment is currently artificially low as many workplaces have not returned to in-person work and some families still have concerns about sending their children to in-person programs, as well as due to delays in processing enrollments within DOE's Centralized Enrollment System. Performance based budgeting can more appropriately proceed further into recovery in FY 23.

4) Expedite contract negotiations and registration to ensure continuity of funds.

Providers are concerned that the current center-based awards that are being negotiated now may not be registered with the City until later this summer, possibly not before August or September. This means on top of the concerns listed above, providers likely will not be paid during the months of July and August. These delays will jeopardize the care of thousands of our City's youngest children. It would put many providers out of business, or force them to lay off teachers, cooks, and other staff, all during crucial summer months when parents will most need care options for their children to get back to work. The City must ensure that the new center-based contracts are registered as close to the July 1st start date as possible to ensure providers are appropriately compensated and can keep their doors open to continue serving children and families.

We urge you to take these actions immediately to avoid the looming crisis for children, families, and the child care providers across New York City's communities. This is a pivotal time for New York's children and families, and we stand ready to work with you to achieve these outcomes to strengthen the City's early care and education system to promote an ongoing and lasting recovery for all New Yorkers.

Sincerely,

Afro American Parents Educational Centers Inc.
Bellevue Day Care Center
Billy Martin Child Development Day Care center
Bronxdale Tenants League Day Care Center Inc
Bronxworks
Brooklyn Bureau of Community Service
Brooklyn Kindergarten Society
Bushwick Improvement Society, Inc.
Center for Family Life in Sunset Park
Children's Aid
Chinese-American Planning Council
Citizens' Committee for Children of New York
Claremont Neighborhood Centers, Inc.

Clifford Glover Day Care Center, Inc.
Clifford Glover Day Care Center, INC/ DBA Myrtle P. Jarmon ECEC
Colony South Brooklyn Houses
Cypress Hills Child Care Corporation
Cypress Hills Local Development Corporation
Day Care Council of New York
East Calvary Day Care Center
East Harlem Block Nursery, Inc.
East Side House
Educational Alliance
FPWA
Goddard Riverside Community Center
Good Shepherd Services
Hamilton-Madison House
Henry Street Settlement
Highbridge Advisory Council Family Services, Inc.
Hospital Home Center ACE Integration Head Start
Hudson Guild
Labor and Industry for Education
Laborbathgate Community Child Care Center
Nasry Michelin Day Care Center
New Life Child Development
Nuestros Niños Day Care Center, Inc.
Our Saviour's Lutheran Preschool
Recreation Rooms and Settlement
SCAN-Harbor, Inc
SCO Family of Services
Sheltering Arms Children and Family Services
St Nicks Alliance
Stanley Isaacs Neighborhood Center
Strong Place Day Care Center, Inc
Strong Place for Hope Day Care
Sunny Skies Prospect Corp
Sunnyside Community Services
The Child Center of NY
The Dawning Village Inc.
Tolentine Zeiser community life center
UJA Federation of NY
Union Settlement
United Federation of Black Community Organization Inc.
United Neighborhood Houses
University Settlement Society of New York
Urban Strategies, Inc.
Utopia Children's Center, Inc.
YMCA of Greater New York