BEFORE THE NEW YORK STATE SENATE
STANDING COMMITTEE ON CHILDREN AND FAMILIES

PUBLIC HEARING

CHALLENGES FACING CHILD CARE COMMUNITY
IN NEW YORK STATE

Senate Hearing Room
250 Broadway, 19th Floor
New York, New York

December 12, 2011
10:00 a.m. to 4:00 p.m.

PRESIDING:

Senator Diane J. Savino
Chair

SENATE MEMBERS PRESENT:

Senator Velmanette Montgomery

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SENATOR SAVINO: Good morning, everyone.

I'm Senator Diane Savino. For those of you who don't know me, I am the Chair of the Senate Committee on Children and Families.

At some point today, I'm assuming we will be joined by some of the other members of the Senate Committee on Children and Families. Senator Duane, perhaps; Senator Montgomery. We may even have a visit from Senator Squadron, who's upstairs on the 20th floor.

But, for now, since we're here, this hearing is scheduled to start at 10 a.m. I believe that we should proceed.

The subject of the hearing today is child care; child care in New York City. And it will take into consideration some concerns that have come out of the child care and community, and the day-care community, with respect to Early Learn.

Our first testimony will be presented by Sara Vechiotti --

SARA VECHIOTTI: Perfect.

SENATOR SAVINO: Perfect.

-- who is the acting deputy commissioner for child care and Head Start for New York City ACS.

Following Sara will be, Raglan George, for

District Council 1707;

And, behind them will be, Linda Manley, from the Lawyers Alliance for New York.

Welcome, Sara; and you can proceed with your testimony.

You don't have to read the whole testimony. If you want to summarize it, that's fine. And, we have a list of questions that we're prepared to present to you, and I think you will be able to answer many of the questions that we're going to be presenting today.

So, go ahead, Ms. Vechiotti.

SARA VECHIOTTI: Thank you.

Good morning, Chair Savino, and members of the Committee on Children and Families.

I am Sara Vechiotti, acting deputy commissioner of child care and Head Start at the Administration for Children Services.

On behalf of Children Services, Commissioner Ronald E. Richter, I would like to thank you for the opportunity to be here today to speak with you about the issues involving child care in New York City.

It is vitally important that the Committee on Children and Families is holding this hearing to

focus on challenges facing child care in New York State.

Child care and early education are important supports for working families, and employment, in New York. With those supports, many New Yorkers could not be part of the workforce.

At the same time, child care and early education provide children with a solid foundation for appropriate development and education. The lessons and skills learned by the children prepare them for school, and generate benefits far into their lives.

The State of New York needs to fully support child care, to foster education and success of our youngest citizens, and to enable parents to continue to work, and, to reenter the job market.

Children Services administers one of the largest publicly funded early care and education systems in the country, serving approximately 120,000 children a year, which includes child care, Head Start, and universal pre-kindergarten.

Subsidized child care administered by Children Services promotes family well-being, by allowing parents to pursue and maintain

employment, and by promoting child development.

Currently, approximately 94,000 children are enrolled in the City's subsidized child-care system. The remaining children are served through the Head Start system.

Of the families served in child care, approximately 65 percent are working families, and another 26 percent are families in education or training programs.

Families are eligible for subsidized child care if they're receiving cash assistance, are served by the child-welfare system, are low-income employed, and meet certain other criteria.

Child care is provided in a variety of settings.

The largest percentage of children in child care are being served in center-based settings; followed by, informal family, friend, and neighbor care; and then, finally, followed by family child-care settings.

As you know, in the last several years, Children Services has faced significant fiscal challenges in our efforts to maintain high-quality child care for families.

For the City fiscal-year 2012, ACS faced a

sizable deficit of $95 million due to dramatic increases in the cost of providing child care and the loss of federal stimulus dollars.

For example: Costs in the voucher system are escalating, as families are increasingly using regulated child care and more younger children, aged infant to preschool, are being served.

While these are both positive trends that we support, they are more costly.

Other challenges for the system include, the new 2011 State child-care market rates, and rising insurance costs for the contracted system.

At the same time, federal funding has not kept pace with the rising costs.

As a consequence, Children Services faced a critical situation, where we had no choice but to reduce the number of child-care subsidies we can fund by approximately 16,500 children.

In addition, Children Services, like other City agencies, needed to fulfill its responsibility to reduce spending to address the City's deficit; and one of the solutions increased parent fees for child care.

Due to the efforts and support of Mayor and City Council, 82 million in one-time funding was

made available to the child-care budget.

These one-time City-only funds were made available to avoid reductions which had been necessary, as the stimulus funds ended, insurance costs and market rates continued to rise, without corresponding increases in federal funds.

The restoration meant that all children who benefited from child-care services, and were to be affected by the service terminations, were offered a funded alternative for child care in fiscal-year 2012.

While many New York families were spared the loss of critical child-care services for this year, there is uncertainty about the fiscal 2013 budget.

At the federal level, we are anticipating that there may be cuts in child care and Head Start, as part of the overall deficit-reduction package, if there is no agreement on appropriations.

Such a cut would only exacerbate the fiscal pressures on child care and Head Start.

Despite these challenges, the City continues to contribute more than its share required by the Child Care and Development Block Grant, as we provide child care to families receiving cash assistance, and are committed to

providing child care to low-income families.

In order to sustain, and allow for its sustainability of the system, it is essential that there be additional State funding for child care across New York.

In addition, we would like to work jointly with you to advocate for federal funds, to prevent further cuts, or maintain an increased federal funding for the Child-Care Development Block Grant.

I would also like to say a few words about Early Learn NYC.

While we are limited in what we can say at this time because of the ongoing procurement and the evaluations of the proposals processed, we are excited about the response to our request for our proposal, our "RFP," from providers who are interested in administering Early Learn NYC.

Children Services received proposals for more sites and seats than is our current capacity.

We acknowledge, and research demonstrates, that success in school, and in life, positively associated with the experience of high-quality child care.

As a result, Children Services strongly

believes that Early Learn NYC will strengthen children's development and educational experiences by setting higher standards to improve the program quality, leading to positive outcomes for children.

Although there are different program requirements reflecting varying standards and regulations, the primary goals of Early Learn NYC are to better support working families and parents, and to offer high-quality child care regardless of program setting or design.

This means, that no matter where a child may go for early care and education services, they'll be receiving the same level of quality services.

We are currently reviewing proposals, and we anticipate notifying proposers of awards in the spring of 2012, with new contracts to begin October of 2012.

A new innovative program is not necessarily easy to launch, and we have heard some concerns from members of the community.

While we face some challenges, we intend to move forward with our commitment to implement Early Learn NYC, and look forward to working with community and our contractors to implement the

vision of Early Learn NYC.

I would now like to turn our attention to a critical policy issue concerning comprehensive background checks.

As you know, State law provides for subsidy payments to providers of informal legally exempt care, which is home-based child care not offered through a program licensed by the New York City Department of Mental Health and Hygiene.

While Children Services understands the need for informal care, and that many of these providers are family members, friends, and neighbors, we do have concerns about the potential health and safety risks of children in such care.

State law prohibits Children Services from fingerprinting an informal provider in order to conduct a criminal-history records search, and from requesting a search of the State Central Register; or "SCR."

In contrast, such searches are conducted, and required, for all licensed providers.

Currently, Children Services is limited to the background checks of informal providers allowed by State regulations.

State regulations only enable a child-welfare search, which gives us information on whether a child was removed from the provider's care, or whether a provider's parental rights were terminated for any children.

This search, however, does not tell us whether a provider has an indicated report of abuse or neglect against a child.

In order to obtain that information, we would need to do a search of the SCR, which State law does not allow.

In addition, while State regulations require a search of the State Sex Offender's Registry to identify whether a provider or anyone in the provider home is a registered sex offender in New York State, it does not include information from other states.

Recently, at the request of Children Services, the New York State Office of Children and Families approved for New York City the ability to do limited criminal-background checks.

These checks consist of searching the New York State Office of Court Administration database, to identify providers with a conviction or arrest, especially for a violent crime or for a

crime against children in New York State.

To better ensure our children are taken care of in a safe environment, however, there are additional critical categories that we are still not able to detect: Indicated reports of child abuse or neglect, convictions of crimes -- of crimes outside the state, and convictions by providers using a false identity.

Children Services has very serious concerns about the possibility that children may be cared for in homes where the provider, and other adults in the home, may have indicated reports of child abuse and neglect, and may have been convicted of crimes out of state, including, possibly, violent crimes.

Recent federal guidance from the Office of Child Care supports Children Services' position that we should be able to access this additional information.

The U.S. Department of Health and Human Services' Administration for Children and Families, strongly recommends that all providers, regardless of whether they are required to be licensed, undergo comprehensive background checks. This includes, fingerprinting, to check state and FBI criminal-history records, as well as state child

abuse and neglect registries.

Moreover, fingerprinting is the only certain tool able to detect possible fraud by providers, who may be using false identities, social security numbers, and other documentation.

We, therefore, appeal to the State Legislature to amend the State Social Services Law, to allow local-services districts to:

One: Conduct an SCR clearance, to determine whether individuals applying to be legally exempt child-care providers, and persons older than 18 living in the provider home, have an indicated report of child abuse or neglect;

And, two: Fingerprint the same, so that a criminal-background check can be done that would include convictions outside of New York State.

Children Services has also concerns about safeguarding the rights of providers. Children Services would ensure that background checks be conducted in compliance with the New York State Human Rights Law.

The ability to do these checks should not be an unfunded mandate. Just as critical to ensuring the health and safety of children, is the commitment to provide the resources to meet that

goal.

We urge the Legislature to amend the State law, so that children cared for in all types of child-care settings, including care exempt from licensing, receive the same level of protection.

Safe and high-quality child care is a primary concern for parents trying to maintain their jobs and support their families.

As the State invests in job growth, it is equally important to invest in child care to support parents in their efforts to work.

Children Services and the City of New York are committed to providing sufficient high-quality child care to meet the needs of families in the city that require child care.

We are requesting funding from the State to keep pace with increasing costs we have described, so that we are able to continue to serve the children currently in care, and are not faced with another overwhelming deficit that would force us to eliminate large numbers of child-care subsidies.

Furthermore, we would welcome the opportunity to work with you, to advocate in Washington for additional federal funding for child care.

We know that the State Senate shares the

City's commitment to providing high-quality child care to all families that require it.

We look forward to working with you, with the Legislature, to address challenges, and the issues that I have described today.

Thank you for the opportunity to speak here today before you, and I am happy to answer any questions you may have.

SENATOR SAVINO: Thank you, Ms. Vechiotti.

I'm glad to hear that the administration is committed to working with the Senate, and I'm assuming, the Assembly, in trying to advocate for more child-care funding.

You're absolutely correct in the assertion, that, the role of government, right now, seems to be in job creation.

And I said this very clearly to the Governor's Office, that, you cannot have a job-creation program that doesn't also have the supports in place that make work pay.

Child-care -- accessed, affordable, subsidized day care -- is critically important to that effort.

So, I'm a little concerned, though, about this movement towards informal day care. I think

that's a count -- I think that's actually counterproductive.

And while I realize it has a role to play in day care, I think we need to do more to expand access to subsidized day care, and grow it, as opposed to shrink it.

But let's -- let's get to the -- before we get to the issues on Early Learn, which is what so many people here, today, really want to hear about, in an effort to maintain the subsidized day-care slots for working families, which we all agree is critically important, especially for low-wage working women, I have a piece of legislation that I've been working on for the past year, that would exempt women who are on public assistance, with children under the age of 1, from participating in work -- in the workfare, because, as you pointed out, they are the only people that are guaranteed subsidized day care.

It would save the State of New York a considerable amount of money in day care, which would help plug the holes for your agency, and other county organizations around the state; and it would preserve subsidized day care for working women who so desperately depend upon it.

So, while I'm looking forward to working with you guys on trying to get more money from the federal government for day care, I hope you will work with me in convincing the Legislature and the Governor that this is the right step to take.

So, we'll talk about that more in the future, but let's get to Early Learn.

We submitted to the -- for those of you in the audience, we submitted to the Commissioner, a series of questions around the Early Learn program. Many of those questions came from the provider organizations that are here, with some concerns.

The agency has responded to the vast majority of them, to the best of their ability. They feel that there's some ethical issues around the fact that there is an active RFP process out there.

But, I think they gave us some -- many comprehensive answers, and we're going to go through them right now.

So, that being said, the first question that we did submit to you, was: Was there a list of organizations that had submitted proposals, and would this meet this current system capacity?

SARA VECHIOTTI: So, Early Learn NYC is a competitively sealed procurement. And, currently,

ACS is reviewing their proposals that we received for Early Learn; and, so, therefore, the list of proposals cannot be made public.

But we can tell you, that the total capacity that was proposed, in terms of unique proposers, in terms of the number of sites and the number of seats, actually exceeds the current system capacity we have today.

SENATOR SAVINO: What is the system capacity today? Do you know?

SARA VECHIOTTI: In terms of the number of center-based slots?

SENATOR SAVINO: Uh-huh.

SARA VECHIOTTI: One second.

SENATOR SAVINO: If any of them know?

You have some people.

UNIDENTIFIED SPEAKER: [Inaudible.]

SENATOR SAVINO: You're looking for it there, Mr. Cartieri (ph.)?

[Laughter.]

UNIDENTIFIED SPEAKER: [Inaudible.]

SARA VECHIOTTI: So, when you look at our total system, which includes both child care and Head Start, and all of our settings, it's, approximately, 50,000 seats today.

SENATOR SAVINO: 50,000.

SARA VECHIOTTI: That includes family child care and center-based care.

SENATOR SAVINO: Okay, and that doesn't take into consideration the informal home-based neighbor --

SARA VECHIOTTI: No, this is --

SENATOR SAVINO: -- family --

SARA VECHIOTTI: No, this is just the contract-system capacity we have. It does not include the voucher system.

SENATOR SAVINO: Do you have any idea how many people are receiving vouchers for informal care?

SARA VECHIOTTI: So, approximately, we have 94,000 children enrolled today in subsidized child care. And the number of vouchered children is --

Just give me one second.

The number of children enrolled with vouchers is approximately 17 -- 16,500, on the low-income side. And, then, on the cash-assistance side, it's approximately 53,000.

SENATOR SAVINO: 53,000 on the -- on the --

SARA VECHIOTTI: On the cash-assistance side.

SENATOR SAVINO: -- cash-assistance side.

SARA VECHIOTTI: Yes, correct.

SENATOR SAVINO: Lights just went out on that one.

So, that -- and that's not including the 50,000 that are in center-based care right now.

So total, then, capacity -- the way I would look at the capacity, is the number of children who need day care; subsidized day care, or Early Childhood, or Head Start -- would be, 105 -- 100 and --

SARA VECHIOTTI: The number I gave you --

SENATOR SAVINO: -- 160 --

SARA VECHIOTTI: The number I gave you before, of 94,000, includes, the cash-assistance, and the low-income, families.

So, those 53,000 cash-assistance children are included already in the "94,000" number.

SENATOR SAVINO: But you have 50,000 that are in center-based care?

SARA VECHIOTTI: No. We have 50,000 that are in, center-based, and family-and-child-care, networks, in Head Start, and in child care.

So, the number of "94" does not include Head Start children.

If you include Head Start children, then that

total is closer to 112,000 today, enrolled.

SENATOR SAVINO: Okay, so I'm going to go back to the question: What is the capacity that is needed?

Don't -- no -- not center-based capacity.

In total; what is the capacity -- what is the total capacity for the system?

And -- because, you guys, obviously, are counting the system separately.

Informal day care?

Center-based?

SARA VECHIOTTI: Right.

SENATOR SAVINO: Early Childhood?

SARA VECHIOTTI: So, the way it works, is that our contracted capacity is approximately 50,000.

The voucher capacity is, basically, equivalent to the number of vouchers we have today.

So, in total, the capacity that we have today, is close to 112,000 children.

In terms of the children that are eligible for child care, that number would be greater than the 112,000.

SENATOR SAVINO: Right.

Okay, what's the -- what's the actual cost of --

(Off-the-record discussion at speaker table.)

SENATOR SAVINO: I see Joe has a response.

SARA VECHIOTTI: Right.

Early Learn, however, is just about contracted capacity. It is not about the voucher system.

SENATOR SAVINO: If you -- if one of you want to sit up there with her, if you have -- that's fine. You can -- you know, so you can -- you can, you know, if you want. Feel free to jump in.

SARA VECHIOTTI: So, Early Learn is just about our contracted center-based and family child-care capacity. It's not about the voucher capacity.

(Joe joins the speaker table.)

SENATOR SAVINO: Okay, what's the actual cost of care under this RFP?

SARA VECHIOTTI: So, the actual cost of care is approximately 580 million for Early Learn; which, again, is just our contracted capacity.

SENATOR SAVINO: And is that reduced from, prior to the introduction of Early Learn?

Did it cost less before?

Did it cost more?

Or...

SARA VECHIOTTI: Early Learn NYC actually enables us to live within our budget for child care and Head Start.

SENATOR SAVINO: What -- that didn't quite answer the question, Sara. [Laughing.]

Is there a reduction in the actual cost of care under Early Learn?

Did it cost more prior to the introduction?

That's what I'm trying to get at.

(Off-the-record discussion at the speaker table.)

SARA VECHIOTTI: Right.

We are actually paying more in Early Learn NYC than we are today.

SENATOR SAVINO: And what drives the increase in the cost?

SARA VECHIOTTI: Primarily the trends that we mentioned in the testimony, about families increasing use of regulated care, which would be the center-based care. And, younger children being served are found in the voucher system, not the contracted-care system.

SENATOR SAVINO: So, it's just the increase in the utilization?

SARA VECHIOTTI: For certain types of families in the voucher system, correct.

SENATOR SAVINO: And -- okay, so we'll move on to: How much does ACS charge as an administrative cost for overseeing UPK?

SARA VECHIOTTI: So, for UPK, we actually do not charge an administrative cost. All the funding from UPK follows, from the DOE, to ACS contracts.

So, all costs associated with providing the 2.5 hours of UPK are devoted to the classroom program.

SENATOR SAVINO: One of the big issues that has arisen from some of the provider agencies, is their concern that there is a lack of feasibility in the rates that you guys are proposing, with respect to Early Learn.

Can you talk a bit about this, and answer some of these questions that they have?

SARA VECHIOTTI: Right.

So, the rates in RFP adequately fund contractors, to operate a high-quality child-care program without running a deficit.

They were designed to comply with the requirements of the Department of Health and Mental Health for the licensing standards, and, do incorporate the rates from the existing salary schedules.

The new rates, however, do not -- do require that programs have to make decisions, to change their current methods of operations.

So, they -- so programs in Early Learn have to change their operations in -- for example: They have to maximize the number of classrooms that they have per site. And, also, they have to maximize the number of children served per classroom.

SENATOR SAVINO: But, then, that means that the rates that were determined don't -- aren't -- won't allow them to continue what they're doing.

So, they're being -- what their concern is, that, this new program is going to require them to, either, reduce the number of children that they're able to serve, or increase the number of kids per classroom, or make some sort of change, in order to meet this new rate; which means, there's a reduction in the rate to them.

So it's is not the same.

SARA VECHIOTTI: So --

SENATOR SAVINO: Your answer was, that, the rates will allow them to maintain their programs pursuant to where they do that now.

Well, that's not exactly the case; because, your own answer says, they're going to have to change their methods in order to comply with these new rates; which means, they're going have to reduce them.

SARA VECHIOTTI: They have to change the method of their operations, to a certain extent, in order to maximize the rates in Early Learn.

For example: When we talk about actually maximizing the number of children per classroom, many of our centers already, today, do actually provide mixed-age classrooms; which, that enables them to maximize the number of children that are served in those classrooms.

SENATOR SAVINO: When the rates were determined, did -- was -- did you do a -- any question -- did you question any of the provider agencies as to whether they would be able to operate under the proposed rates?

Did any -- was there any give-and-take with the agencies?

Did anybody speak to them about what they could or couldn't comply with? Or what they felt they could comply with?

(Off-the-record discussion at the speaker table.)

SARA VECHIOTTI: So, the first step to the RFP was, that we did release a concept paper. And, actually, messaged what Early Learn, and the vision, is all consisting of.

Then we did receive comments from providers, in response to the concept paper, which we did review, and consider, when we were developing Early Learn NYC.

We also did use the current framework for what we have, in terms of, the licensing standards, and the salary schedules, and the existing knowledge that we have about child care and Head Start programs and budgets.

And all of that was taken into consideration in order to develop the rates for Early Learn NYC.

SENATOR SAVINO: Is it possible you could share with the Committee, at some point in the future, the responses from the agencies when you did this survey?

SARA VECHIOTTI: For the comments to the

concept paper?

SENATOR SAVINO: Comments, right.

(Off-the-record discussion at the speaker table.)

SARA VECHIOTTI: Right.

In addition to that, we also had several addenda that were actually submitted after the RFP, and where we responded.

So, we can go back and pull together that information for you.

SENATOR SAVINO: Thank you.

Moving on.

So, we're going to go back to the -- we're actually reducing funding to this. That's part of the process; we're going to be reducing the amount of money that's spent through the Early Learn program.

Correct?

We all agree that's part of the process, is, because we have less money to spend, so we have to find efficiencies.

So, if we're under- -- if we're reducing the funding, as a result of this reduced funding, or underfunding, or however we want to call it, if there aren't sufficient providers to meet demand,

what -- what can -- does ACS propose any changes?

Are you looking at putting more money in?

Any more options that are available to you?

How would you try to make the system whole?

Would you raise the rate?

What would you do?

SARA VECHIOTTI: So as we've said, the total capacity that was proposed included a number of unique proposers, sites, and seats that exceeds our current system.

So, we are confident that we will be able to take that sufficient proposal pool, to be able to make awards for Early Learn NYC.

SENATOR SAVINO: You don't foresee this as -- this underfunding as producing any capacity issues?

You think you'll be able to accomplish it all?

SARA VECHIOTTI: I think we'll be able to make awards, based on the proposals that were submitted, in order to -- to award the number of slots that we have in the RFP.

SENATOR SAVINO: Okay.

But under your own estimation, you're looking at a loss of 10,000 seats, due to last year's budget cuts.

And the cost of the enhancements in Early Learn, given that reality:

What would the cost to Early Learn do to Early Learn?

And how would you maintain current capacity with 10,000 less seats that are funded?

SARA VECHIOTTI: So, when you actually compare the fiscal-year '12 base we have for contracted slots, it's no longer a difference of 10,000. It's actually a difference of 8,200 slots, comparing fiscal-year '12 base to Early Learn.

And in order to restore those slots, it would be a cost of approximately $82 million, on an annual basis, to include those slots in the Early Learn RFP.

SENATOR SAVINO: Last year, the 81 million was restored by the City Council.

SARA VECHIOTTI: Correct.

SENATOR SAVINO: Wasn't it?

SARA VECHIOTTI: And that funding, however, is discretionary, and cannot be procured through the RFP process, 'cause it is -- because it's one-time funding.

SENATOR SAVINO: And has there been any

discussion between your agency and with the State Division of Budget about increasing the amount of money that the State's going to allocate for child care and Early Learn?

The better, bigger question is: Has anybody from OCFS spoken to your agency about your needs; what you need to actually meet capacity?

SARA VECHIOTTI: Yes, we are in consistent communication with OCFS about funding, and the availability of funding.

SENATOR SAVINO: And do they anticipate there will be any extra funding, that you know of?

SARA VECHIOTTI: I believe they are -- as we are, possibly, anticipating federal cuts to the system, due to the appropriations' process at the federal level, we have actually heard on the Head Start side, that there might be a 1.5 percent cut.

SENATOR SAVINO: And, so -- yeah, we haven't even touched on the issue of the Super Committee, and their failure to actually accomplish anything.

Are you making contingency plans for the worst-case scenario; that, we lose money from the feds, there's no money coming from the State, and the City Council can't make up the difference this

time?

SARA VECHIOTTI: Yes, we are looking, and anticipating, what possible cuts will be, and what the impact would be on the system; in addition to looking at the impact of the rising costs.

And, so, those are discussions that we would be having with the State and with City Council regarding the fiscal-year '13 budget.

SENATOR SAVINO: Worst-case scenario, do you have any idea how many slots you wouldn't be able to fund, or how many children would not be serviced?

SARA VECHIOTTI: We haven't actually gotten to the actual details of the number of slots that would impacted, quite yet. We're still trying to clarify information, to gather more certainty about the federal and State funding available to us.

SENATOR SAVINO: Okay.

Oh, I see Assemblyman Keith Wright is in the back.

Do you want to join me, Keith. [Laughing.]

You have your own hearing, down the hall.

SENATOR WRIGHT: I have my own hearing.

SENATOR SAVINO: One of the concerns that's has arisen from the provider community, is the suggestion that your agency is telling them that

they -- in an effort to bring down their costs, they should just negotiate better health-insurance rates.

How would -- how are they possibly going to be to negotiate a better rate than the City of New York can for its workforce?

You know, it's widely known that New York City employees are the only ones left that are not required to contribute to their health insurance; and that's partly because of the size of the bargaining unit, of about 400,000 people. And that's allowed them to maintain that no-contribution rate, although the mayor would like to change that.

But, that's a conversation for a different room.

But, how are they supposed to negotiate a better rate than you can?

SARA VECHIOTTI: So, ACS has been transparent, in consistently messaging that steadily increasing health-insurance costs do comprise a significant portion of the child-care deficit.

And, that, continuing the current health-insurance structure is, unfortunately, not an option that we can continue at this time, in order to make sure that as many children are served as possible in Early Learn.

We do know that it is an increasingly common practice for non-profits who do provide health insurance, to actually require those employees to contribute and/or institute a co-pay.

And the rates in Early Learn NYC assume these type of efficiencies in health insurance.

SENATOR SAVINO: But, again, it's -- if there's a limited amount of money, right --

You know, I'm not -- you know, I'm smart, but I'm not that smart.

-- you have a limited amount of money that has to cover a whole host of things. And, at the end of the day, it's all about: How do children get, you know, the best quality, subsidized child care?

If you drive up their costs, deliberately, by forcing them to negotiate a health-insurance contract for a smaller group of people, you're going to eat into that dollar amount. You know, you have a limited amount of money that has to cover all of these issues.

You're actually putting them in a position where they're not going to be able to provide as -- the cost is going to go up per child, instead of going down.

I really think you should rethink this idea of asking them to negotiate their own health-insurance rates.

It's -- it's going to be completely counterproductive. Less people will be served, and the cost is going to go up.

I see Joe is chomping at the bit there.

JOE: Even when she's interpreting what I say to her.

But, on our -- in our non-profit community, on the foster-care side and on the preventive side, this model is already in place. They negotiate within their -- well, some do it as a group. You know, like the Catholic agencies come together and negotiate health insurance as a group, and other providers negotiate it with their staff, or a local union that they're working with; and, they deal with their health-insurance issues.

That's the model that we're going to here.

The fact that the City of New York is involved in procuring and in administering the health-insurance packages for our provider community is a model that we're simply getting away from, as a city. We're not going be going -- we're not going in that direction anymore.

SENATOR SAVINO: When did you guys decide that you're going in that direction, though?

JOE: Well, that's the direction that went, on the child-care side, 25, 30 years ago.

SENATOR SAVINO: I -- it probably always was that way, because those agencies --

JOE: I don't think it --

SENATOR SAVINO: -- started out separately.

JOE: I don't think it was always that way.

SENATOR SAVINO: Yeah, it probably was.

JOE: It was -- they were looking for cost containment 30 years ago when they went to this model. It's no longer a viable model.

And the City does -- as our finance person was pointing out to me, the City does require its employees to pay for various items in their health-insurance package.

I know I'm a City employee. I know I pay a whole bunch of things, on riders, and pharmaceuticals, and all the rest of it. And, there's every expectation that I'll do so.

SENATOR SAVINO: Well, that's simply because you want to improve the access to coverage that you have.

Basic health insurance, you don't have to

contribute to if you only want the basic care. You know, HIP and GHI were created for just that purpose.

Yes, there are riders, and there are co-pays. You know, we could quibble as to whether it's completely free, or not.

But, again, I don't -- I think you're putting these agencies in a position now, where you're actually going to drive up their actual cost of operation, without any assistance, in a shrinking pool of money.

And I think, I really -- I urge you to rethink this, unless, you want to assist them in a way where they can create their own, you know, pool of people, that they can negotiate with the health-insurance carrier, on.

It's not -- I foresee a real problem, going forward, in the future.

But, let's move on.

JOE: Can I just answer that?

And we're always willing to consider any suggestions, but, do know this: There's no avail- -- no additional available money that's been identified as coming into this system.

So, any monies that would be added into the

current process, into the Early Learn process, would have to come from, either, new money, which I said is, no one's identified any from the, state, federal, level; and, it would require, basically, a reduction in slots.

And, that's something that we haven't -- we don't want to consider more reductions of slots in order to fund-up health insurance, and other things, but, it's something that we can talk about.

SENATOR SAVINO: Question; let me go back to the concept of the actual cost of care: When the actual cost of care is determined -- not the whole system capacity, but, per agency, or per child -- doesn't it take into consideration the cost of salaries and benefits?

JOE: Yes.

SENATOR SAVINO: So you've already calculated for that in the actual cost of care?

JOE: The cost -- the rate incorporates the salary structure, as bargained in the various collective bargaining (inaudible).

SENATOR SAVINO: So this $580.5 million, currently, that you determine is the actual cost of care, takes into consideration the cost of salaries and benefits, as they are right now;

right?

So, you've already -- you've already taken into consideration that cost.

(Off-the-record discussion at the speaker table.)

JOE: Yeah, the salaries, as they have been collectively bargained, have been included in the rates, so, that's part of the 580.

The benefits, on top of the salaries, that we're talking about now, like health insurance, that's something that we had to relook at.

SENATOR SAVINO: So you don't con- -- you don't take into consideration the full package, an employee package, as part of the rate of compensation, the way the City currently determines it for their workforce?

JOE: The City -- the City is able to fund what the City can fund in a time of reducing, you know, resources.

It's as simple as that, and it becomes as complicated as that: there's a shrinking pool of money.

How are we best going stretch that shrinking pool of money?

And for the provider community, we understand

it well, and we -- you know, we clearly sympathize with the concerns that people have about how to stretch the dollar.

But the fact of the matter is, we are all, as a country, and as a state, and a city, trying to deal with shrinking dollars. And we're trying to utilize those shrinking dollars in the best way we can, to drive quality, and, serve as many people as we can.

SENATOR SAVINO: I don't -- I think we agree that there's a shrinking pool of money, and we have to find the best ways to spread those dollars, but, they're going to have less money.

If you force them to go out and purchase their health insurance, they cannot compete. There's no way they're going to be able to provide the same level of benefits at the same cost that they can currently do now, because the City negotiates for them.

But, let me finish the point.

At the same time, one of the goals of Early Learn, as I understand it, is to improve the quality of care.

And one of the ways we improve the quality of care is, we're supposed to be recruiting and

retaining people who will better be able to meet these new standards that we all agree are important to early childhood education, and subsidized day care.

You're going to put these agencies at a competitive disadvantage.

How can they recruit and retain qualified people if they can't provide a decent level of compensation, which includes benefits?

They're not going be able to do that, and I think this becomes counterproductive after a while.

So, again, we could argue this all day long.

I really, I urge you guys, to reconsider this issue on the health insurance, because I think it's going to be a real problem, going forward, for these agencies.

And maybe there's a different model. Maybe it's not the one that you currently have. If that's -- you know, it's possible.

There's got to be some other way to accomplish this. Otherwise, we're going to undo all of the good work that we're trying to do, and it's going to become more expensive, and less children are going to be served.

But, let us go on to the next question, which is:

One of the other concerns that has come up is about the leases; the City-held leases.

RFP -- the RFP, as it is -- currently states, that: Programs with City-held leases will have to negotiate their own leases after the first year of the RFP.

What is ACS's assessment on the impact this will have with the system?

Does the assessment consider the impact of loss of high-quality providers unwilling to take on this unpredictable expense just after one year into a contract?

SARA VECHIOTTI: So, we would like to clarify, that the RFP does not say that people have to negotiate their own leases in the City-leased sites.

However, as ACS has done over the recent years, we would be willing to work with any contractor who would like to assume the lease at a City-leased site.

What the RFP does say, is that, for those who are applying to a City-leased site, that they have to maximize the space in a City-leased site, by,

perhaps, actually including other services that are non-ACS-contracted uses; like, after-school programs, family social services, arts and education, early intervention. And, possibly, accepting private-pay children; so, having a tuition-paying program.

And what will happen is, in those proposals, there would be a cost-allocation strategy.

And, so, the RFP is essentially saying, in the first year, as an incentive, there will not be a cost allocation imposed for those type of services. But, then, after the first year, ACS, and the individual contractor in that site, would work together to forge an appropriate cost-allocation strategy, going forward.

And with this approach in the RFP, we believe that it was successful, because, for at least every single leased site, there was at least one proposal, who was proposing to serve children at the City-leased site.

SENATOR SAVINO: Uh-huh.

All right. I'm sure that will come up again, at some point.

One of the big concerns that has come up

from just about every one of the providers, is this issue that they've been instructed that they're going have to raise -- not only is there a decrease, you know, in funding, in general, but they're going to -- now have to come up with the -- an additional 6.7 percent match. And, that they're told that they're going to have to raise that money on their own.

What if -- what if they can't do it?

You know, you have some high-quality, high-enrollment programs in target neighborhoods that are not going be able to do this. They're just not going be able to raise this.

And there's also the question, as to whether this might be a violation of State law, that says that child care is supposed to be subsidized at the actual cost of care.

So, how do we -- how do they expect -- how are they expected to raise this money?

They're supposed to hold a bake sale?

I'm kind of confused.

SARA VECHIOTTI: So, we do have a requirement of a contractor contribution in Early Learn NYC. And we view that as a way to support the economic health of the early care and education system, by

ensuring that there is actual ongoing community investment in our sites.

The requirement can actually be met in multiple ways. It is not just simply fundraising.

Non-cash contributions, such as, donated supplies, equipment, or services, and, non-ACS contracted revenues, and including private-pay funding from private-pay tuition-paying families, or foundation grants, and other community supports, as long as they offset the cost of Early Learn, may be counted, as long as they defray those costs of Early Learn.

This is not actually an unprecedented action, as Head Start contractors currently are required to comply with the 25 percent federal match, which can be in kind or monetary.

20.

Excuse me, 20.

20 percent.

And, currently, ACS preventive-services contracts also require a private share.

SENATOR SAVINO: But, again, if we're cutting the funding; then we're cutting it again, and saying, Go out and make it up, and go negotiate your own health-insurance contracts, I just see this --

this is like a recipe for disaster in some of these communities.

Not others.

Some of these agencies will be able to raise the money on their own. You know, they have, you know, maybe people who were, you know, philanthropists in their community, they're willing to support this.

But, the smaller agencies, my concern is, the smaller agencies are going to disappear. They're not going of be able to compete in this world, and the larger agencies are going to eat them up.

And, I think that's something that we need to be concerned about.

Again, I see Joe chomping at the bit there.

(Off-the-record discussion at the speaker table.)

SARA VECHIOTTI: So, as you know, as we've expressed before, that we did receive a number of proposals that actually exceed our current number of unique sponsors. And, in those proposals, they have discussed how they will meet the 6.7 percent.

And, so, that is a process that is being reviewed now; and, so, we are confident that we will be able to award contracts to sponsors that are

successfully able to meet the 6.7 percent.

SENATOR SAVINO: Without divulging who they are, these unique proposers, you can give me some idea of some of the things that they claim they could do to raise the 6.7?

SARA VECHIOTTI: So, that is something that we cannot talk about, due to the ongoing procurement.

SENATOR SAVINO: Can you give me any idea?

Like, seriously?

Like, somebody must have said they're going to have a bake sale.

[Laughter.]

No?

Nobody has a rich uncle out there?

I just think -- again, you know, I'm trying to be somewhat humorous here.

But, I do think that we're going to -- there's going be a problem here. You're driving up the cost to the agencies, with reduced funding, and demanding higher performance.

I don't see how they're able to accomplish that, and meet the capacity demand.

And, hopefully, I'm wrong. You know, I want -- I'd love to be back here next year, and, you

know, I'm wrong and you're right. But, I'm not betting money on that.

All right, so, we only have -- oh, we only have one more question for you, so you...

The RFP lists capacity in targeted ZIP codes, at 33,407; and, non-targeted, as 1,557.

What was the criteria that you used to determine what's targeted, and non-targeted?

And how do you plan to address the need in the non-targeted ZIP codes?

SARA VECHIOTTI: So, Early Learn NYC invests its limited resources to maintain capacity in the neighborhoods that have the largest number of eligible children for subsidized child care.

In the areas of highest need, which are the targeted ZIP codes, 86 percent of the children eligible are residing in those ZIP codes.

In order to define and assess need, ACS actually used several social indicators to comprehensively assess need, which includes factors, such as:

Concentrations, and numbers of eligible children at or below 200 percent of the federal poverty level; as well as the 100 percent of the federal poverty level.

We also looked at the number of children who are receiving child-welfare services;

And, we also looked at the concentration of housing vouchers for Section 8 and public-assistance housing.

So, those were some of the factors that ACS used to determine community need. And that is how "targeted" and "non-targeted" was determined.

SENATOR SAVINO: Well, uhm, I'm sure you're not going sit around, to listen to all of the people who are going to testify.

I am fully prepared to forward to you guys, copies of the testimony of everyone who is here, present.

But, as you can see, this is a packed room. There are a lot of concerns about this program. Some of them we've discussed here today.

We're going to continue to have that conversation, because, again, the concept of Early Learn may -- you know, is, obviously, a good one. We want better care for children. We want to increase the standards. We want to increase, you know, the experience. We want to increase the number of people who qualify.

I'm just not sure we're going to accomplish

that this way. I think we're actually going to go backwards. And that's a real concern for me.

But, with respect to the other two pieces of the legislation, I agree with you; we need to find ways to make sure that we're not putting children at risk in the informal day-care setting.

By the way, the way to do that is, provide more subsidized day care.

I think children in center-based care is always the best place, because it's just not baby-sitting, as we all know.

I still have serious concerns about the decision made a couple of years ago, to eliminate kindergarten-based -- center-based kindergarten.

I think that was a tremendous mistake in the city of New York.

Something that we'll probably look at, going forward, over the next year.

And, I would be -- I would sincerely hope that your agency would work with me, in support of my legislation that would exempt women on public assistance from participation in workfare, to preserve those day-care slots for working women.

And, we'll talk more about that, going forward, in the future.

And so, now, unless you have any other comments to make, I want to thank you for coming.

I want to thank you for participating, and answering the questions as thoroughly as you have.

And, we're going to move on to our next presenter, which is, Ragland --

SENATE AIDE: (Inaudible comment.)

SENATOR SAVINO: Oh, good.

Thank you.

SARA VECHIOTTI: Thank you.

Thank you for the opportunity.

SENATOR SAVINO: Ragland George, the --

SENATE AIDE: They're going to do it, all of them, together.

SENATOR SAVINO: Okay.

Ragland George, who is the executive director of District Council 1707;

Betty Powell, who is the treasurer of the Head Start Employees, Local 9;

Mabel Everett, president of the Day Care Employees, Local 205;

And, Luz Santiago, the field services director of DC 1707.

Good morning.

RAGLAN GEORGE, JR.: Good morning, Senator.

SENATOR SAVINO: So, who's going to testify first?

Rags?

RAGLAN GEORGE, JR.: Yeah, I guess I'll start off --

SENATOR SAVINO: Ragland George.

RAGLAN GEORGE, JR.: -- seeing I'm outnumbered, you know.

Good morning.

I am grateful to the Standing Committee on Children and Families, and to its members, and to Senator Savino, for holding this timely hearing.

This hearing is timely, because, we sit here today, the Bloomberg Administration is attempting one of the most fraudulent acts against children of working and poor families in the city of New York, and state.

He is rapidly attempting to dismantle the most comprehensive child-care-program system in the nation. No city in this nation comes close to reaching the thousands of children our city educates and cares for in subsidized day-care centers and Head Start centers in the five boroughs.

Advocates for children's rights have

fought huge battles to place our children on the path to success: socialization, and preparation for school-aged educational opportunities.

For some 40 years, we have advanced to provide safe, affordable, and quality education for our children.

And, now, the City of New York, in a single stroke, wants to eliminate 10,000 children from child care, through its so-called "Early Learn" programming; a regressive attempt to place our children from communities in need, and at risk, another step away from quality education.

Early Learn is being conducted without an environmental impact study on testing this outlandish scheme through a pilot program.

For more than a generation, through the efforts of the administration of Mayor John Lindsay, New York City's children have been able to absorb great preschool experiences through the dedication and efforts of the members of Day Care Employees, Local 205; and Head Start Employees, Local 95.

Early Learn is represented by the Bloomberg Administration, the Administration for Children Service, in an anti-child, anti-family, and

union-busting program, that will also stymie community-based organizations who will be forced to pay a levy of nearly 7 percent of their contract allocations to sponsor child-care programs.

These community-based organizations which have been the hallmark of the child-care network in the city will be forced out because they do not have the surplus funding those richer non-for-profit and for-profit corporations have.

The shape and tone of child care will be altered, from one of dedication to children and of -- and their families, to one of seeking profit from families that cannot afford to pay high fees.

We fear that many parents will be forced:

One: Quit real jobs to care for their children;

Two: Work part-time, and not be able to buy the essentials for their families;

Three: Forced to use public services and unemployment insurance as crutches for family support;

Four: Or even become forced to find inadequate, and possibly dangerous, child-care, placing their children at risk, and without even adequate educational experiences.

How many times have we heard of desperate parents across the nation who leave their children in homes or in cars without -- without -- while they attempt to work?

How many more cases will we hear about the New York City's (inaudible) from distressed parents?

The federal government provides some 60 percent of the child-care funding through the Child-Care Development Block Grant and the Community Development Block Grant, which flows through ACS.

The great child-care system would work -- would not work without the dedication of its workers from both locals. Our members have secured all necessary professional educational training, and certificates, mandated by the -- by New York State.

In fact, they meet the same standards that they do in the public schools.

Beside me are two long-time dedicated members who, between them, have more than 70 years of child-care experience.

(Inaudible) retention of these child-care professionals if Early Learn drastic cuts are

enacted.

In a complaint sent to Maria Rosado, the district director of U.S. Department of Labor, District Director of the Wage in our division, the council for District Council 1707 (inaudible) called, cited the Federal Services Contract Act, and said that the City has chosen to follow the lead of the Republican governor of the states, like Wisconsin, Ohio, and Florida, and, conveniently, collected bargaining rights of thousands of employees.

The purpose of this act is to prevent the wage-busting, the practice where competing firms proposed to hire, and actually hire, a predecessor-contractor employees, to reduce wages and benefits in order to be the low bidder in the government services of contract.

The Early Learn requests for proposals, as issued by ACS in April, and became effective in 2012:

It will decrease the number of children and reach subsidized day care, and it will decrease the numbers of subsidized day care;

Compel non-profit community-based day-care centers to contribute thousands of dollars they

cannot fund to maintain centers;

Open subsidized care to corporations, but will raise rates to poor and working families;

Not respect the nation's contract, and lower wages, and possibly lower or eliminate health and pension benefits for almost 7,000 employees;

And, the Early Learn RFP may have a very serious negative effect on the Cultural Institutions Retirement System.

They never took that into consideration, when they understood, when they reduced the rates for some of these centers, they wouldn't be able to pay the pension costs. And those costs will now be borne by them if they reach an unfunded vested liability in these programs.

They would not be able to pay it.

Who's going to pay it?

The City is the one that's funds it, so the City is going to now have to take a look at, maybe, $120 million worth of unfunded vested liability.

And if the other cultural institutions can't, don't, want to go along with this, and absorb these unvested liabilities, then they'll be faced with another $350 million.

So, it's something to take a look at.

Let me explain, and which I just did: Our members have a pension plan under our union contract.

The City placed our members' pensions in the Cultural Institution Retirement System, by constructing the RFP so that it will not fully fund our contract.

The City has put the entire CRS in danger of being severely underfunded.

When they sat here and said that they don't fund these programs, they do.

As part of the -- their RFP that's put in, and they get allotted budget from the City, all of these things are included: the pension, the welfare benefits. All of the things. Days off, vacation days.

All that stuff is included when they sign these contracts; and, so, they can't say that they didn't know about it. They sign them, year to year. Them have to come in and endorse these contracts every year.

And since I've been here, in 20-some-odd years, and it goes back further, 30 years, they've been endorsing these contracts. So, there's nothing new to them.

And if they say that they don't know anything about it, they're not telling you the truth.

I am quite concerned, that if the City of New York does not meet the obligations to members of the pension plan --

I didn't mean that, Bloomberg. I didn't mean that.

[Laughter.]

RAGLAN GEORGE, JR.: Okay.

Okay. He's sending me a signal.

He's sending me a signal.

-- the entire system may collapse, and hold our great art museums and other institutions liable for tens of millions in pension liabilities.

The federal government provides some 60 percent of the City's child-care funding through the Child-Care Development Block Grant and the Community Development Block Grant, which flows through ACS.

The union recently filed a federal lawsuit against the City of New York, the federal district court, to stop the RFP.

We contend that the Early Learn request for a proposal is an unformal attempt by the City to

regulate labor relations, in violations of federal civil-rights statute, because it deprives the union members of the rights to secure rights secured by federal law.

Another insidious part of the Early Learn proposal is the way that certain ZIP codes are removed from entirely -- removed entirely from the funding scheme. Entire ZIP codes will be removed from funding eligibility; removal day-care and Head Start funding from dozens of neighborhoods. Some of these neighborhoods are economically mixed. Some have subsidized housing projects next to high-price condos.

The City must --

Two: The City must keep the fully reimbursed child care as they always have done, and not attempt to fund sponsors on a monthly basis, and will be shortchanged sponsors, and force them to pay our members less than their contractual obligations, which include health care, vacation and sick time, and pensions.

The City must return to the bargaining table with Local 95, and 205, and negotiate fair and equitable contracts with our members.

In order to -- and we haven't had one in

day care in six years -- almost six years.

In order to save money, the City must allow the health-and-welfare funds of the Local 95, and 205, control of the funding -- their health-care -- health funds, which will save the City from redundancy and provide better coverage at lower costs.

The City must not attempt to put the pensions of day-care workers, the members of DC-37, and other members of great cultural institutions of the city, at risk by ending its funding through the Cultural Institutions Retirement System.

We'll owe tens of millions of dollars to guarantee their fiduciary obligations to the remaining members of the pension fund.

Early Learn is a disaster. It will take principle opposition from elected officials, and communities to need religious organizations, and others, to ensure that child care in New York City remains a valid -- a viable alternative.

And I'm here to answer any questions that you might have of me.

And thank you so much for inviting us here.

SENATOR SAVINO: Thank you, Ragland.

Do we want to hear from the two ladies first, or do we want to -- yeah, let's -- okay.

CAROLYN COX: My name is Carolyn Cox, vice president of Local 95, a child-care local.

First, I want to thank you for --

SENATOR SAVINO: Come closer to the microphone.

CAROLYN COX: Okay.

-- I want to give thanks for being invited to express and share my experience, as a parent, as well as a staff person.

As a parent, I had two children to go through Head Start, and a grandchild.

And, during my time in Head Start, as a parent, it gave me an opportunity to -- the opportunity to be a part of the decision-making, being involved in volunteering, which instilled in me to go and continue my education and my studies in education.

And I was able to do that because of the Education Department, at the union level, provided me with tuition reimbursement.

I've been part of Head Start since 1974. And the effectiveness of Head Start is very powerful, because parents, using myself as an experience, will

become empowered to better themselves.

They learn parenting skills. There's so much that Head Start offers to them.

And I have a concern that the Bloomberg Administration, Early Learn RFP, will only shortchange children and parents, by narrowing the preschool education -- educational opportunities in both subsidized day care and Head Start.

The Bloomberg Administration is performing a disservice to the city's future, which is our children.

The Bloomberg Administration wants to eliminate 10,000 children from their ability to register for child-care programs.

The Early Learn proposal wants to eliminate offers of child care to children in so-called "non-targeted ZIP codes," which would not allow poor and working families in financially mixed neighborhoods to obtain child-care services.

Mayor Bloomberg wants to eliminate the Head Start local and the day-care local because he is not interested in working rights, and the right of children, to deal with the dedicated professionals who earn decent wages, health care, and pensions.

While he has doubled his wealth during his recession, he has joined other Republicans who want to harm working families, predominantly females.

And having said that, most of the staff is females. Women of color, generally; and preschoolers who seem like good targets.

And I say that, because, I cannot see Mayor Bloomberg focusing on young children, and to use them as a target for his own benefit.

New York City has the highest rate of unemployment, underemployment, substantial dropout rates, and the high rate of crime, which is caused by the lack of opportunities, and other factors.

Head Start and subsidized day care help our children to become better students, better citizens.

There have -- Mayor Bloomberg has learned -- will -- sorry.

Early Learn will help our children -- will not help or benefit our children, but this is an impossible -- this is impossible, for the dedicated and professional child-care workers are eliminated, and replaced with the revolving door of workers who will not have the best interests of

our children.

As that major -- I have that as a major concern.

I really feel that if something is not broke, don't fix it.

And, saying that, is that, the families across the city of New York depends on child care.

Child care is not a luxury; it's a necessity. They need that.

It's very difficult for parents to have to worry about: How can they get child care? Where can they leave their children in a safe and healthy environment?

I thank you.

SENATOR SAVINO: Thank you, Ms. Cox.

MABEL EVERETT: Good morning.

My name is Mabel Everett, and I too have been in day care since 1974.

I understand what Ms. Cox is saying about Head Start, because I had children in Head Start. And, when day care came into effect, I was doing child care in my home.

When day care came in, it allowed me to have a job.

And I, too, went into day care, and have been

there since then.

I have worked in public day care for more than 30 years.

I am horrified that the Mayor's attempting to dismantle this vital service for working parents without any evidence that the City has realistically planned for these children who will need safe, quality, and affordable child care in the future.

Today, I want to ask why ACS is pursuing the Early Learn procedures service that our day-care service already provides.

I have seen growth in public day-care-based centers in the city for more than 30 years, and I know families who rely on our service.

I know I've seen three generations come through the center since I've been there.

I also know that my members, many of who are women, and women of color, many head of households, rely on the income and their benefits to provide for their families.

We do not want to collect unemployment. We do not want to go on welfare.

We want to work, and service our children, our communities.

We do not want to be unemployed, as well as

making minimum salaries without the benefits, because the Mayor wants to downsize government commitments to working families.

All our teachers in day care, our room teacher, are masters's teachers, with the same requirement that's required of the teachers in the Board of Ed. And, with us, they have to have their degree in early education.

The initial Early Learn concept paper made frequent reference to high-quality programs, enriching environment, and qualified teachers.

Our teachers already there.

Our members and I have always answered the call from the State and City for more qualification and training. No other program matched the level of professionalism and experience that our day-care workers possess.

ACS say these new programs will be funded with the mix of federal child care and Head Start, State universal pre-K, City tax levy, and private dollars.

This union --

Excuse me.

-- has consistently pushed for full utilization of all children-funding services, but

our proposals have been ignored. We have suggested that all City agencies that fund early care education, day care, UPK, Head Start, preschool, special education, et cetera, need to collaborate with one another to ensure that all centers' facilities are fully utilized.

The Mayor has rejected our proposal.

I do not believe that (inaudible) request for proposal is intended to create better service for our children -- for our children.

If that was the goal, then there would be no need for an RFP, because the City has already, has a worldwide-class, quality childhood education system with qualified teachers, and a net worth of ACS subsidized day-care centers, with the well-developed, high-qualification educational system already in place, a request for proposals is unnecessary.

We urge our elected officials and advocates to demand that the Mayor withdraw RFP, and, instead, preserve the high-quality service that we already provide.

Uhm, what I'm saying is, that, many of our teachers, day by day, are now finding that they're concerned about their jobs.

If the Board of Ed is downsizing, and they're cutting teachers, we're the people that has gone to school, been trained, paid their tuition, and can't find a way to pay that.

Many of our parents are concerned about: What are we going to do about quality day care?

We have always, Head Start, is one compliant; day care's another.

And what they're saying, that we're one. And they're already have started implementing it in our centers.

Every day, ACS is coming there, telling us that we have to do this, we have to do that. They want to see that the services is met.

We've been doing that all along.

When the Health Department came in, and put the changes in, we met it.

Our assistant teachers, our aides, we are there, we are ready.

But, for them to take our benefits away from us, and they're going pay somebody with a masters's degree less than (inaudible), where are we going?

And I had -- I said it; I did a thing called "college zone." And we had did something with young

people, and future of education.

Many of the high school, and junior high schools, said: I don't want to be a teacher. There's no jobs.

What are we telling our young people?

Thank you.

SENATOR SAVINO: Thank you.

A couple of questions, because this didn't come up when the Commissioner's Office was here; something I hadn't been aware of.

Prior to the -- prior to this new process, where the RFP was developed and sent out, the awarding of contracts for day care was done through the negotiated acquisition process?

RAGLAN GEORGE, JR.: No.

SENATOR SAVINO: No?

So how did they determine who would get a contract to provide day care?

RAGLAN GEORGE, JR.: I don't know how they did it, but, they didn't talk to the union, they didn't talk to anybody that was involved.

SENATOR SAVINO: Maybe I can ask; when some of the agencies come up, they can explain it to me.

Because, there are different ways for the City to let a contract out.

One, of course, is through the competitive-bidding process. And that's --

And then, the other thing, is negotiated acquisition.

Negotiated acquisition is generally used when there's a -- like, for instance, it's an emergency.

There's a water-main break, and there's only one company in the state that -- in the city that can do this work immediately.

So, you don't have to do an RFP. You would just hire them, and do it.

RAGLAN GEORGE, JR.: What would be the responses here?

THOMAS MURRAY: Hi, Senator Savino.

My name's Thomas Murray. I'm general counsel for District Council 1707.

I think you're correct; generally, the City would just find -- they would often find other sponsors, and have a -- as you said, a negotiated acquisition.

SENATOR SAVINO: Uh-huh.

THOMAS MURRAY: And, in fact, there's even an example of the City implementing Early Learn without an RFP.

Last year, the -- there was a day-care center

that was -- sort of, the board was non-functional -- called "United Community of Williamsburg."

Close by was a large Head Start agency, with multiple locations, called "Bush Work United Head Start."

The lease on one of their programs is going to be increasing by 110 percent; something like that.

The executive director of that agency happened to be on the board of the United Community of Williamsburg Day Care.

What the -- so, ACS went to Bush Work United, and said: Look, why don't you take over this program. It's only a couple blocks -- or, a block or two from your site where you're going to lose the lease, because it's too expensive.

And that's what they did; United Community went out of -- you know, ceased to exist.

It was a couple-month progress. There was lots of meetings between Bush Work United and -- and officials of ACS.

They integrated the two programs, and they even told them, this is going to be our model for Early Learn.

So the idea that there has to be, or had to

be, an RFP is a -- it's really a misnomer.

I mean -- in fact, the idea that this is a legitimate request for proposal, is a misnomer, because the City is setting the rates. It's not saying, you know, typical request for proposal says: This is the service we want. How much can you do it for?

SENATOR SAVINO: Uh-huh.

THOMAS MURRAY: What they're saying is: This is the service we want, and this is what we're going to pay you for it.

So it's not really a request for proposal, as would be understood under the laws of New York.

SENATOR SAVINO: Why do you think they're doing it this way, then?

THOMAS MURRAY: I think you heard the answer from the prior speaker.

They didn't like the way health care was being delivered. They wanted the benefits of our unions, our locals, to mirror, more likely, the City unions.

I think it's -- that's, really, you know -- you know, we've had multiple meetings over the years with the City; the City officials.

We've always met, particularly with day care,

to negotiate the contracts.

Particularly, officials from the Office of Management and Budget were particularly hostile to the union.

You know, in 2008, the City wanted to take our members out of Central Insurance Program, and put them in the state-federal -- State Family Health Plus.

And that's what they told us.

And the -- and our employee -- our members who fell below a certain level, the City wanted to put them into Medicaid.

SENATOR SAVINO: Six of one, half dozen of the other.

RAGLAN GEORGE, JR.: Right.

THOMAS MURRAY: Right. They wanted to shift the costs to the state.

For a variety of reasons, that didn't happen. It wasn't -- it wasn't feasible for the -- for our members, or any employers. The State just didn't get the program ready for employers to go into Family Health Plus.

We had proposed then, that the City, that allowed the union Taft Hartley plans, to take over the health benefit. In fact, that's something we've

proposed for many years.

In the course of the meetings, it came out -- and this is something we knew was likely, we had made Information Requests -- and the City came up with a number of people they were paying health insurance for, through Central Insurance and day care, that was 1,700 more people that was -- than were, in fact, in the system, because the union Benefit-Management Trust Funds also provided supplemental benefits.

So, we build the centers directly, we have very accurate -- we -- you know, we have very accurate numbers for the amount of people getting -- that should be getting health insurance.

The figures the City gave us, that particular, at one of the meetings, was 1,700 more people.

We did a quick calculation. That's, like, probably, 7 million-or-more dollars a year that the City's just --

RAGLAN GEORGE, JR.: Wasting.

THOMAS MURRAY: -- you know, wasting.

SENATOR SAVINO: These are people they're covering, that are no longer actually eligible?

THOMAS MURRAY: Right.

I mean, we had had instances, over the years, where -- I can think of one in particular.

One of the members of the Local 95 board got contacted by someone who had left the employ of the agency seven years earlier, and went on to new -- another job. Then he went to retire, couldn't get Medicare, because he was still on Central Insurance, seven years after he left the system.

It's just very inefficient.

So, the -- you know, we proposed taking it over. We proposed accepting the same premium that the City paid for -- for the municipal employees, the Municipal Labor Council.

We had gotten commitments from the (inaudible) from HIP, to provide the same benefit.

So, the idea that we were somehow gaming the system to get these Cadillac benefits is really a misnomer.

But the City, I think, just -- you know, they don't want to have to deal with the union.

I think that's major.

SENATOR SAVINO: Perhaps that's an issue that can be revisited with the City.

You -- Rags, you said that you -- your

contract is six years overdue?

RAGLAN GEORGE, JR.: Just about.

SENATOR SAVINO: When -- refresh my memory.

You don't negotiate directly with the agencies? You negotiate with the City, and the City represents the agencies at the bargaining table?

Is that how it works?

I don't remember anymore.

RAGLAN GEORGE, JR.: The agency sets up a sponsoring-board council --

SENATOR SAVINO: Okay, move the -- you have to speak into the mic.

RAGLAN GEORGE, JR.: -- sponsoring-board council that we negotiate with.

Once we complete our end -- and, now, in recent years, we didn't have to go to them because they were sitting at the table. The City was sitting at the table. The Department of Labor Relations, and folks from the City, OMB, everybody's at the table.

But we normally negotiate with the sponsoring-board councils. And when we come to an agreement, they take it back to the City to have it approved.

But now we don't have to do that, because

everybody's sitting at the table, and it's just about done, if we ever get to do it.

They have opted not come to the table and complete our negotiations; and, so, we've been operating under the old contract, that we keep carrying forward, and that's what we've been doing.

SENATOR SAVINO: And in your experience --

You've been around a long time now; right?

RAGLAN GEORGE, JR.: Yeah, too long. I'm getting too old.

SENATOR SAVINO: -- when you finally get around to negotiating a contract, it generally mirrors whatever the pattern that was in place by the municipal workforce?

RAGLAN GEORGE, JR.: Yes, we do.

SENATOR SAVINO: And, so, what I'm curious, and you may not know the answer to this, and it'll be a question I'm going submit to the agency: When they determine the cost of care, which is supposed to reflect, I think, the cost of salaries and benefits, to the extent that you can determine them, is there any -- is there any indication that that increased cost of care would reflect, what the most likely scenario will be, is that, you are going to receive the same pattern that DC 37, and the rest of

the municipal workforce, got, which I think was 4-and-4 in their last contract.

RAGLAN GEORGE, JR.: Exactly.

Exactly. They always do.

Not unless there's an abundance of money that was dumped on us, which we never have had done.

SENATOR SAVINO: That's a --

RAGLAN GEORGE, JR.: But we would normally go along with that pattern. And --

SENATOR SAVINO: That's a question I'm going submit to them.

And the -- the other issue that of -- is a real concern now, that's been raised, is the issue of your pensions, and underfunding them.

Uhm, I'm going to have to get some clarity on that; how the -- how ACS, or the City of New York, is prepared to deal with that issue.

Because, at the end of the day, we'll pay one way or the other, but, the State of New York is going to wind up absorbing the cost --

RAGLAN GEORGE, JR.: Well, you know --

SENATOR SAVINO: -- which would be a real problem.

RAGLAN GEORGE, JR.: -- I guess I'm more privy to a lot of this stuff, because we have

trustees, both, through the welfare fund, and to the CIRS, of which I am a part of. I'm a trustee.

And, so, I know the problem has been raised, and it's a major concern. And -- and it's got to be. I don't see how the City is going to turn its back and walk away from that. They can't.

They can't.

And, so, that's where we are.

I don't think the City, when it does whatever it does, and who sits down and thinks of these things to do, never takes into consideration all the aspects of what happens when you do that; like: Make cuts to child care. Make cuts to programs. Eliminate day-care, child-care centers, in communities of need.

What happens when these workers can't go to work, and when they come back to the City and ask for the -- to be dependent on the City, to help them out.

I mean, they don't understand that the cost to the City goes up, it doesn't go down.

SENATOR SAVINO: Uh-huh.

RAGLAN GEORGE, JR.: It goes up.

But these -- these folks who are, I guess, the brain trust of the City -- which is not too

smart, because they don't seem to come up with the right answers for the right situations -- seem that they're trying to appease a mayor that doesn't care about unions, doesn't care about people.

And that's what it is.

That's just my opinion.

SENATOR SAVINO: You're entitled to yours, yes.

THOMAS MURRAY: Okay, now, I just wanted to go back to the last question you asked, and the assumptions that the City is making, as far as, you know, what to pay -- what employees will be paid.

They testified here, and they've said in the past, that they took the City -- you know, the collective-bargaining agreements into account, not necessarily the -- the cost of health insurance.

So, I just wanted to make two points.

One: The City sent out a number of addendums to the request for proposal.

In one of those addendums, they told prospective contractors that they had to be prepared, at a minimum, to comply with the living wage -- the City Council-passed Living Wage Act; which means, you have to pay at least $10 an hour. And if you don't provide health insurance, you have

to pay, additional, $1.50 an hour.

SENATOR SAVINO: What?

THOMAS MURRAY: That's what they told them in the addendum to the RFP.

We think that was meant, because the City, it seems, who has made a big push to attract for-profit providers here. So, I guess that's where the profit will come.

They don't pay the employees the collectively bargained wages.

They don't have a union. They just pay the minimum -- you know, they don't pay health benefits. They pay the minimum amount under the Living Wage Law.

SENATOR SAVINO: That would be for agencies that don't have a collective-bargaining agreement.

THOMAS MURRAY: That's right.

Right.

SENATOR SAVINO: And, that's assuming the Living Wage Bill is passed by the City Council, signed by the Mayor, vetoed, and overridden by the City Council.

That's a pretty big assumption.

THOMAS MURRAY: Well, I guess they would just, really, have to pay the federal minimum wage.

SENATOR SAVINO: Yeah, minimum wage.

THOMAS MURRAY: The second point I wanted to make --

SENATOR SAVINO: But, again, it's counterproductive to the idea that you're going to improve the quality of care and the standards of the employees and the educational standards, and, be able to recruit and retain people.

So, I --

THOMAS MURRAY: And the second part I wanted to --

SENATOR SAVINO: -- I question their ability to pull that one off.

THOMAS MURRAY: -- one of the consultants for our benefit fund, who had looked at the RFP, he determined that the actual amount that they put in for health insurance, is just enough to cover the penalty employers will have to pay under President Obama's Health Reform Act, if they don't provide health insurance.

So, that's the amount of funding that appears to be in the RFP for health insurance.

SENATOR SAVINO: One question, and then we'll move on, because we have a lot of people here.

You had mentioned that, at one point in

negotiations with the -- ACS in the past, there was some discussion about moving your members to Family Health Plus and/or strict Medicaid.

The -- the concern I would have with that is, Family Health Plus is Medicaid; it's just dressed up in a fancy package. But, that's what it is. That's what funds it.

But there are income limitations on it. And I think we -- in the State Legislature, we increased the threshold to families earning up to $80,000 a year, a family of four.

What's the average salary in -- of your members?

The highest educated, the highest paid?

RAGLAN GEORGE, JR.: We have --

MABEL EVERETT: 40.

RAGLAN GEORGE, JR.: No, no --

THOMAS MURRAY: 40.

In Head Start, it's, like, 45,000, for a masters's-degree teacher.

SENATOR SAVINO: Really?

THOMAS MURRAY: That's the highest.

So, about --

MABEL EVERETT: About 35.

RAGLAN GEORGE, JR.: 35.

MABEL EVERETT: 35, for the master's teacher.

THOMAS MURRAY: -- they're -- yeah, day-care is more like, 35.

You know, you have part-time custodian, part-time teachers' aides, who probably make 20,000 --

SENATOR SAVINO: So no one's going to over the -- the concern -- I was kind of concerned that, perhaps, people might go over --

THOMAS MURRAY: No, no, no.

SENATOR SAVINO: -- the income cap; and, then, what would what happen to them?

But that's a legitimate question: If you were to move to that model, and you had employees who went over the eligibility, what would happen to them?

Would they lose their health insurance?

I'm -- that would be a major concern.

And you might wind up having to have a coverage, a -- an insurance policy, for those employees. And a different policy for the administrators.

It would probably be a mess.

I think it's best to keep everybody in one.

But, in any event, thank you.

Thank you for your testimony.

Thank you for --

RAGLAN GEORGE, JR.: Thank you for having us.

SENATOR SAVINO: -- for your comments.

And, you brought up a couple of more questions, which I'm going to forward to the agency, and maybe they'll be able to answer them for me.

Coming up next is --

Who?

SENATE AIDE: Linda Manley.

SENATOR SAVINO: -- Linda Manley, for the Lawyers Alliance for New York.

And, then, followed by Linda, is --

Is it, Ken?

Oh, I thought that Ken Popler was going to go next.

SENATE AIDE 2: (Inaudible.)

SENATOR SAVINO: Okay.

So, Linda Manley;

And following Linda will be, Don Friedman, from the Empire Justice Center;

And, then, Ken Popler, from the Staten Island.

All right, just for brevity, you don't need to read the whole testimony.

LINDA MANLEY: I will not. I promise.

SENATOR SAVINO: [Laughter.]

Thank you.

LINDA MANLEY: I will catch you up, or at least for my 10 minutes.

SENATOR SAVINO: Thank you.

LINDA MANLEY: Good morning, Senator Savino.

My name is Linda Manley, and I'm legal director for The Lawyers Alliance for New York.

The Lawyers Alliance is an non-profit organization whose mission it is to provide high-quality business-law services to community-based non-profit organizations working in New York City's low-income communities.

For over 20 years, Lawyers Alliance has had an active practice representing child-care centers, Head Start programs, and family child-care networks.

And I've had the pleasure of doing that work for the 14 years that I've been at Lawyers Alliance.

We commend the Committee for devoting such a substantial amount of time to the issues of early childhood education, which I think all of us in the room recognize is a vital social service provided by

the City and the State.

You'll heard today from many passionate experts and advocates about the elements of quality early childhood education, and it will help the Committee to quantify the need for that care.

Lawyers Alliance's focus is on organizational stability. Without quality child-care providers there cannot be quality care.

And we firmly believe that certain elements of Early Learn jeopardize the ability of non-profit organizations to continue to deliver early childhood education.

As your conversation, Senator, with the Administration for Children Services, and the union officials, recognized earlier, there are certain components of Early Learn that jeopardize organizational stability.

First, is the use of universal pre-kindergarten funds, which I think would be a significant importance to this Committee.

As I understand it, in 2007, Administration for Children Services and the New York City Department for Education began to collaborate on universal pre-kindergarten, and DOE delegated to ACS, the ability to contract universal

pre-kindergarten slots.

From 2007, to the Early Learn RFP, we've seen a shrinkage of dollars coming into providers to provide this combined early childhood care, both child care and universal pre-kindergarten.

And in Early Learn, that even goes a step further, since ACS is now mandating that all child-care providers enroll 4-year-olds in UPK.

The net result, at the provider level, is a loss of funding, and an increase in regulatory compliance.

Now, they must comply with both universal pre-kindergarten and child-care requirements, then they have to dual report; all for a net loss of funding.

And I think, while the Administration for Children Services may not take an administrative fee to fund UPK, or to process UPK, as the Committee asked, as I understand what's happening, is, the City's contribution of tax-levy dollars is being shrunk, and universal pre-kindergarten dollars are being used to help fill that gap.

So, there is a total loss of funding.

The second issue relates to employee-related expenses.

You've spent a great deal of time today on health insurance, so let me just add this perspective:

As counsel to the non-profit organizations, during the economic downturn, Lawyers Alliance has spent a significant amount of time helping employers to look at alternatives, lowering overall benefit expenses, allowing for employee contribution to health insurance.

I think what distinguishes the child-care community from that of other non-profit organizations, is the fact that the majority of providers are collectively bargained, so that the child-care providers really don't have a great deal of flexibility in how they handle the health-care expense.

And I certainly share the concern that you raised earlier, Senator, that these providers just don't have the buying power that the City does.

So, even if you were to allow the providers to buy in, to purchase from the City at their actual cost, the health-care insurance that's currently being provided, you're, probably, will have a net savings of money than if these providers go out into the marketplace independently.

The third concern is that of successor-in-interest liability.

And you've touched on the City directly owned and leased sites.

The RFP provides that new -- it is possible that, under the RFP, new providers will be assuming the operations of City-leased spaces.

And, the Administration for Children Services has taken the position that there is no successor-in-interest liability; meaning, new providers coming in will not have to pay the expenses that prior providers were not able to pay: Creditors. The landlord. Perhaps unpaid benefits; health benefits, and pension contributions.

In order to make that true, those relationships have to be very, very carefully structured.

And it's not clear to us, that under Early Learn, that's been done appropriately.

Those are the concerns that I wanted to raise with the Committee this morning.

Unless there are questions, you have our written testimony, and -- with our contact information. And we're happy to provide any

additional information.

SENATOR SAVINO: Thank you.

I just want to go back to the issue of UPK.

UPK, right now, I mean, it's pretty clear to me why they want to merge the funding streams; because, it allows them to reduce their portion of the commitment to day care, and backfill it with federal money --

LINDA MANLEY: Absolutely.

SENATOR SAVINO: -- and state money from UPK.

But, UPK only covers 2 1/2 hours a day; right?

LINDA MANLEY: Right.

SENATOR SAVINO: That's it.

So, essentially, the City's reducing what they're paying, backfilling it.

But, the requirements for UPK are much higher, aren't they?

LINDA MANLEY: They are higher.

SENATOR SAVINO: Base limitations --

LINDA MANLEY: Base limit --

SENATOR SAVINO: -- based on educational requirements on the staff that works there?

LINDA MANLEY: Yes.

SENATOR SAVINO: And what happens if the

agency can't meet it?

LINDA MANLEY: Then they'll be in breach of their contract, and subject to revocation by the City.

SENATOR SAVINO: Hmm.

Hmm.

So, we're reducing funding. We're requiring you to come up with another, almost, 7 percent, uhm --

LINDA MANLEY: Contribution.

SENATOR SAVINO: -- on your own.

We still don't know how.

We're forcing you to negotiate your health-insurance contracts, on your own.

We're increasing the demand, the requirements, the educational requirements of the staff, with less money.

In the end, I -- I don't see how this is going -- I really don't see how they're going to accomplish this.

I think -- here's my real concern --

And, you know, I wish the agency was still here.

I don't know if the Mayor's Office is here.

-- I see a direction that we're heading in,

which is taking us back 20 years. Back to the informal, unregulated day-care settings; where desperate working women will take that happy little voucher, and go out and pay their next-door neighbor, or the woman who lives down the hall, et cetera.

We -- after all of this time, we know, that early childhood education, early intervention, makes the difference for children, UPK, just -- it just seems like we're just going backwards here, all in an effort to chase that, you know, shrinking dollar, instead of working together to increase day-care funding --

LINDA MANLEY: And, Senator --

SENATOR SAVINO: -- which is, again, it's what makes work pay. You know, you gotta keep people in the workforce.

And one of the things working women need, really depend upon, is access to quality, subsidized day care.

LINDA MANLEY: We absolutely agree.

The only additional concern I would add, is that, where you have multi-service organizations that are providing a wide range of social services in the communities that we recognize are absolutely

vital, these non-profit organizations are going to struggle to try and continue to provide quality child care, because that's part of their mission.

Perhaps at the expense of other programs, they're going to take other unrestricted dollars to help plug the hole.

Or, we're going to start to lose some of the real cornerstone organizations of our communities, because they just can't struggle under all of the additional burdens that are being added.

So, in addition to a loss of quality child care, we're going to start to see, you know, very significant non-profit organizations, that we rely on to provide a wide range of social services, crumble under the weight of the obligations.

SENATOR SAVINO: And that's my concern, too: The smaller agencies are going to suffer.

The larger agencies will always be able to operate.

And that's -- that's the real shame in this.

And, you know, there's one -- there's another issue that, you know, is very clear to me, and I don't know if anyone else has really come to the same conclusion, but, all of these cuts, whether they're in day care, whether they're in, you know,

early childhood, whether they're in mental-health services -- wherever they happen to be -- they are falling disproportionately on women.

Women are getting murdered in these budgets. And most of the unemployment, as a result of these budget cuts, are falling in programs where women are, overwhelmingly, the -- you know, the staff.

So, that's another issue that we're going to try and focus on, going forward; is, kind of connecting all of the dots on this stuff.

But I want to thank you for your testimony.

LINDA MANLEY: Thank you, Senator.

Thank you.

SENATOR SAVINO: And our next presenter is, Don Friedman, from the Empire Justice Center.

That's a lot of stuff you've got there, Don.

Oh, look, we have pictures too.

[Laughter.]

Again, you don't have to read the whole testimony. If you want to --

DON FRIEDMAN: I won't.

SENATOR SAVINO: -- hit us with some highlights, and then -- or if there are some things that you think I need to focus on with my next interaction with the agency.

DON FRIEDMAN: Okay, I'll try to do that.

Thanks for this opportunity to discuss this issue.

I'm Don Friedman. I'm at the Long Island office of the Empire Justice Center.

I'm presenting testimony that I have prepared, with Susan Antose (ph.) in our Albany office, who's unable to make it here today.

Empire Justice works to protect and enhance legal rights of low-income New Yorkers in a variety of areas, including social services and child care.

I hope you'll bear with, uhm, something of a non-New York City perspective here.

Although, I do live in Brooklyn.

SENATOR SAVINO: Okay.

[Laughter.]

DON FRIEDMAN: It goes without saying that high-quality child care is critical to the well-being of children and families, so I won't elaborate.

The first key point that I would like to make, is that New York needs a comprehensive and consistent child-care policy.

Whether a family receives child care, and the amount of the benefit may well depend, in New York,

on where they live; where the family lives.

Each of the 58 social-services districts in the state determine their local subsidy levels and eligibility rules.

The child-care rules -- for instance, parental co-pays, how children's income is budgeted, et cetera -- depend, very dramatically, from county to county.

The rules affecting providers, such as rules on payment to providers for child absences, are locally decided, and subject to change with minimal notice, making it difficult for providers to make plans, and to hire and retain staff.

Two of my colleagues have --

And this is part of the reason for the size of the package that you have there.

Two of my colleagues, Susan Antose and Simon Achtar (ph.), have written a report, which is attached, providing much of the detail, that I won't go into today.

That report is: "Mending the Patchwork: A report examining county-by-county disparities in child-care subsidy administration in New York State."

Let me just touch on a couple of key points.

First, the current system regarding parent fees is inequitable, and we believe it violates the Social Services Law.

New York allows each district to set its own co-pay, and the result is a highly inequitable system.

The complicated fee formula is explained in our full written testimony, but, as an example: A family in one county may be charged as much as 17 1/2 percent of the gross income for child care, while a comparable family in a nearby county must pay only 5 percent of their gross income.

And counties can change these rules by simply amending their plans, with minimal notice. Co-pays, and even the basic rules for child-care eligibility, may be changed at any time.

The Social Services Law requires that parental co-pays be based on ability to pay, and that the co-pay rules ensure access to child care that is equal to that of children who are not financially eligible for subsidies.

Clearly, the current co-pay system fails to comply with this law.

We recommend several legislative changes to address this.

First, and most important: The Legislature should direct OCFS to immediately work on a statewide fee schedule that is truly based on a family's ability to pay.

Until such a statewide fee is adopted, we would recommend that the cap -- that they cap the maximum payment, co-pay, at 12 percent of gross income. And until there's a statewide standard, reduce the percentage, annually, by 1 point.

In addition, all districts should be required to describe their compliance with the Public Comment Rules before OCFS approves the change in the district's co-pay.

Next: The Social Services Law should be amended to be require that affected parents be given at least 60-days notice of changes that may affect their eligibility for a child-care subsidy.

The current 10-day-notice requirement doesn't allow parents enough time to make alternative arrangements in the event that there's a significant change.

There's a 2010 bill, sponsored by Senator Montgomery and Assemblymember Peoples-Stokes, that propose a cost-effective advanced-notice provision, and we

hope that that will be reintroduced this session.

Next, a word about equal access for families with teens: In determining a family's eligibility for a child-care subsidy, districts have different rulable about how to budget the income of teenagers.

Families with older teens may or may not be eligible for child care, depending on the local rules for counting the teens and income they may have.

We want the budgeting rules to be uniform throughout the state.

For starters, the Legislature should pass your and Assemblymember Jaffee's bill, which provides for uniform budgeting rules.

SENATOR SAVINO: I agree.

DON FRIEDMAN: Since it's your bill, I won't elaborate.

The last topic I'll talk about, just for a couple of minutes, is about funding.

As you know, New York State's Child-Care Development Block Grant is primarily composed of funds from the federal Child-Care Development Fund, and the TANF Block Grant.

In recent years, New York supplemented its child-care funds with the -- with American Recovery

and Reinvestment Act funds. The "ARRA" funds.

The loss of the ARRA funds reduced total funding for 2011-'12 by nearly $43 million across the state.

Child-care funding for 2012-'13 will be further reduced as a result of Congress's elimination of the federal TANF Emergency Contingency fund.

In New York, the loss of these funds will cut at least 37 million more from child-care funding.

Prior funding losses have already resulted in significant hardship for many low-income working families.

Looking Upstate, Albany County imposed a moratorium on applications, beginning in April of 2010, and lasting over a year.

Columbia and Oneida Counties stopped taking applications in November.

Erie County lowered its eligibility level, from 200 percent of poverty, to 125 percent, as of March 2010, leaving 1,100 children without care.

Monroe County lowered eligibility to 165 percent of poverty. Eligibility there had once been as high as 275 percent of poverty.

And the list goes on.

So what's needed?

The State must work -- work must be done to find a permanent funding stream for child care.

Empire Justice supports the Winning Beginning position, uhm asking for $37 million to replace the lost TANF contingency funds, and additional 10 percent, over the total block grant.

And, here's something else I won't go into in detail: We have a proposal to protect child-care funding for families with jobs.

You've already discussed it, and you're a co-sponsor.

SENATOR SAVINO: I am the sponsor.

DON FRIEDMAN: I'm sorry.

You're the sponsor.

And we know there are two bills out there:

One that would exempt parents with children under the age of 2, another one would exempt parents with children under the age of 1, from the welfare work requirements.

And, that would allow counties and districts to redirect the money to families who are already employed, and really are at risk of losing their employment if they can't retain the child care.

We conserve -- we conservatively estimate

that the two-year exemption would make $44.2 million available for child care for working parents; and, the one-year bill would redirect about 16.4 million.

Twenty-five states provide the exemption for households with children under 1 or 2 years old.

In conclusion: It would increase the economic stability of low-income working families, as well as that of child providers themselves, if our state established statewide standards to the rules of its child-care subsidiary program.

And, to keep low-income New Yorkers working, the Legislature must continue to support child care for working families.

This can be done by restoring $37 million in lost TANF funding, and by redirecting some welfare-work-program funds to child care for employed low-income New Yorkers.

We urge the Legislature to strengthen New York's Child-Care Block Grant, so that it serves all children of working New Yorkers on a fair and equitable basis.

SENATOR SAVINO: Thank you, Don.

There is one thing that you can help me with.

As we know, most of the budget, essentially, was completed the other day, when the Legislature

met recently.

And we took --

Oh, we're being joined by Senator Montgomery.

(Senator Velmanette Montgomery joins the hearing.)

SENATOR SAVINO: Thank you.

-- when we met last week, and we took up the tax-restructuring package. So, a lot of the numbers have been plugged in already.

But there are a lot of unknown variables: One of them being -- in the social-service budget; one of them being around day care, and expanding it.

Good morning, Dominick.

So, what would be helpful, is, if the Empire Justice Center, and anyone else in this room, would please contact the Division of Budget, and tell them to include in the budget, my bill that would exempt women on public assistance, so that we can preserve the day-care slots, which are shrinking every day for working women.

And it can be couched in exactly the way that the Governor wants to hear it right now: It's about economic development.

You cannot have job creation without access to quality, subsidized day care.

Oh, I see Councilwoman Tish James is in the back, there.

So, you can help me with that.

DON FRIEDMAN: We've done it, and we will do it again.

SENATOR SAVINO: Excellent.

Thank you.

DON FRIEDMAN: Thanks a lot.

SENATOR SAVINO: All right, so, next up -- next up is, Ken Popler, who is the president, and chief executive officer, of the Staten Island Mental Health Society.

Good morning, Ken.

KENNETH POPLER: Good morning, Senator.

Good morning, Senator Savino, Senator Montgomery, Committee staff.

We're very grateful, Senator, that you had this hearing today, to hear from ACS, and to pose questions to them.

My name is Ken Popler. I'm the president and CEO of Staten Island Mental Health Society.

We are a Staten Island-based children's services agency, that, among our various services, provides three Head Start preschool centers, and one day-care center for preschoolers, who are from

economically disadvantaged Staten Island families.

We operate these four separate program sites that serve 342 children at any one time.

For the fiscal year that ended on June 30, 2011, we provided services to 700 unduplicated children and their families.

We've been a provider of children's preschool services since 1895. That's two years before Staten Island became part of the consolidated New York City.

Our Port Richmond day nursery was started and funded by volunteer women in that community.

For the past 16 years, the center has been located in the New York City Mariner's Harbor housing complex on Staten Island.

Our Head Start centers date back to July 1965, when, quote, Project Head Start was created by President Johnson.

We were part of that original first summer, quote, experiment.

Our original site is still operating in the New York City Berry Houses Complex in Dongan Hills, which is not in an ACS priority ZIP code.

All of these services, and hundreds of others provided by our sister agencies throughout

New York City, will end on October 1st, as we heard this morning, when the City launches its Early Learn project.

On that day, New York City ACS will close down all Head Start and child-care centers within the city that it funds.

This will be a sad day indeed.

On that day, New York City ACS will reduce the slots that it funds by 31 -- 37.1 percent, and, will supplant the New York City tax-levy funding by replacing such funding with the federal Head Start grants.

Regarding the reduction, for example, on Staten Island, there are, currently, about 500 center-based Head Start and day-care slots around the Island, including 342 operated by our organization.

According to the RFP for Early Learn, issued by ACS, the final award for Staten Island providers and families needing services will be for 240 slots to serve preschoolers.

That's a 50 percent reduction from children currently receiving services on the Island.

For the other four boroughs, the statistics are similar with the 37.1 reduction of currently

operating slots.

Just permit me to briefly go back in time, and review why preschool services make sense.

46 years ago, the federal government launched an experimental program: Project Head Start.

It was a component of President Lyndon Johnson's "War on Poverty."

Head Start was designed to help to break the cycle of poverty by providing preschool children of low-income families a free comprehensive program that would meet, not only their educational needs, but their emotional, social, health, nutritional, and psychological needs as well.

That summer in 1965, our organization, Staten Island Mental Health Society, opened the first, quote, temporary Head Start center, among the first in the country, in the Berry Houses, where it still is.

This program proved so exceptional, that it was specifically cited for commendation by the President during his speech in the White House Rose Garden on August 31, 2000 -- 1965.

During that same speech, the President announced that Project Head Start would be permanently funded by the federal government.

Numerous national studies have shown that children who have attended a preschool with high-caliber evidence -- with a high-caliber evidence-based curriculum do better in elementary grades than their peers who did not have a preschool experience.

According to Dr. Edward Zigler, of Yale University, who was one of the founders of the Head Start Program in the United States, quote:

"Head Start does more than child care, even high-quality child care, aspires to do.

"Head Start makes sure that poor children get medical and dental care, helps their families gain access to social services, offers volunteer and paid employment to parents, involves parents in governance, serves nutritious meals, provides intellectual stimulation, and above all, helps children develop the social competence necessary to succeed in school."

Dr. Zigler continues:

"A study by Dr. Steven Barnett, published in 1995 by the Packard Foundation, found overwhelming evidence that large-scale public programs, including Head Start, result in educational gains.

"Years later, disadvantaged children who participated in a preschool program were less likely than their peers to repeat a grade or use special education.

"The longest-term evidence of effectiveness of Head Start, and similar high-quality child-care programs, was carried out by Dr. David Weikart and his colleagues in Ypsilanti, Michigan, Preschool Curriculum Developmental Project" -- "Demonstration Project, 1978."

These were all very famous studies.

"According to the authors in an article published in 'The American Psychologist,' the longest-term evidence of effectiveness is based on data collected in 1980.

"By that time, children were old enough to have completed high school. In each case, the program group had higher high school completion rates. There was a 15 percent difference in high school completion rates.

"These effects were matched by evidence of higher occupational aspirations and expectations among children and their parents.

"In view of the numerous other influences on children's progress during the intervening, or dozen

or more years, the discovery of significant effects on these measures seem, on the very face of it, fairly convincing that early intervention makes a lasting impact, at least until the end of schooling."

Unquote, Dr. Weikart.

Psychologists, again, studied children, now young adults, when they reached their 19 -- "they reached 19 years of age.

Dr. Weikart and his colleagues found significant effect of preschool unemployment rates. 59 percent of the preschool group was employed, compared with 32 percent of matched controls.

Other research by Dr. Weikart has demonstrated significant decreases on the levels of juvenile crime and arrests, as well as the rates of teenage pregnancy.

These are real-life measures that fulfill President Johnson's dream, that, quote, "No American child shall be condemned to failure by the accident of his birth."

In the 46 years since it was launched, Project Head -- the Head Start, quote, experiment evolved into the premiere -- a premiere preschool model that has replicated through the nation, and

other countries.

It's forward-looking, optimistic, evidence-based curricula have earned it accolades from educators, child-care and mental-health professionals, and perhaps, most importantly, from the parents.

More than 900,000 children are enrolled today in Head Start programs across the country.

On Staten Island, the Staten Island Mental Health Head Start, and our day-care center, the Port Richmond day nursery, provide 18 full-day classrooms, in 4 centers, that accommodate approximately 700 children, annually, between the ages of 3 and 5.

At each Staten Island center, children experience the first-rate academic, social, and emotional preschool environments.

Along with the academic and social development, the Staten Island Mental Health Society Head Start, like our sister programs around the city, provide each child with health-care plan -- with a health-care plan that includes medical and dental services, as well as, on-site speech therapy; psychological counseling, if needed. Healthful breakfasts, lunches, and snacks satisfy the

children's nutritional appetites, and perk up their appetites for learning.

Fulfilling one of the missions of Head Start, the programs are a cornerstone for parental involvement.

The Head Start philosophy recognizes that parents are the most important influence on their child's development.

And within the parameters of a child's preschool education, caregivers are invited to become full partners in program planning and activities.

The parents review and approve the budget and hiring, have an equal voice in the overall Head Start decision-making.

Assisting parents outside of the classrooms is another goal.

Parent workshops and classes run the gamut, from child development, to career development, covering topics as diverse as, how to prepare nutritious meals, how to prepare a resume, fatherhood, healthy marriage and family initiatives, adult education, health education, English as a second language, and job readiness, are included.

Parents, as volunteers, participate in all

aspects of our preschool centers. As trained volunteers, parents gain valuable pre-work experience. They are first in line when an entry-level job becomes available.

Through the years of our sponsorship -- through the years of our sponsorship, scores of volunteers have been trained, and become valuable long-term employees; turning poverty into employability, with health-care benefits for their families, with pensions, and with dignity.

In conclusion: Quality Head Start and quality day care produce a quality experience that imparts enduring, positive life-time benefits on the children participating in these services, and on their families.

That's a scientific fact.

It's a scientific fact that's it been replicated many times.

So, on October 1, 2012 --

I'm not sure ACS had anything to say about what's going to happen during that first September, by the way.

-- according to the latest ACA [sic] website, there were 37,460 children enrolled in group child care, and 17,843 children enrolled in Head Start;

totaling, 55,303.

Which was on September 30, 2011, which was the latest data on the ACS website.

According to the ACS Early Learn RFP, Appendix F, ACS is projecting a total Early Learn enrollment of 34,764. That, for the city.

That's a reduction of 37.1 percent of the slots that are currently filled today.

2,500 children will lose their services.

October 1st will be a dark day in New York City.

Thank you for allowing me to testify.

SENATOR SAVINO: Thank you.

KENNETH POPLER: If I can just say, three quick things.

Health insurance: We were an ACS provider of prevention services.

And, in our contracts, we had to go out and to get health insurance, pension plan, for our employees.

ACS had that as an allowable expense in our contract. However, compared with the City's CIP, we paid much more.

SENATOR SAVINO: Uh-huh?

KENNETH POPLER: So, it's not about saving

money. It's about shifting costs onto the provider.

That 6.7 percent, which you pointed out before, of the private-agency match, that's going to put the small community-based organizations that are in minority neighborhoods, it's going to put them out of business.

And, you asked ACS, about: How much money did they take off the top for UPK?

And they said "none"?

I would look into that.

The amount of money that goes into this system for each individual UPK slot, is -- and the amount that comes into the provider for providing that 2 1/2 hours, there's a huge difference between them.

So, perhaps, with your follow-up with ACS, those would be three questions that might be worth checking on.

SENATOR SAVINO: Thank you.

Do you have any questions?

Okay.

One -- there's just one question that I have for you.

The -- I notice in your testimony, you talk about the reduction of the slots that it funds --

ACS is reducing the slots that it funds by 37.1 percent.

And, now, is going to supplant the New York State tax levy -- or, New York City tax-levy money with Head Start money, which is similar to what they're doing with UPK.

So, they're shifting. They're actually decreasing their share of the cost, by supplementing it with federally subsidized, or State-subsidized, programs.

And, in the end, what happens if those programs are cut by the federal government?

This is a very dangerous shell game they're playing --

KENNETH POPLER: Well, ACS --

SENATOR SAVINO: -- shifting money around.

KENNETH POPLER: Correct.

ACS said that the federal government is contemplating a 1.5 percent reduction in Head Start.

SENATOR SAVINO: Uh-huh.

KENNETH POPLER: But, with them reducing slots, even if the federal government did implement the 1 1/2 percent decrease, the Head Start grant to New York City is still intact. Maybe it will lose 1.5 percent.

So, they're reducing the number of slots tremendously, but the Head Start grant is intact.

Obviously, they're federalizing their commitment to day care.

SENATOR SAVINO: Right.

KENNETH POPLER: Those are things you might pursue.

We're very concerned about this, because, New York City had always been a leader in quality child-care services.

SENATOR SAVINO: Uh-huh.

KENNETH POPLER: Also, regarding the fringe benefits for our employees, to push them into nothingness: We have 30-year employees.

And, now, we're going to tell them that we're not going to provide health-care benefits anymore?

These are people who dedicated their entire professional career to childhood service -- early childhood services, and do a good job.

Now we're taking away their benefits.

SENATOR SAVINO: There's been a lot of discussion about the active employees.

What about the retirees?

Has there been any discussion with how you provide for retiree coverage?

Not pensions, just their health insurance.

UNIDENTIFIED SPEAKER: [inaudible.]

SENATOR SAVINO: There is no health insurance? You lose it when you retire?

KENNETH POPLER: For Head Start.

SENATOR SAVINO: For Head Start.

Is that -- is that true of -- I guess I'll have to ask you guys --

Yes?

I see, Tyler, is shaking his head.

You lose your health insurance?

TYLER: [Inaudible.]

SENATOR SAVINO: So, you have to work until you're Medicare-eligible --

KENNETH POPLER: He's -- although, in the negotiation --

SENATOR SAVINO: -- which means you have an older workforce. You have a workforce that sticks around longer.

They work longer. And, so, their -- the cost of compensation is higher, because they're at the higher stage of their workforce. The highest earning capacity.

And when they negotiate -- when they determine the cost of care --

And I'm going to ask you the same question I've asked everyone else.

When they determine the cost of care, do they take into consideration the cost of the total benefit package, which is not just salaries?

ACS, you heard them say that they only calculate for the cost of salaries, whatever's in the collective-bargaining agreement.

But, do they calculate the cost of health coverage and the cost of the pension contributions?

KENNETH POPLER: Well, as Ragland George said, he said yes, and I believe he's correct.

SENATOR SAVINO: Right, because ACS said no.

We're not taking questions from the audience.

[Laughter.]

SENATOR SAVINO: Do they?

UNIDENTIFIED SPEAKER: (Inaudible) question.

SENATOR SAVINO: Yes.

Do they?

UNIDENTIFIED SPEAKER: When they retire, (inaudible) for the retirees, but, they get full optical, dental, and nutrition plan when they retire. And day care.

SENATOR SAVINO: Thank you.

UNIDENTIFIED SPEAKER: (Inaudible.)

KENNETH POPLER: Thank you very much, Senator.

And it's -- really, we're very grateful that you put all these issues from ACS, and others, on the table.

Thank you very much.

SENATOR SAVINO: Thank you.

All right, next up -- actually, before we take the next testimony, I need to take a two-minute break.

I shall be right back.

(A recess was taken.)

(The hearing proceeded, as follows:)

SENATOR SAVINO: Resuming our testimony on "Challenges in Child Care," we are now going to hear testimony from Betty Holcomb, the policy director for Center for Children's Initiatives.

Thank you.

You may -- you don't have to read the whole testimony.

BETTY HOLCOMB: Really, you don't want me to.

[Laughter.]

SENATOR SAVINO: Focus on the highlights.

BETTY HOLCOMB: Yeah, I will.

I just, first of all, I want to thank you for

all your efforts, and for sponsoring the legislation that would help waive work requirements for mothers with infants.

And, to also recognize Senator Montgomery's great contributions to this.

I'm very glad to be testifying before the two of you.

In listening to the earlier testimony, I share, our organization shares, all of these concerns in our roles as a co-convener of Winning Beginning, and working in The Emergency Coalition to Save Child Care in the city.

Obviously, the primary threat to everything is the lack of adequate funding.

And, I know that's come up again and again this morning.

And, I would say that, CCI, having worked for, many years, as a child-care resource and referral agency, really does support the City's vision for quality improvements, as articulated in the Early Learn RFP.

And we know that it's been recognized as a national contribution, to thinking about how we put all the funding together more effectively and efficiently.

And, I also want to recognize that the City has made a lot of progress in moving more of the -- especially families on public assistance, into regulated care.

And, I think that they deserve credit for those efforts, and for looking at a vision that would make the system, you know, they're hoping, more sustainable. Certainly, higher quality in the long run.

So, I just want to strike that note of recognition, that, Early Learn does move in a direction that I think, at every level of government, we're seeing, uhm, to be the forward-thinking wave of embedding quality, as we move forward, because we know that that's when we get the better outcomes that we all talk about.

And, without that, we're going to be selling families and children short.

So, I want to say that.

Nonetheless -- "nonetheless" -- and that said, and all of that, I just want to underscore what was said earlier this morning, about the inadequate funding levels in the Early Learn RFP.

And we have signed on to all of the letters, and testified, and fully support the

Lawyers Alliance in their pursuit, under Freedom of Information Request, to get more information about the way ACS calculated the funding, because none of us can quite imagine how programs are supposed to pay the benefits, salaries, and, attract a highly-qualified workforce.

And we know that, already, the field is among the worst-paid in the nation, and it's a scandal.

And, so, we applaud the efforts to have more qualified workforce, but you can't do that without money.

And I know we've talked about that, but I just want to underscore, that, while we say we love the vision, we are deeply concerned about resources.

And you'll see in my testimony, also, that we have looked at what's going on, in terms of the losses to the system already.

Since 2006, we've lost about 18,000 subsidies that -- where we sit today.

And from when I heard this morning, from ACS, if they're saying we're, now, got 94,000 children in subsidized care, between TANF and low-income working families, that's 4,000 fewer than when we did our study this spring.

So, I feel like I can't even keep track of

the really terrible losses that children and families are suffering.

And I know lots of people will address all those things.

The only other thing that I want to say, that's -- that is, I don't think highlighted enough in what's already been said, is that, I think it's urgent to elevate the voices of parents in this.

And you'll see that I've added, with my testimony, I just handed it to your staff, this case study that we did, looking at what really happens to parents who are eligible for subsidies, but can't get them.

SENATOR SAVINO: Uh-huh.

BETTY HOLCOMB: And, as a child-care resource and referral agency, I sit in my office every day and talk to women, and parents. And our parent counselors try to help people figure out what to do, given that we're so underfunded, so short on services.

And one of the women I spoke to recently, was just cut off, and given eight days to find another slot, at the same time she had just heard that her child is going blind in one eye.

Another parent was talking to us about how

she uses candles, and does not turn on the electricity, because she has to save money somewhere.

And, then, there's a larger point to be made, about how parents see these services now, and what they believe, and how far ahead they are of elected officials.

When we did our big fight here, and we got our $80 million restored last year, to at least temporarily protect services, there were many hearings held by public officials, and other advocacy organizations.

And one of the things that you heard there, and you'll hear in our report, is parents said: Who can I sue? This should be a right. Every child should have the right to get into school, with the ability to succeed, and not be left behind.

And, in some places, like New Jersey, of course, that is included in their State education lawsuit, and is recognized as a right.

And, parents spoke to us a lot about how important quality is. It's not just: I want to go anywhere. I want to have quality services.

So, again, just to underscore those points, because it seems to me that the dilemma we face, is

the general recognition of how valuable these services are.

More demands for quality, obviously, at a time of falling resources.

So the question is: How do we align our resources better, and support these, and grow the system, so it's higher quality?

So, in my testimony, you'll see a couple of proposals around that.

We're urging you to fund the Quality Stars, the Quality Rating and Improvement System. That's part of the Winning Beginning agenda.

But I also just want to use my time to alert you to something new on the horizon, and to get you to think about really looking across systems.

I know this Committee is really focused on social services and human services. And, often, we get siloed, because of what the funding streams are, and how we've traditionally thought about things.

Certainly, the Early Learn proposals put the education money together. And, at the federal level, Health and Human Services and the federal Education Department are moving together.

And when you combine resources that are in the education world, with the early childhood, you

have the potential for getting more funding, better standards, and better access; because, of course, public education, our UPK program, is the only early childhood program open to every single child.

They don't have to jump through a lot of demeaning means tests, and go in and out of eligibility.

So, you'll see that I sneaked into my testimony, a proposal that comes from Winning Beginning, AQE, and Citizen Action, to our State Education officials, about including early childhood in our request for a waiver from the No Child Left Behind Act.

That could free-up important resources through Title 1 of the federal Education funding, and there's other opportunities, where that money could be used to supplement what we're spending on pre-K, and on home visiting, and other strategies, that we know are really effective.

It's also, I think, going to an increasing requirement that we think across systems; make stuff work together.

I noticed this morning, you made a point of talking about how you disagreed with the ACS pulling the 5-year-olds out of the ACS centers.

We agree, that, in terms of pulling them out of the ACS centers, it was really counterproductive.

However, we also think that there's a broader, bigger strategy.

And, we hope this Committee will drive the thinking about, how, maybe we use the Education dollars to support the services, the kids could have stayed put, but we could have been more creative about the way we used resources.

So, in my testimony, you'll see that we are urging you to, as you think about the challenges for keeping child care, and increasing its quality, that you think across systems. That maybe you do more hearings, and work.

I know that there was some work the last few years, between the Education committees and Children's Services. And, that we think a lot more creatively about how we build things.

The State has applied for an Early Learning Challenge grant.

I don't know if we'll get one.

I think it's going be announced the end of this week.

That, could give us resources to work across systems.

We would have some money in our "Race to the Top" funds, which is going to be used to help spur quality improvements in programs that are near the persistently low-performing schools.

So, I think it's good to think about this, increasingly, as school readiness. And, to think about all of the resources that we have, and all of the platforms, in terms of engaging the public, and engaging policymakers, in moving things in a way that's more effective, efficient, and really looks at the whole realm of services.

And when we don't do that, you know, I know, in city, when we moved those 5-year-olds out, we ended up with empty classrooms on the ACS sides.

5-year-olds being told to go to kindergarten programs, where there was no space.

So, they were bussed out of the neighborhood, and then there were no after-school services.

So, I think, again, if we work across the different agencies, and funding streams, and think of them as all in support of young children, that would really help as we move ahead.

The only last two things, just as important notes, is that:

We're fully supportive of the

Empire Justice System's [sic] agenda, around making this system more equitable across the state. Making sure we don't have this crazy quilt of fees and eligibility requirements in one county to the next;

And, we also support the Youth Alliance priorities; and, especially, to make sure we have enough after-school funding to support younger elementary children.

We're still talking about very young children.

And, our child-care subsidy programs, certainly in the city, and around the rest of the state, does not adequately support those things.

And, this brings it back to, also, State responsibilities.

The City does make a significant investment. We all know it's at risk now.

The federal government does make a big investment. We know that's also at risk.

Historically, the State has been the lesser partner, in terms of its contributions, pretty much, with our Child-Care Block Grant, contributing what it takes to draw that money down.

And I'm not entirely certain -- certainly, ACS, and other people, could tell you -- but I think

part of the money that the State depends on, to draw down the federal Child-Care Block Grant, is the City's investment in early childhood services.

So, I would just urge you to really work on the point that the Empire Justice System [sic] made, and that you urge your colleagues at the state level, to make sure we at least make up that $37 million shortfall. That we get a more consistent and better investment from the State, that would help us all, because it takes all levels of government to really make this work.

And the State has been somewhat missing in action on child care.

Certainly, a huge contributor with the pre-K program. That's 400 million. And, 200 million of that is in community programs.

So, on that front, you know -- but, we would love to see you implement the suggestions that Empire Justice and Winning Beginning is urging, in terms of better funding, and the State stepping up to the plate more.

SENATOR SAVINO: Thank you, Betty.

Do you have any questions, Senator Montgomery?

SENATOR MONTGOMERY: Just one -- one question

I have.

I note, that, uhm, Betty --

First of all, I want to thank you, Senator Savino, for this hearing.

It's been, certainly, one that we've needed to have, this kind of discussion.

And, uhm, I note that ACS has, in the last couple of years, I think, done several things to totally change what the child-care system looked like, 10 years ago, maybe even 5 years ago, removing 5-year-olds, removing after-school. Really, really, uhm -- and, now, moving to change the way that programs are funded.

So -- in removing pillars that allowed programs to be able to exist, to some extent. Maybe not to the quality that we like, but, at least we had centers in communities, that, now, we won't have.

And I'm just wondering, recognizing all of the expertise in this room, including CCI, and Day Care Council, and 1707, and all of the organizations that have traditionally worked together, hopefully -- sometimes, yes; sometimes, no -- but, certainly we all have the same goals: Was there a collaborative effort to try and answer

some of the questions that you've raised in the testimony here, in terms of, how do you do effective funding, blending funding, in a way that allows us to continue to have a system that serves children across the board, and families, but, perhaps, with more quality, more efficiency, and, somehow connected to the educational system as we know it?

Was there any collaboration before those moves were made?

Or, are we now trying to correct the errors that were made, based on -- or the, I guess, the outcomes of those decisions, after the fact?

BETTY HOLCOMB: I think there's certainly been a collaborative effort among advocates, and labor, to approach, participate, offer their expertise, and give testimony, and engage with City officials in the process.

I would not say, through the process, that it has been transparent or collaborative.

And I think that the fact that the Lawyers Alliance, and, now, other organizations, are submitting Freedom of Information Requests, trying to obtain more transparency around that, speaks to the matter of whether or not there's been adequate collaboration.

And, I think when Senator Savino made the comment, that this looks like going backwards, she touched that nerve, about the fact that people have not felt particularly included in the process.

I would say, that, the thing that frustrates me the most about all this, is that, in New York City, we're all proud of having the ACS-contracted centers.

We've done this bold thing, starting very much with you, and other people in my organization, other people around the city. And it really looked like, at the outside, what they're trying to recreate now.

I mean, it really was the precursor to Head Start. The ACS programs really have aspired to be, and do, all of the things we're now looking at in Early Learn, and to do this robust, comprehensive early childhood service.

And it stood out across the country. It's one of the world's -- I was a journalist before I came to my job.

One of the reasons I came to work on this, is because New York had been doing great things.

Clearly, in this budget crisis, and without a lot of cross-collaboration about, how advocates'

expertise might be brought into play, and, agencies really looking at things, like, capacity across systems, money across systems.

I don't think everyone agrees with the choices now.

And, at the end of the day, what we're doing is, making cuts on the back of families and children who can least afford it.

And, the workers in these program, for years, and that, you know, this morning, we're talking about, health insurance, retirement, all the things that we all depend on, from our jobs, and, those are at risk.

And, that's the way we're talking about paying for cuts.

And, so, that was kind of long-winded, but, you know -- I mean, I think, historically, as I've listened to you, and listened to other people in my agency that worked on it, what's really sad right now, is: Everybody wanting to do the right thing. Everybody having a vision.

And, we need to really generate the public will to fund it.

SENATOR MONTGOMERY: Thank you.

SENATOR SAVINO: Thank you, Betty.

Since your organization is -- oftentimes, people turn to it for research, for information -- the policymakers, the professionals in the field -- did ACS speak to anyone in your organization, about developing the cost of care?

I asked them that question, about.

They said, they solicited information from various providers, and they were able to determine that, the cost of care, they'll be able to meet with this reduction in funding.

Was, your, one of the agencies that they asked? Just out of curiosity.

BETTY HOLCOMB: I don't know if asking, but we gave.

[Laughter.]

We, uhm -- I mean, we've been very instrumental in the implementation of universal pre-kindergarten.

And, in 2007, when we saw UPK money moving across agencies, we got concerned about whether or not that was going to supplant other funding, and leave programs with less resources.

So, we developed a policy brief. We decided the central question is: What's the cost of care?

So, we have developed generic models.

And I thought I brought it. That's what I was -- just looking for it.

SENATOR SAVINO: It's probably in here.

BETTY HOLCOMB: I don't know.

But, I certainly can e-mail it to your staff, that, both, in State conversations about this, and in the City debates, our contribution has been, to come up with a generic program model, and look at what that costs.

Some of the assumptions we made in that, were, that you gave the comprehensive services, which is much more like a Head Start model.

Also, that teachers were paid at the same level as public school teachers, at least starting, which is about 48,000, in City. That's the low end.

So -- you know, that's the high end of where a child-care worker might be.

So, we came out with the cost of care, there, somewhere in the neighborhood of, sixteen, eighteen thousand for the really younger children. Fourteen, fifteen, when you put all those components together in various ways.

SENATOR SAVINO: Uh-huh.

Thank you.

And your -- you also mentioned the issue of

converting the -- or federalizing the day-care model by utilizing more Head Start money.

And -- which has been, I think Ken Popler talked about them utilizing UPK to do the same thing.

In the past, when we've --

And I'm sure Senator Montgomery can agree.

-- when we've attempted to federalize programs, it was in an effort to capture more money, to expand it. And then you match it with State money, with City money.

So you had, you could -- this is actually doing in the opposite.

They're federalizing some of these pro- -- some of these subsidies, in an effort to drive down their obligation to it; and, thereby, decrease the costs, and then, saddle the feds with more of the requirement.

It's a completely different model of federalizing the social services --

BETTY HOLCOMB: Well, when universal pre-kindergarten started, and our agency really worked on it, UPK money -- which is, in the city, about $3,300 a kid -- could be added to an existing program, to extend the day, to enhance teacher

compensation, to buy supplies. And, that is State policy.

SENATOR SAVINO: But that doesn't appear to be what they're doing here.

BETTY HOLCOMB: But what has happened, as ACS developed a hole, is, obviously, that it's been used to supplant to other funding.

SENATOR SAVINO: Uh-huh.

It's a very sig- -- it's a very big problem.

BETTY HOLCOMB: It is a very big problem. But, again I, bring it back to you all, also at the State. Like, we really need you to fill the hole in State funding as well.

SENATOR SAVINO: And, we're going to do everything we can, on that.

And, so, towards that end, I'll suggest the same thing to you that I suggested to the Empire Center, and anyone else: You're going to all be submitting testimony, ideas, to the Governor and Division of Budget. We need to frame this issue differently than we've ever done it before.

This is about economic development.

You cannot have job creation programs, put people to work, and then pull the rug out from underneath them.

BETTY HOLCOMB: That's right.

SENATOR SAVINO: You have to make work pay.

BETTY HOLCOMB: That's right.

Just one other detail on the pre-K funding?

It did -- when they made that switch, it did result in layoffs of aides, in loss of enrichment programs. And, really, concrete losses.

I think there's some people here who can talk about what happened to their programs; when they put the pre-K money into ACS, and what happened at the program level.

And, also, at the program level, we still haven't resolved, "who's on first," in terms of assessments, and the way the system works.

So, when you talk about federalizing things, even in Early Learn, I believe individual programs will still be answering to about eight different agencies, in terms of their reporting and assessment.

And, so, that's another big issue about why we need to work across systems, and use the money more effectively.

SENATOR SAVINO: That just gives more credence to the concern that was raised earlier; that, this Early Learn is going to --

One: It's going to drive down costs;

It's going to drive down eligibility;

It's going to reduce the number of slots;

And, it's going to close the smaller agencies.

That's a fact, because the smaller agencies are not going be able to comply with all of these multiple regulations, and meet the requirements.

They're just not going to be able to do it.

And we know that.

BETTY HOLCOMB: I think that's already a reality across the city. You know, programs are merging, and sharing services.

It's going on right now.

SENATOR SAVINO: Thank you, Betty.

Next up is...?

SENATE AIDE: Randi Levine.

SENATOR SAVINO: ...Randi Levine, for the Advocates for Children;

Followed by, Moira Flavin, from the Citizens Committee for Children of New York;

And, Steve Antonelli, from the Bank Street College of Education.

So, if you're all here, if you could come up in the front, and...

And, again, we don't need to read the whole testimony. If could just get the highlights.

Yeah, if other two want to come up and sit at the table, it might make it go faster.

Are they here?

I'm assuming you're Moira?

RANDI LEVINE: Yep [looking at Moira Flavin].

SENATOR SAVINO: [Laughter.]

Okay. Go ahead.

RANDI LEVINE: Thank you for the opportunity to discuss challenges regarding the state of child care in New York.

And, thanks to both of you for your leadership on this issue.

My name is Randi Levine, and I'm an attorney at Advocates for Children of New York, where I focus on early childhood education.

I also grew up on Staten Island, in the 23rd District.

For more than 40 years, Advocates for Children has worked to promote access to the best education New York can provide for all students, especially students from low-income backgrounds, and students of color.

To narrow the achievement gap, and provide

the best education possible, we cannot wait until children enter kindergarten.

Years of research made clear that we must start by providing low-income children with a high-quality early childhood education.

For many children in low-income families, subsidized child-care programs are the only opportunity to have such an early childhood education.

Regardless of whether these programs are called child care, preschool, or pre-kindergarten, they are critical for school readiness and school success.

In our written testimony, you'll find some powerful statistics about the profound impact that these programs have on education.

And Dr. Popler already reviewed some of the research about the importance.

We're deeply concerned about the rapidly shrinking opportunities for children from low-income backgrounds to participate in child-care programs in New York City, due to lack of funding.

Between 2006 and 2010, the City eliminated 14,000 child-care subsidies.

These reductions have included closing dozens

of child-care centers, and eliminating subsidies for parents who are unemployed and looking for work, and parents who are ill or incapacitated.

Last year, we were surprised, and alarmed, that Mayor Bloomberg proposed cutting an additional 17,000 children from child-care programs.

While we were pleased that this proposal was rejected, we were disappointed that dozens of classrooms were still cut.

Furthermore, 7,000 of the child-care slots that were restored were funded through one-year City-Council funding that expires at the end of June.

These reductions have not only led to reduced opportunities for children to have early childhood education programs, but made it significantly more difficult for elementary-school children in low-income families to access after-school programs.

Now, as you know, the City plans to implement its Early Learn NYC initiative, which will blend child-care funding with Head Start and universal pre-K funding.

We support the overall vision of Early Learn NYC, an early childhood education system with comprehensive, high-quality, full-day programs,

integrating children with special needs, and increasing capacity for infants and toddlers.

However, we are extremely concerned that the funding is inadequate to realize this vision.

With the current level of funding, the City has acknowledged that Early Learn NYC will lead to a decrease in capacity of 3,000 children, in addition to the 7,000 additional slots at risk of elimination.

We're concerned that some of the children who will lose a seat are those who need it the most.

Early Learn NYC gives priority to programs located in ZIP codes that have the highest concentration of poverty and need.

However, this methodology overlooks the fact that there are pockets of deep poverty, such as with public housing developments located in ZIP codes, and other parts of the city.

Unless the City receives additional funding, child-care programs serving these communities are at risk of closing.

As many other folks have already mentioned, we're also concerned that the per-child rate of Early Learn proposal is inadequate to support the high-quality standards, in addition to all of the

additional requirements for Early Learn.

Continued cuts in child-care capacity will only increase the achievement gap that exists between children from low-income backgrounds and their more affluent peers.

Today you have heard, and will continue to hear, many statistics about the decreasing number of child-care slots.

Behind each of these numbers is a child and a family.

Advocates for Children receives calls from low-income parents who are looking for preschool programs to get their children ready for school, and are surprised to learn that there are no publicly funded options available.

We recently received a call from the mother of 4-year-old Andrew.

Last year, due to Andrew's special needs, the New York City Department of Education placed him in a full-day integrated class where preschoolers with disabilities learn alongside their typically developing peers.

Andrew made significant progress in this setting, and the Department of Education recently determined that he no longer required a

special-education seat in an integrated class.

One would expect this news to be the source of celebration for Andrew's family.

Instead, this news precipitated a family crisis, leaving his low-income, single, working mother scrambling to find a free preschool or subsidized child-care seat for her child in the middle of the year.

Thus far, his mother has not been successful.

She works on a temporary basis, and is now being forced to turn down jobs, in order to care for her son.

And Andrew went, from preparing for kindergarten by participating in a high-quality, full-day integrated preschool class, to sitting at home all day.

Advocates for Children is also working with the family of twin girls with disabilities.

The twins should have started kindergarten in September, but their single mother is unable to meet their bus after the school bell rings due to her work schedule.

She has been unable to find an after-school program that can accommodate the family's needs, and in the meantime, her children have been out of

school all year.

We understand that the State is facing a federal shortfall of nearly $40 million in child-care funding, due to the elimination of the TANF contingency dollars.

The State must fill this gap.

At this critical time, New York City cannot absorb an additional cut in State or federal funding.

We recognize that these are challenging economic times, but that is exactly why the State must increase child-care funding, that enables parents to keep their jobs, and enables children to prepare to succeed in school.

Studies have found that high-quality program for preschool-aged children saves $7 to $16 for every dollar invested.

Cutting children from these child-care programs will only increase unemployment, and will cost more in the long run, in increased remediation, special education, public assistance, and criminal justice costs.

We look forward to working with you to increase funding for child care.

Thank you for holding this hearing today to

discuss this critical issue, and for the opportunity to speak with you today.

SENATOR SAVINO: Moira.

MOIRA FLAVIN: Sure.

Good afternoon.

My name is Moira Flavin, and I am the policy associate for Early Childhood Education, Education and Youth Services, at Citizens Committee for Children of New York.

CCC is a 68-year-old independent child-advocacy organization, dedicated to ensuring that every New York child is healthy, housed, educated, and safe.

CCC would like to thank Senator Savino, and the members of the Children and Families Committee, for holding this hearing regarding challenges facing the child-care community in New York State in the coming year.

This hearing is particularly timely, given the upcoming state budget process, New York City's Early Learn RFP, and the shortage of funds to maintain capacity, let alone enhance quality, at a time when low-income working New Yorkers need access to subsidized child care more than ever.

The need to serve as many income-eligible

children in high-quality early learning environments often results in a tension between increasing and maintaining the system's capacity, and enhancing and maintaining the quality of care provided.

Though this tension may exist, we cannot sacrifice one for the other.

New York must have a child-care system that provides high-quality care to as many income-eligible children as possible.

While limited budgets have led advocates, legislators, policymakers, and budget crunchers to focus on maintaining as much of the system's capacity as possible, New York's child-care system has never had enough capacity to provide child care for families in need.

Thus, our goal must remain to increase the system's capacity so that all income-eligible children can be served in high-quality programs.

Early childhood education has also been proven to benefit children's cognitive, emotional, and social well-being.

The return on investment of early -- of quality early childhood education has been estimated to be $1.80 to $17 per child.

CCC appreciates the efforts of the

State Administration and the State Legislatures to make -- that have made to protect the quality and capacity of the child-care system.

We appreciate the Legislature's ongoing commitment to keeping funding for the State's Child-Care Block Grant outside the Flexible Fund for Family Services, and helping to ensure that TANF surplus funds were used to maintain the CCBG funding levels.

CCC also appreciates the careful and deliberate attention the State has paid to eliminating child-care subsidy fraud.

CCC is especially grateful for the work that went into developing and submitting New York State's application for the federal "Race to the Top - Early Learning Challenge" grant.

We applaud the State's stated goals: To increase the number of high-quality early learning and development programs, to close the achievement gap, and to improve the quality of early childhood workforce.

CCC also appreciates the State's commitment to Quality Stars NY, which, if fully implemented, would allow for consistent measuring of service quality so that parents are able to make informed

decisions about child care.

While rating and monitoring child-care programs using a tiered system is important progress, CCC urges the State to also commit resources to technical assistance and quality improvements, so that parents and communities with fewer child-care options have access to quality services.

While CCC applauds the efforts in the -- has State -- the State has made to try to maintain funding levels and to enhance quality, CCC is deeply troubled by the instability of the child-care system in New York.

While child care is a lifeline for many struggling families, the State-subsidized child care is currently in crisis.

In short: There is insufficient federal, State, and county funding available -- invested, and available, for quality child care for all income-eligible and TANF-eligible children.

CCC is well aware of the budgetary challenges New York State has faced since the economic downturn.

New York State allocated approximately $800 million for the child-care subsidy program this

fiscal year, most of which was distributed amongst the local social-service district.

Notably, a substantial portion of this funding is dollars from the federal Child-Care Development Block Grant, federal Social-Services Block Grant, and TANF. There is very little State general-operating support in the State's child-care system.

While CCC is grateful that State's Child-Care Block Grant funding has remained constant over the past three years, the costs of care have increased tremendously.

Child-care costs have increased due to a number of factors, including:

The increase in the number of families entitled to child care, due to greater numbers of public-assistance recipients during this period of economic hardship;

The increased costs of health insurance for child-care and Head Start staff;

The increased costs for quality care;

The increased number of families exercising their parental choice to secure more regulated care rather than informal care;

And, the increased costs of care associated

with the biannual market-rate adjustments.

CCC appreciates the challenges the State is facing, given the decrease in federal funding.

First: The loss of $42 million in federal ARRA funding has had a profound budgetary impact on the struggling system.

Further, the State's decrease in federal CCDBG [sic] funds, as a result of the young-child factor, has led New York's federal allocation to decrease, from 313 million in State fiscal-year '06-'07, to 300 million in State fiscal-year '11-'12.

CCC understands that New York State has been able to maintain its Child-Care Block Grant level, despite the decreased federal funding -- the federal allocation, by transferring TANF dollars; approximately, $37 million over each of the past 3 years.

CCC is deeply concerned about the impact of the elimination of the federal TANF Contingency Fund on the State's child-care allocation in State fiscal-year '12-'13.

CCC urges New York State to increase its support and commitment to the families and children served by the child-care subsidy program in order to

offset the decline in federal funding.

It is imperative that, regardless of these funding challenges, New York's Child-Care Block Grant Funding level must, at a minimum, remain constant when the State fiscal-year '12-'13 budget is adopted, and should be -- in fact, be increased, to ensure equitable State support for this struggling system.

In addition to our concerns about State funding for subsidies, CCC is concerned about the quality and safety of child-care programs and providers.

Quality Stars NY, and initiatives within the -- "New York's Race to Top - Early Learning Challenge" grant application are good steps towards addressing quality.

CCC also believes that addressing quality and safety requires establishing more requirements for the informal child-care providers who currently receive government funds to provide care, but do not get cleared through the State's Central Registry for child-abuse, neglect, nor fingerprinted in a criminal-record check.

CCC urges the Legislature to amend the Social Service Law, to require these minimal checks

before parents leave their children in State-subsidized informal child-care arrangements.

New York City's child-care system has been in crisis for some time, moving from addressing one budget hole to the next.

While State and federal funding have remained relatively flat, costs of care have increased significantly.

According to the Administration for Children Services, only 27 percent of income-eligible children receive child care.

This is despite the fact that child care is a boost to the economist economy, enabling parents to work, and employing child-care providers, and most importantly, a critical component to preparing young child for academic and social success.

ACS has been addressing their child-care budget deficit in numerous ways that have impacted the system, including:

Increasing parent fees, two times;

Costs allocating UPK funds in a way that reduce funding to providers;

Closing several direct-lease care sites;

Ensuring 5-year-olds attended kindergarten rather than contracted care centers;

And, paying programs for enrollment rather than capacity.

Last spring, the City planned to address the deficit by taking the child care away from nearly 17,000 children of low-income working families, for a savings of approximately 119 million.

In response to this devastating proposal, CCC, and other child-care advocates, formed the Emergency Coalition to Save Child Care.

These efforts secured $82 million for the current City fiscal year, 53 million of which is only for the current year.

In addition, it is unclear at this time how ACS will be using the $29 million of funding that was baselined for child care as part of last year's City budget negotiations.

Furthermore, the City issued an RFP for its contracted system, referred to as "Early Learn."

Early Learn is a model of child care aimed at improving the quality of care for our youngest New Yorkers.

Unfortunately, the Early Learn rates and model, plus the loss of one-year funds from child care, would lead to a loss of close to 10,000 slots in New York City's child-care system.

This loss of capacity is untenable in a city so desperately in need of child-care services.

CCC supports the vision of Early Learn. However, we have serious concerns about the funding for Early Learn, as it is insufficient to support the model as outlined in the RFP.

Specifically, we are concerned that the rates do not appear to be sufficient to cover the costs of care, because of (a) the elimination of the Central Insurance Plan, such that health insurance must now be paid for by programs, rather than by the City centrally; (b) the facilities costs, which used to be negotiated and budgeted individually for each program, based on leased costs; and, (c) the 6.7 percent provider match required in the RFP.

Furthermore, the significant reduction of capacity, almost 10,000 slots, is slated to leave some communities, especially those not targeted as high-need, with significant reductions in their ability to provide child care to eligible children.

CCC would be remiss were we not to mention the crisis pertaining to after-school programs.

ACS currently provides after-school child-care vouchers to thousands of children, 707 -- 700 -- 70 -- 7,700 of which are funded by one-year

City-Council fund, uhm -- funds included in the City current FY12 budget, but not included in the FY13 budget.

In addition, New York City has also released the RFP for its out-of-school-time -- "OST" -- programs, which, unfortunately, reduces both the funding and capacity of OST programs.

This RFP and funding cut will reduce the City's OST program to approximately 29,000 slots, down from a height of approximately 55,000 slots just a few years ago, at a time when other after-school programs have also received federal, State, and City cuts.

This is also unacceptable.

Subsidized child-care is an invaluable resource for low-income children and families, and an investment in New York's future.

CCC appreciates the opportunity to testify in this hearing, and to highlight some of the steps necessary to ensure that more of New York's children have access to quality care.

Thank you.

SENATOR SAVINO: Steve Antonelli, actually runs one of the programs.

STEVEN ANTONELLI: Hello.

I'm Steven Antonelli, from Bank Street College.

Thank you for inviting me to testify on an issue which is of vital importance to the low-income children and families we serve.

Bank Street Head Start serves 90 children at 2 sites located in Manhattan. Our funding is derived primarily from our Head Start-ACS contract. This is supplemented by New York State universal pre-K funding, which, for the last several year, has been distributed through ACS, who retain a part of those funds based upon a cost-to-allocation formula they've created.

Aside from the ARRA funding which we received in 2010, allowing us to renovate our outdoor play area, it's worth noting, that despite continual costs increases, our basic grant has been, essentially, flat since 2006.

As you know, all early childhood programs in New York City who wish to continue providing Head Start or child-care services, as delegates to the grantee, ACS, were required to respond to the Early Learn RFP that was released, after significant delays, early in the spring of 2011.

This was the first time in many years that

community-based organizations, such as ours, were required to re-compete for this funding.

The application process was challenging, required a significant commitment of resources, and was overwhelming to smaller organizations, many which have been providing essential educational and social services in communities throughout the city for many years, and have become significant sources of support to families and their neighborhoods.

Many of the stated goals of Early Learn NYC are admirable, and in alignment with the goals of all quality early childhood providers.

The Early Learn NYC concept paper released in April of 2010, speaks of improving service quality by reducing teacher-child ratios, increasing service hours, improving professional development, improving assessment, and enriching curriculum.

The implementation of Head Start performance standards across all preschool programs is presented as the comprehensive model that will raise the standard of quality provided to all children and families.

However, also stated in the concept paper were the goals of maximizing resources, and assuring sustainability of child care in New York City.

It seems that, in final model detailed in the RPF, that these last two goals have undermined the possibility of improving quality, and more dangerously, have put the continued operation of many programs at risk.

The central concern I raise about the Early Learn NYC model is the rate of compensation offered to delegates, or, the reimbursement rate, per child, offered under the RFP.

The calculation of this rate, which impacts the bottom line of any contract to be offered, was done without any real input from delegates, and with little transparency.

Questions that were raised by delegates were dismissed, with the only explanation offered by the ACS staff, that they could in the address the details at the risk of contaminating the RFP process.

We are assured the calculation of the rate includes sufficient funds to pay for implementation of the high-quality program described in the RFP, but our own calculations throw this assertion into doubt.

In fact, delegates will be required to raise a substantial amount of money if they wish to

continue operation at their current levels.

The funding gap is created primarily by the fact that the grantee will no longer pay for employee health insurance and pension costs, and has reduced the reimbursement facility costs.

For many years, ACS has stated their concern about the rising health-insurance costs, and attempted to negotiate with the Head Start Employees Union, DC 1707, about charging some premium to staff members for coverage, or dedicating the increasingly rare COLA salary increases, to defray this expense.

These negotiations have not been fruitful.

It seems, now, that ACS is simply throwing this issue to the delegates and washing their hands of the problem.

Calculating future health-insurance costs is not easily predictable. However, based upon an estimate provided to us by ACS, of the average costs of our staff's health insurance currently provided under citywide Central Insurance, we project that our agency will be required to raise between three hundred fifty to four hundred thousand dollars to continue to provide this coverage.

Adding to this, the new pension-costs obligation and additional facility expenses, we

project that our contribution will amount to over $450,000.

This is a serious threat to the continuity of our program, a high-quality preschool program that many families rely upon each day.

Finally, I would like to comment on the current stated implementation date of this new model: September 2012.

In our response to the RFP, we created a fiscal plan that relies upon enrolling private-pay students and seeking foundation support.

In order to obtain the large amount of money required, we must increase our enrollment capacity, and recruit private-pay students at a tuition rate of approximately twenty-two to twenty-six thousand dollars a year, as well as, charge for summer after-school service -- and after-school service.

Therefore, the recent announcement of a delay in the RFP decisions until the spring is of great concern to us.

This time frame does not allow us any time to recruit students, and is completely out of sync with the regular school-application cycle.

Similarly, creating an effective fundraising plan, and implementing it, requires a significant

amount of time.

The original time frame will be a serious challenge to any other programs who will be attempting a similar fiscal strategy.

But, in fact, all delegates will struggle to meet the transition to the new system by the original implementation date.

Parents will also be at a loss to negotiate the new environment, with some old centers closing, new ones opening, and others with new administrations and staffs.

I assert, that, based upon the new decision date, that implementation should be delayed until the start of fiscal-year 2013. This will avoid both programmatic and fiscal confusion.

I believe that the stated goals of Early Learn NYC are worthy of support, and that the effective blending of funding streams for early care in the city and state are necessary, and advisable, but the implementation of this new framework must be practical, designed with the input of all vested parties, and not punish or unfairly burden the dedicated staff of early childhood centers or the community-based organizations that run these essential programs.

SENATOR SAVINO: And questions?

SENATOR MONTGOMERY: I just have one comment.

It seems that, what I'm hearing, is that, definitely, we need to be able to do more, from the state level, and the State budget.

And, obviously, Senator Savino will be working hard, and we all will, along those lines.

But, we are faced, as we, traditionally, historically, have been, with the question of: Quantity versus quality.

And, so, at the City's level, we're faced with a process that seems to be reducing capacity, perhaps, you know, in the interest of raising quality.

I'm not sure about that. I don't necessarily trust that, but, this is what, ostensibly, is being done.

So, whatever funding we do at the State -- the state level, I'm just -- I'm concerned that we don't seem to be able to convince the City leaders, and Administration, of the need to continue to maximize the capacity, while, at the same time, looking to quality.

So, we're having to sacrifice one for the other.

And, for me, where so many day-care slots have already been lost, I'm just -- I'm having a very difficult time identifying with the City's process, because it hurts the people that I represent more than any other place.

So, while we talk about the quality, and I'm, absolutely, have always been, and continue to be, in favor of investing in upgrading the quality, I'm not upgrading any quality, because I don't have the slots anymore. I don't have the day-care centers to support the families in my district.

So, it's very -- it's a very difficult position for me, politically, at this time.

And I think, for us who are advocating, we need to clarify, what is, exactly, what we're talking about, because the City has forced us to eliminate too much of the service.

And, while the advocates talk about quality, which I'm all in favor of, we have lost too much of this service to people who actually need it.

And, they're not necessarily looking at the highest quality, like a Bank Street School, that's going to charge 26,000. And you can probably get it.

But, the average day-care center that I've

lost in my district, you could not get that kind of tuition, and, parents still need a child-care center.

So, I just want to offer that; I want to put that on the table: It's becoming more and more difficult for me, in terms of supporting this, having to eliminate capacity, in the name of quality.

STEVEN ANTONELLI: I want to say that, in creating that model, which we created, and, not only did we have to create a feasible fiscal model, but we needed to create a model that the board of directors of Bank Street College would say: Yes, this could work, if you do this.

We had to create a tuition rate that was less -- less than the average private-school tuition, but something that we felt was reasonable.

But I feel that, you know, for example, ACS is saying that more programs have applied -- there's a larger capacity that has applied than, you know, they actually need.

I know for a fact, that many programs apply, creating fiscal models in their applications, that they're just hoping that, possibly, they could achieve this.

And, they're all waiting to see if they get offered a contract, and then see if there's any negotiation room, and seeing: Is this really going to be fiscally possible for us?

And I'm sure there's going to be many agencies that are going to be offered contracts, and they're gonna say: Well, we're sorry, but we can't, actually, really do it.

You know?

SENATOR SAVINO: Thank you for bringing that up, Steve.

First of all, I thank all three of you for your testimony.

And, you know, it's interesting, there's nobody who's been involved in this process yet, that can object to the concept.

Right?

Everybody says: This is a good concept.

It seems to be, the implementation presents the real problem.

You -- Mr. Antonelli, you're one of the few people that I've heard from today, that actually had to reply to the RFP.

And when I asked the administration earlier, about the number of people who have replied, you

heard them say the same thing I did, that, they got more RFP requests -- more RFP proposals than they needed. They were going to exceed capacity.

And, I've been around a long time.

I'm trying to figure out how you reply to an RFP for something that's not competitive.

How do you -- you know, normally, the RFP process is, okay, the City needs a service. You know, they need to contract out a particular service.

And, then, they send out the RFP. And, then, whoever the people that respond, they try and outbid each other, without knowing what the bid is.

But, they arrive at the dollar amount, for how much money they're going to charge the City of New York, or the State of New York, or whoever, in that contact, based upon a set of factors that they determine, by, how much it costs them to do business.

So, this is turned completely upside down.

They determine the rate of reimbursement, correct, the actual cost of care?

STEVEN ANTONELLI: They provided what they call "the maximum rate."

SENATOR SAVINO: "A maximum rate."

And, so, you are then forced to try and develop a reply to this RFP, in keeping with their maximum rate, which may have nothing whatsoever to do with the reality rate --

STEVEN ANTONELLI: Right.

SENATOR SAVINO: -- because you have to work in the real world.

You know how many people work for you.

You know how many students are paying; you know how many are not.

You know what the cost of the health insurance -- and, actually, you don't, because, right now, you're basing your -- your response, and what you think is the actual cost of care, on a set of factors that could change; correct?

STEVEN ANTONELLI: Right.

Certainly, the insurance costs will change.

SENATOR SAVINO: Right.

So how -- how -- so -- I'm going to ask you: How did you -- you replied.

How did you determine what your feasibility rate would be?

STEVEN ANTONELLI: We took our current budget. We made some reductions that we felt we could make without diminishing the quality greatly.

We expanded our capacity so we could maximize, as they said, our classroom capacity, up to the point that we could.

And, then, we had to then -- they claim that, within the rate that they've provided for -- for example, providing health insurance for staff -- we took the figures that they provided us, which was the average cost of health insurance for our staff members -- and it differs, whether it's a family plan, or a single plan -- but, the average rate they provided us, I believe, was $13,800, which seems a little low to me, but that's the rate that they gave us.

We -- we -- the figure that I'm coming up, that we have to raise $450,000, is the amount of money that's just not there in that rate.

And, so, they're claiming that we're only going to make a 6.7 contract, or contribution?

It's more like 30 percent.

SENATOR SAVINO: So that $13,000 that they --

STEVEN ANTONELLI: Right.

SENATOR SAVINO: -- they project would be the cost of providing health insurance, is that -- is that real-world calculation, or is that what the City of New York pays for its employees?

STEVEN ANTONELLI: I believe that's what they pay, $13,800, for our medical part of it. Not the hospitalization part, but the medical part.

SENATOR SAVINO: And how do they think that you -- you have -- wait.

You have 90 students in your school.

How many people work for you?

STEVEN ANTONELLI: 26.

SENATOR SAVINO: 26. 26 people.

26 people work for you.

STEVEN ANTONELLI: Yeah.

SENATOR SAVINO: How do they think that you, as an operator of a not-for-profit that employs 26 people, are going to be able to negotiate the same rate that the City of New York does, when they have 450,000 people as subscribers in their plan?

You're going to be able to negotiate the same rate?

STEVEN ANTONELLI: I don't know.

I don't think that they have made that commitment.

They did provide a workshop to delegates, where they invited some companies to come and give presentations to us. But none of --

SENATOR SAVINO: Pray tell, who were they?

[Laughter.]

STEVEN ANTONELLI: I think, Blue Cross/Blue Shield.

I can't remember, exactly, the companies, but they were major -- major companies.

But, I don't think that they -- I think, basically, they're washing their hands of the problem --

SENATOR SAVINO: It seems that way.

STEVEN ANTONELLI: -- because it's been a longstanding problem.

SENATOR SAVINO: And one other question: You said this is the first time, in your experience, where you've had to --

STEVEN ANTONELLI: Re-compete, yeah.

SENATOR SAVINO: -- to compete in this process.

So, in the past, how did they do it?

STEVEN ANTONELLI: Basically, Head Start contracts were just renewed.

As long as you were performing up to a standard -- that, you didn't have, you know, serious performance problems or fiscal problems -- I think it was, every three years, your contract was just routinely renewed, at a new rate, or at the old

rate. You know, that was something that had to do with the federal money coming into the City, or whatever.

But it -- I've never -- I've been involved in Head Start since 1991, and I've never been involved in a re-competition for a grant.

SENATOR SAVINO: Oh, oh, one more question, since you, obviously, serve a population where there are some people who could pay $20,000 to send their kids to day care.

One of the components of the Early Learn RFP, is that, you're going to have to raise 6.7 percent on your own.

Where would -- where would you go to raise that kind of money?

I mean, I joked earlier that you'd hold a bake sale, but, you know, I'm not -- that was, obviously --

STEVEN ANTONELLI: Well, if we --

SENATOR SAVINO: -- a joke.

STEVEN ANTONELLI: Well, if we can't enroll private students, which is, basically, what we were thinking, that we were going to raise the money, is that, you know, we have to go to foundations.

And, you know, you're going to literally

have, you know, how many programs -- Head Start programs in the city going to same foundations, saying: Please, you know, help us run our programs.

And foundations, traditionally, don't want to fund operating costs. They want to fund new enrichments to the programs, and stuff.

So, it's sort of a hopeless case.

But, you know, again, we had to create a model that, looked okay, fiscally responsible, and we think that this is feasible.

And I -- if we get the grant, and we go forward, I'm going to do everything I can do to make it work.

But, Bank Street College, which is a fairly, you know, good size organization, which is not -- our Head Start program is not one of the largest Head Start programs by any means, but, they clearly do not have $450,000 to invest into the Head Start program.

And, they've made it very clear that they can't do that.

So --

SENATOR SAVINO: Were you -- I keep saying this is the last question, but then it makes me think of something else.

Were you ever the recipient of any member items from the State?

Some of the small -- some of the day-care programs have it.

STEVEN ANTONELLI: Uhm, no.

SENATOR SAVINO: Because that punched another hole in the budgets of some of them.

Yeah, this creates -- this creates some interesting dilemmas.

STEVEN ANTONELLI: Yep.

SENATOR SAVINO: Thank you.

STEVEN ANTONELLI: Thank you.

SENATOR SAVINO: All right, next up...?

SENATE AIDE: CSEA [inaudible].

SENATOR SAVINO: CSEA, Local 1000, Denise Dowel, and Matt D'Amico;

And, then, the United Federation of Teachers, Tammie Miller, the head of the Child-Care Providers Chapter, and, Carol Gerstl, if Carol's coming.

You can.

Who's going to go first?

DENISE DOWELL: I guess I will.

SENATOR SAVINO: Okay, Denise first, and then Tammie.

DENISE DOWELL: Good morning, Senator Savino

and Senator Montgomery.

Thank you for putting this together, and giving us the opportunity to speak to you today about the challenges we face to ensure that families in New York have access to safe, secure, quality early learning and care.

My comments today are going to address challenges we face as a state, but particularly those that are unique to the 57 counties outside New York City.

I'm the director of Early Learning and Care Programs with CSEA.

We bring together 300,000 public- and private-sector workers across New York.

Outside New York City, we represent almost 7,000 registered family and licensed group-family child-care providers, under the umbrella of VOICE; and 15,000 informal legally exempt child-care providers, under the umbrella of Child-Care Providers Together; "CCPT."

A first step, and key, to a new economic development strategy to expand access to quality, affordable child care to New York families is to invest in child care.

So, my colleagues have already covered this a

little bit.

Empire Justice Center, and Betty, spoke to the fact that New York State invests about zero in child care.

Our investment is limited to matching and maintenance of effort dollars related to federal funds.

And, I'm not sure if you're aware of this, but our child-care licensing system, which is a key element of the infrastructure that provides basic health and safety and oversight, is entirely funded by federal dollars.

This has to change.

New York's apportionment of child-care development funds continues to decrease each year. With loss of ARRA and TANF contingency funding, we estimate an $80 million shortfall in child-care funding in the coming year.

And fewer counties, outside New York City, are allocating dollars for child-care subsidies and quality improvements in their budget.

So, we do need to step up now, to make up the $37 million projected shortfall and TANF-contingency fundings, just to be able to hold on to what we have.

You know, rigorous longitudinal studies show that high-quality early childhood education delivers large benefits, not only to participating children and their families, but to society overall.

Payoffs include: Lower costs for special education and grade retention, higher tax revenues because earning of participants as adults increase, and reduced social and judicial costs.

To reap these returns, programs must be high-quality. A key ingredient to quality early learning and care is a qualified workforce.

So, effective State investment would target two areas:

It would make quality early learning and care affordable for low-income and middle-class working families through direct subsidies and tax credits;

And, it would raise standards for qualifications and compensation across the early childhood industry.

Low comp- -- you know, currently, across the field, there's low compensation, with few, if any, benefits. And it makes attracting and retaining a skilled workforce with education and credentials in early childhood education nearly impossible.

And, the fact that the workforce doesn't have

resources to participate in ongoing professional development that leads to credentials and a degree, is also an enormous challenge.

And, we're swimming upstream in the face of what we know about the workforce.

A paper on early childhood education that's just been released as part of the Annie E. Casey Foundation, "Big Ideas for Jobs," reports that, between, 1983 and '84, and 2000, the education levels of center-based early childhood educators declined, from over 40 percent, to around 30 percent.

The age profile of educational attainment among center-based teachers is unique as well; while, in the economy, as a whole, the 25- to 30-year-old cohort is more college-educated than all older groups. Among center-based teachers, the most educated group is over 50.

Projections show that we'll lose many of our most-educated professionals in the next decade.

And there are programs across the country, like, Teach and Wages, and, quality rating and improvement systems, that provide scholarships to folk in the field, to secure credentials and degrees, and reward them with stipends, and

education and retention bonuses.

And, these are good, but, they're not enough.

SENATOR SAVINO: (Inaudible) New York?

DENISE DOWELL: I'm sorry?

SENATOR SAVINO: Do you have them in New York?

DENISE DOWELL: We do not have "Teach" in New York, no.

And we no longer have an education-and-retention bonus in New York.

We have something called "EIP," but, I'm happy to talk with you about that another day.

So, what kind of investment in jobs are we talking about?

We need to develop and implement a sectoral strategy to transform "early childhood" jobs.

We should make them middle-class jobs.

Last week, Governor Cuomo, the Assembly, and Senate agreed on a tax package to raise State revenue.

That's good.

$1 billion is targeted to job creation.

That's good.

Creating -- investing in "early childhood" jobs, the ones that are here, that aren't leaving

our communities or our state, is also a smart investment.

In the short-term, research shows that every dollar invested in early care and learning generates $1.86 in additional spending in New York's communities.

National research demonstrates that targeting investments to raise compensation and qualifications of the early childhood workforce would pay for itself many times over, in the long run, because of the high return on investment in quality ECAs.

So, clearly, it's smart economic development.

So, we need to look at some ideas about how we can raise revenue to do this, from other states.

Arizona, New Mexico, California, are examples of states that dedicated taxes and -- into early childhood education, had dedicated taxes. And, in this case, it was tobacco.

Louisiana recently launched innovative tax credits that direct dollars to child-care consumers, the early childhood workforce businesses, and other contributors to early childhood funding mechanisms.

Texas reallocated $4.3 million in prison-cost savings to quality early childhood investments.

And then there's something called

"social investment bonds," that are innovations that, actually, making their way from the U.K. to the United States. I think Utah is actually experimenting.

SENATOR SAVINO: Hmm.

DENISE DOWELL: And this concept is simple. It's just about securing investments at the prevention stage of a problem, rather than throwing money at the crisis stage.

So, I encourage us to engage in this kind of thinking, in moving forward, so that we can really impact the problem at the source.

And, along with investments, we need to reform our subsidy system, particularly in Upstate New York.

So, you've already heard from a few of my colleagues, that, from county to county, parent eligibility and co-pay are very inequitable.

I need to one -- add one more piece to that; and that's, provider reimbursement rolls.

So, depending on what county you live in, if you're a provider, whether you're a center-based provider or a home-based provider, you may or may not get paid when a child is absent. You may or may not get paid for, five, or ten days, that could be

holidays, program-closure days, that you could use for professional development. Snow days. Whatnot.

And these -- these things are really, really critical to ensuring that we're able to sustain quality within our system at the most basic level.

So, we really need to move towards setting state standards for parent eligibility, co-pay, and provider-reimbursement rolls.

In addition, outside New York City, developing a more efficient and streamlined provider payment system could save money, and reduce the potential for fraud.

"CCTA" is a new automated time-and-attendance system that's been rolling out in the 57 counties.

That was an ARRA investment.

It's a step in the right direction, but one option we might want to consider, is moving to a state-administered provider payment system, with county DSS agencies continuing to handle parent eligibility.

There's a lot of ways we could make this payment system more efficient.

In terms of legislation that could help in the here and now, absolutely, the legislation that you have introduced, that waives training and work

requirements for mothers, we'd prefer to see, with children under the age of 2, actually.

Also, legislation that requires counties to give parents 60 to 90 days' notice when there are changes in eligibility and co-pay, or benefits are being cut completely.

And just so you know, we've had -- in Upstate, we have faced in many counties, situations where parents aren't being enrolled in the program.

But, most recently, within the last month, we have had two counties that have discontinued child-care subsidies for working families that are not on TANF, to everyone, okay, with very little notice.

And, it's a disaster when that happens.

And, since the -- this issue has come up, about affordable health insurance, we absolutely need help to address the issue of getting access to affordable health insurance for this workforce.

And, beyond that, for the entire field, liability insurance is also a huge issue. And, for home-based providers, homeowners insurance.

And what we find is, increasingly, insurance carriers redline folks in the child-care industry, because they don't want to assume the risk.

So, that's something we really need some help with.

Quality Stars, New York's quality rating-and-improvement system, is a good thing.

And we would say, it will be successful only if there's adequate funding to support professional development and program improvements.

That is really, really critical.

And we also have to ensure, as Quality Stars rolls out, that there's a firewall between program-assessment rating, technical assistance, and registration and licensing.

That's critical to maximize provider participation across modalities.

Informal child care may be the best option for families working second and third shifts who need non-traditional hour care.

And, it's not included in Quality Stars NY, because, baseline, is registration licensing.

Almost 50 percent of children receiving subsidies are currently enrolled in informal care. And, we need to invest in training that's designed and delivered to informal legally exempt providers, to promote outcomes for children and families.

So, we applaud the Senate and Assembly's

action last week to pass legislation to appropriate funds to the child-care facilitated-enrollment project.

This is an important step in ensuring that working families can access quality, affordable child care.

Investing in child care is an efficient and effective way to improve educational, health, and economic outcomes for children, families, and communities in New York.

And, as always, I didn't mention it: We do a lot of work to push for investment as well, at the federal level.

We will be continuing to do that work that we do.

And, we look forward to working with you this year, and are available for.

SENATOR SAVINO: Thank you, Denise.

We'll hear from Tammie, and then we'll take -- then we'll do some questions.

TAMMIE MILLER: Great.

Well, good afternoon.

Thank you so much, Senator Savino, Senator Montgomery, for the opportunity to speak before you and this Committee.

We really appreciate the fact that we're speaking a very well-informed Committee. And I appreciate the fact that you are very knowledgable on what's really happening.

So, in the interests of time, and to not be repetitious, I'm not going to speak my testimony. I'm just going to highlight a few points that have not necessarily been highlighted by my colleagues.

And, I'm really very happy to hear everyone give all the statistics and data on the impact of what's happening, as it relates to Early Learn NYC, Quality Stars, and all these other very innovative ideas.

I want to say, from our perspective, I am not as kindhearted as my colleagues when I talk about the vision of Early Learn NYC, because I do feel like it is going to force everyone, the people that are actually the benefactors of it, to incur more hardship than benefits.

Obviously, anything that would promote quality and more best practices, we applaud.

However, at the risk of understanding how it's going to impact the workforce, I am very concerned that Early Learn NYC is going mandate that 4-year-olds are going to be removed from the homes

of family child-care providers and pushed into center-based, not because that's such a terrible idea, but simply because, the one critical factor is that of parent choice.

I think that parents must be at the forefront of understanding, and having their voice heard on what's best for their children.

It will be a logistical nightmare for parents that have multiple-aged children, to have to go from one program to the next program if the children are not under one roof.

So, I think we need to understand, we talked about parent fees?

Then we must also understand that those same parents will incur higher parent fees, additional transportation fees. And just as the predecessors before me spoke about the impact on the home, we are going to see more children at risk as these programs are closed.

We have to look at things very realistically.

And I know you guys know very well, better than most, how it impacts your district, your communities, when centers are closed.

Parents need the right to have the option of both center-based and home care.

We -- I heard someone earlier speak about the informal care providers.

We represent approximately 20,000 of those informal child-care providers.

Most of them are not licensed, not because they decide, "I'm just going to have an unqualified program." It is because, they simply don't meet egress issues.

But, nonetheless, they are dedicated, committed workers to sustaining their communities.

Just as Denise spoke, we have over the -- just as she has, over the past two years, we've trained more than 14,000 early care providers, most of whom are informal care, and, of course, our, 7,000, 8,000 licensed and registered providers, in everything, from CPR and first-aid, to early childhood, to business classes.

So, as we move forward with these really innovative ideas, my hope, is that we do not allow anything to justify quantity for quality, because, in the end, there is no quality if you don't have child care.

So, to understand the devastation that parents and families and children will suffer when they are left in unsafe conditions, conditions that

are isolated and alone, I don't think we can risk any further disinvestment in programs.

I'm very concerned about after-school programs being cut.

I'm very concerned about the fact, that, it just seems to me, like this agency, ACS, is playing a shell game with finances and agencies. And, they're pitting workers against each other, because, one minute they're saying, Well, we'll give additional funding to center-based, we'll give less funding to the home day-cares.

It's unnecessary.

We cannot afford any type of continued disinvestment in our children and in our parents.

These are working families. And not only are we discussing the parents that are benefiting from subsidies, we're also talking about the workers, the industry, the child-care/early care practitioners, who are hanging in the balance, barely making it to provide for their own families.

So, I am very concerned, and I thank you both, very much, for your continued support.

We have been able to keep ourselves above water because of your support.

And I look forward to working with you, and

all the other advocates and labor in this room, on this very topic.

Thank you.

SENATOR SAVINO: Velmanette, you want to go? Any questions?

SENATOR MONTGOMERY: No.

SENATOR SAVINO: Okay, I have a few questions, because your two organizations represent a different part of this day-care-provider world.

As you may or may not know, I actually did the legislation that granted collective-bargaining rights.

TAMMIE MILLER: I do know.

Thank you.

SENATOR SAVINO: So your -- you represent the -- outside the city of New York, you represent the in- -- they're not informal, because they're organized.

TAMMIE MILLER: Well, she --

SENATOR SAVINO: And, so, walk me through this.

TAMMIE MILLER: -- represents Upstate.

I represent --

SENATOR SAVINO: Upstate, out -- right.

I say "outside the city of New York," and you

have --

TAMMIE MILLER: -- all of the five boroughs.

And we both represent, both, licensed and registered, and, informal providers.

SENATOR SAVINO: So how do you represent the informal ones?

That's what I'm kind of con- -- so, do -- how do you know where they are?

Is it through the voucher system that you're able to identify them?

TAMMIE MILLER: Yeah, it is through the voucher system.

We receive a list from ACS, who identifies all of the care practitioners in their prospective roles.

SENATOR SAVINO: Okay. And, so, then -- do you then contact them, and let them know?

TAMMIE MILLER: We contact them on a regular basis.

We -- again, we offer training -- free training. We offer all types of support for them.

We are really very excited that we advocate for them on issues of healthcare. And, so, we are actually rolling that out, here in the city, health insurance for all the providers that we know can't

afford it.

So, that's how we reach out to our members in the five boroughs.

SENATOR SAVINO: So, two questions on the informal care providers.

Once you're told who they are, you contact them. I'm assuming you must go through some process to sign them up --

TAMMIE MILLER: We do.

SENATOR SAVINO: -- and make them members.

But, when you are -- when you're trying to negotiate health insurance, how do you -- who are you doing it through?

Are you negotiating directly?

TAMMIE MILLER: Yeah, I'll let Carol answer.

SENATOR SAVINO: Carol, how do you do it?

CAROL GERSTL: Well -- and this was true of CSEA as well, because we negotiated, together, on the first contract for family day-care -- family child-care providers, with the State.

And in that contract, for the City, we set up a system, where we are going to have a unit, where anyone who is eligible for either Medicaid or Family Health Plus --

And, remember, our providers, a lot of them,

especially the informals, don't make very much money at all. Hardly minimum wage.

-- if they're eligible, they will come into a unit that is our unit of -- it's the Family Health Plus buy -- employer buy-in, except, there's no employer here.

We also negotiated from the State, this year in the budget, there was, either, 9, or 18 million, however -- but, 9 million in our contract, for us to be able to provide the same Family Health Plus package for over-income members.

So, we will be paying their full cost, individual costs, and they'll be in the same group.

And our ability to do that is going to depend on continued -- we have one more year in the contract, and then we're going to have to negotiate.

SENATOR SAVINO: So your -- and your members not affected by this Early Learn program, other than, they'll have to pick up the capacity? The excess capacity?

TAMMIE MILLER: It -- well, it's a decrease in capacity, in actuality, because --

SENATOR SAVINO: Really?

TAMMIE MILLER: Yeah.

-- if you are pulling 4-year-olds out of the

providers' homes, then you're decreasing their capacity.

Most of our parents have multiple-aged children.

So, very often, we'll have an infant and a toddler, and then, an after-school kid, for that one program.

So, the sustainability of the workforce is actually being stripped away by only saying you can have infants and toddlers in the programs.

SENATOR SAVINO: Yeah, that's -- that's -- that would be a problem.

CAROL GERSTL: Yes.

SENATOR SAVINO: Because, you're -- as you rightfully point out, if I'm a single, working woman, and I have, uhm -- Senator Montgomery is my early childhood provider at home; she's my family day care. So, she has my infant, she has my toddler, but, I have a 7-year-old who needs after-school, I'm running around in different places.

CAROL GERSTL: Right.

And when one of them hits 4 years old --

TAMMIE MILLER: Uh-huh.

CAROL GERSTL: -- then they're going to be

moved, be forced, under this proposal, into a center.

TAMMIE MILLER: Correct.

CAROL GERSTL: So, then, I might have three places I'm going (inaudible) after-school--

DENISE DOWELL: And one of the strengths of home-based child care, is, that siblings can be together. It's often why parents choose it. And, you really have that continuity of care with a single caregiver, over a period of time.

And, many parents like that.

SENATOR SAVINO: Now, Donna, do you have the same relationship with the county organizations?

Do they provide to you the names of the informal providers, so that you can reach out to them, and offer training, and sign them up, et cetera?

DENISE DOWELL: So, actually, we work directly with OCFS.

SENATOR SAVINO: With OCFS. Okay.

But, they're providing the same support.

And, finally, since I have the UFT here, you know, a couple of years ago, I think it was, Senator Montgomery held a hearing not far from here, over by --

What school was it?

SENATOR MONTGOMERY: At the Borough of Manhattan -- I mean --

SENATOR SAVINO: -- yeah, MBCC, where we registered our concern, and we had a big hearing, about the idea of the Department of Education, or ACS, eliminating center-based kindergarten.

And DOE took the position that they were able to absorb every child that would be displaced by the elimination of center-based kindergarten.

There would be a kindergarten seat in every school for every child that demanded one.

Now, I didn't believe that then. I don't believe it now.

But, can you speak to the experience since that's happened? How many children?

Because this seems to be kind of counterproductive.

So, we put so much money and effort into universal pre-K, to early childhood, to Head Start, and then we say: You don't got to go to kindergarten, because we don't have a place for you.

What's happening there?

CAROL GERSTL: Well, I think, as you know, over the last two or three years, basically, the

kindergarten -- the number of children enrolling in kindergarten has expanded substantially. And, the result has been, if there's a seat for every child, it's in a classroom that now will have 28 children, instead of the maximum 20 that we were all aiming for when the Legislature first passed their early childhood, early grade, class-size reduction plan; the early childhood plan, and the federal plan.

Our kindergartens are just exploding.

And, of course, years ago, we used to have -- kindergarten had a teacher and a para.

That's been gone for a long time.

So you have kindergartens with -- 28 is the maximum that should be there.

And, the problem also is, that parents are not able to -- even with those class sizes, they can't get their children in their zoned school.

So, you have 4- and 5-year-olds who are forced to -- the parents are forced to travel some distance to even get them into a kindergarten.

So that promise was, as many of those promises are, really false, and empty.

SENATOR SAVINO: I think part of the problem is, is because kindergarten is not mandated in

New York State. It's, you know, suggested.

And I think it's time for to us reexamine that policy.

And, then, you know, allow -- continuing with the idea of parent choice, center-based kindergarten is also -- if you enroll a child in a center, and they've been there since they were a toddler, keeping them there through kindergarten makes the most sense.

You know?

It doesn't -- I don't quite understand it.

But, we'll be looking at that going forward this year.

Thank you --

DENISE DOWELL: Thank you.

TAMMIE MILLER: Thank you.

CAROL GERSTL: Thank you.

SENATOR SAVINO: -- ladies, for your testimony. And, we'll definitely be talking about some of the things that have come up.

All right, who's next?

SENATE AIDE: (Inaudible.)

SENATOR SAVINO: Is Sister Margaret McDermott here, from Tolentine?

No?

Is Geraldine Vignola, from the YWCA, Richmond?

No?

James Matison, I know is here, from the -- he's been sitting here patiently, waiting, from the Brooklyn Kindergarten Society.

Is Gregory Brender here?

GREGORY BRENDER: Yes.

SENATOR SAVINO: Okay.

And, Lisa Caswell?

In the back?

Okay, come on down.

All right, I'm going to try this one more time: You don't to have read the whole testimony.

We -- really, we don't bite. By now, you should have realized that.

So, if you just want to highlight.

[Laughter.]

SENATE AIDE: We have, Gregory Brender, and Lisa Caswell?

SENATOR SAVINO: Uh-huh.

Because we only have the room until 4:00. Or until the sergeants at arms have to get on the train and go back to Albany.

[Laughter.]

SENATOR SAVINO: Last week, we did have a rough hearing.

So, who's first?

Go ahead, Mr. Matison.

JAMES MATISON: Yes.

I welcome Senator Montgomery.

Hello, Senator Savino.

I am the executive director of the Brooklyn Kindergarten Society. We have centers that have many families who are represented by you in Bed-Stuy, Crown Heights, Brownsville.

I anticipated that today would be an event of many people providing many statistics. And, in fact, I have a whole stack of them, and I decided I would avoid statistics unless they become appropriate.

And I was trying to think of what I could talk about that would be different from what other people talked about.

And, as strange as it is, I thought about fencing.

SENATOR SAVINO: Fencing?

JAMES MATISON: "Fencing," as in sword [inaudible] [indicating].

[Laughter.]

JAMES MATISON: That, my first week as a college student, I decided I wanted to do a sport I had never done before. And, I had had an athletic high school career, and went to the fencing tryouts at my college, figuring I'd -- why not? I'll see what it would be like.

And discovered, to my shock and dismay, that every other person who was there was already a fencer.

They had had multiple years of training, of competition. And I debated whether or not this would be worth my while, to try to compete with people who were so far ahead of me, that, short of some extraordinary experience, I would be lost.

And I wisely decided, no, I didn't think they would invest a great deal in providing me with special training.

And I think my experience, as an 18-year-old looking at a world I knew nothing about and was ill-prepared to encounter, is what happens to so many children in New York.

More than two-thirds of them who are eligible for early childhood education, who do not get it, and arrive in kindergarten and first grade about as well prepared for what they are going to face as

I was prepared to try out for a fencing team.

We continue to go forward as a society, and fail to recognize that -- and I don't know how many people saw it in today's "New York Times," there was a brilliant op-ed piece that talked about, we should start acknowledging the fact that poverty is a factor in school achievement; that, we have all of the greatest problems in areas where low-income is the norm.

When I saw you a few weeks ago, I was talking about the dropout rate, and 50,000 dropouts-to-be enter the New York City school system every year.

I went on, and discovered some astounding statistic; that, of students entering CUNY, and the varying schools, fewer than 17 percent graduate on time.

I don't know what the total number is if you extend it out six or seven years, because we are putting children who are ill-prepared for college into college. We are putting children who are ill-prepared for elementary school into elementary school.

And we have a system -- and I put it mostly on ACS, but it involves many, many institutions -- that is designed in a way, that, I don't think, if

someone took any of the people who have testified today, or these smart people on my immediate right, and said, "Let's design an intelligent program for providing low-income children quality early childhood education," I don't think anyone would design what ACS and DOE and CACFP and Head Start, and you go down the list of all of the agencies that provide different standards, different funding requirements, and create an endless assortment of bureaucratic needs.

They are expensive to run. They make it more expensive for us to run.

I look beyond that, and I said: All right, what do we do? We want to encourage parents to bring their children to us.

So, if you're at ACS, we change eligibility requirements.

We come up with the requirements that are, as far as I can see, insane.

We will allow you to get subsidized care if you are enrolled in a two-year college program. But if you choose to go to a four-year college program, we will not give you subsidized care.

You go down the list.

This past year, raising fees to exorbitant

rates for some families.

If you make -- which, we were talking -- Steve Antonelli is here -- about charging $26,000 a year.

The average family income in our centers is under $20,000 a year, before taxes.

If we look at the people we are dealing with, and then say, "By the way, we're really excited that you're one of the fortunate ones, and you make $40,000 a year, and, it's going to cost you $7,000 to send your child to an ACS-subsidized program," that is almost impossible for people.

We also have a system where, now, we have UPK classes.

The Department of Education has opened up UPK classes in schools directly across the street from us.

We, theoretically, are being funded by them.

And, I'd like to make an aside: We have six UPK classes in our five centers. And ACS takes $85,000 out of money that is from DOE, for whatever purposes, we cannot figure.

SENATOR SAVINO: They did say they don't take anything, though.

JAMES MATISON: Well, they most certainly do.

SENATOR SAVINO: It's their testimony.

UNIDENTIFIED SPEAKER: [Inaudible.]

SENATOR SAVINO: Oh.

Oh!

[Laughter.]

UNIDENTIFIED SPEAKER: They just take everything else.

SENATOR SAVINO: They just take everything else.

JAMES MATISON: Yes.

And, lastly -- although, it's not last -- I'll be like with you your questions -- Early Learn talks about raising the quality of programs, which the Brooklyn Kindergarten Society endorses wholeheartedly. We were enthusiastically in favor of it, until the rates came out.

And, yet, the one thing that is most striking, is that, aside from underfunding it, I asked the relevant question; in the summer, I said, "We work very hard to get the most qualified teachers we can. These tend to be people, although not always, who are State-certified.

"And as State-certified teachers, they are going to make more money than someone with just an associate's degree with no credentials.

"Will there be anything in Early Learn that will allow us, as an organization, to be able to continue to seek the highest-qualified teachers?"

And the answer was something I'm sure everyone has heard, "It's in the rate."

And I said, "Well, then some people are getting more money than they need, because, if you're funding it for $40,000 for a teacher, and people go out and hire $23,000-a-year teachers, then they're saving the money."

I don't think that's what -- and the answer was, "It's in the rate." And no one wanted to deal with it.

I am at a point where I believe that zero-based budgeting makes a lot of sense, and scrapping systems would be ideal.

We can't do that.

But I think -- and perhaps the two Senators at this table will be the ones to stand up and say: Enough tinkering. Enough rearranging the chairs on the Titanic.

That, in fact, it is time to say: Everyone knows that early childhood education is a critical factor for success in school, and in life.

And if the best we can do is, have a third of

the children who need it most, in those programs, and we are willing to watch the progression over the years of failure in 175,000 children in the public schools, in Special Ed programs costing $2 billion a year, someone should stand up and say: Guess what? It is time to make universal free/affordable early childhood education available for everyone.

And I presented this to someone at the DOE, who said: Well, that's preposterous. There's not enough money. We don't have the skills around, to do that.

And I said, "I did not say we have to do this tomorrow, or say we wish to implement.

I would like someone to stand up and say: This should be a goal of our society, of New York, New York State, to say, 'Every child should be enrolled in a program.'"

And as ridiculous as it sounded in 1962, when John Kennedy said, you know, "We'll put a man on the moon by the end of this decade," I think if someone said, "In next six to eight years, we wish to have a fully implemented universal, affordable program for all needy children," it could be done.

So...

SENATOR SAVINO: I agree with you.

JAMES MATISON: Thank you.

SENATOR SAVINO: Don't go anywhere.

Next, we're going to hear from Gregory Brender, from the United Neighborhood Houses.

GREGORY BRENDER: Hi.

And, thanks for the opportunity to testify, and for all the work that both of you have done for child care.

Crisis tends to sometimes breed unanimity, so a lot of what I was going to say has been said by other folks, and probably will be said by others, so I'll try and just summarize.

You know, as you folks mentioned, last year we saw the biggest crisis come to child care in New York City in more than a generation, with a cut that would have put 17,000 children out.

And, you really saw a tremendous outpouring of parent activism, and parents being engaged; people from communities being engaged; clergy members; elected officials. Advocacy, and labor, probably in way that was more dynamic and aggressive than we'd ever been before.

And that was because, we recognized the greatness of the threat to the system, and that what

we have in New York City is something worth fighting for.

Having a system that allows working parents to stay -- to have child care, instead of only parents on public assistance;

Having a system that's contracted, where, in the contracted centers, you are developing better strategies, having higher standards that you can be held to, and, also, being a hotbed for innovation.

The blended model that the Early Learn is seeking to replicate has come from the contracted system. And, so, we've seen great things come from this, and we know we have this unparalleled opportunity.

As a lot of folks said before, we support a lot of the vision of the Early Learn RFP. But, there hasn't been the commitment from, really, any level of government to make this happen; to say: Because we have this vision, we want to make sure that New York City's children have these opportunities.

In fact, you know, when we talk about the 10,000 children we're going to lose, 7,000 -- 10,000 slots we're going to lose, 7,000 of them come, not from the change in the RFP, but because the Mayor

hasn't baselined that the City Council put in last year.

We've -- you know, it's a greater amount this year, but, for a while, we've been carrying, parts of the system have been money that, you know, even though the City Council puts it in, that it's a priority that we fight for every year. The Mayor doesn't put in it as a part of his budget, and so it doesn't get into the RFP.

So, we need to push for that kind of stable funding to keep this system going, and to, you know, hopefully expand it, because there are -- only 27 percent of the children getting it.

We can't have the 73 percent go to Zuccotti Park, and say: We are the 73 percent.

SENATOR SAVINO: [Laughter.]

GREGORY BRENDER: So, in light of that -- and I'll have more specific suggestions in the written part -- you know, we want to reiterate the position that Winning Beginnings and many of our colleagues have put: That the State needs to invest General Fund money in child care -- in the Child-Care Block Grant, and in -- at least cover the $37 million that's being lost from TANF.

We strongly support your legislation to amend

the welfare work requirements.

You know, there are ways to make cuts in time -- or, there's ways to find efficiencies in times of fiscal challenges that are smart, and there's ways that are not.

And, this is a smart way to take a program that we haven't seen. And workfare hasn't -- you know, has not always been of great value.

I mean, a lot of these programs are of more dubious value.

And, to put that kind of money into a program we know works.

We know early childhood education is benefiting families. And we know that, you know, the kids who are one now, the kids are two now, they're not going two again, they're not going to be three again. They're losing their opportunities.

So, it's -- you know, it's the kind of smart way to find efficiencies, that we're -- we're very enthusiastic.

And thank you for supporting that.

And, of course, we also want to express our support for funding flexibility for universal pre-kindergarten.

For those kids who don't have ACS subsidies,

and whose parents are working, a full-day UPK program is really their only opportunity to have a UPK education in a context that works for them as a -- working parents.

And, also, I just wanted to say, for the kids who are just older than our preschoolers, they're also facing a crisis.

We're having the new RFP for the out-of-school time, which is the primary funding source for after-school, dramatic cuts. The RFP reduces the system by 23,000 slots.

And, so, we want to urge the State to maintain the funding for the YDDP and SDPP programs which support OSD.

And, thank you, again, for letting me testify, and for all your leadership on this.

SENATOR SAVINO: Thank you, Gregory.

And, Lisa Caswell, for the Day Care Council of New York.

LISA CASWELL: I'm just going to read, because I think it will be faster than if I try to summarize.

It won't be too long.

Good afternoon.

My name is Lisa Caswell. I'm the senior

policy analyst for the Day Care Council of New York.

The council dates its origins to World War II, when the City made a major investment in child care to support families when women were entering the workforce in large numbers to address labor shortages.

This year, the council celebrated its 63rd year of service as the primary membership organization for 175 sponsoring boards which operate more than 300 child-care programs, both center-based and family child care, in the five boroughs have New York City.

Our member agencies are under contract with the City's Administration for Children Services, to provide accessible high-quality child-care services for low-income families.

It is estimated that the Day Care Council's member child-care programs serve more than 40,000 children from low-income working families on an annual basis.

Before I begin, I would like to sincerely thank you, Senator Diane Savino, for holding this hearing; and for Senator Velmanette Montgomery, in your length of service in this kind of capacity.

As the Chair of the New York State Senate

Committee on Children and Families, we appreciate the opportunity to express many of the concerns our member agencies are facing at this time.

These concerns are truly challenging to the provision of publicly funded child-care services in New York City.

We would like to bring to the Committee's attention three major issues facing our member agencies.

One: The enormous deficit in publicly funded child care that has already decreased the availability of child-care slots for hundreds of low-income working parents;

Two: The anticipated introduction of a major systemwide change known as "Early Learn";

And, three: The City's refusal to recognize the collective-bargaining agreement between the Day Care Council and District Council 1707, representing teachers and other support staff, and, "CSA," the Council of Supervisors and Administrators, which represent the directors and assistant directors.

The City's child-care deficit-reference information on the causes and status of the current deficit in the publicly funded child-care system is

taken from a report entitled "Understanding the ACS Child-Care Deficit," released by the New York office of the Children's Defense Fund in February of 2011.

This report outlined little-known facts, and the need for help from the State to address budget issues before more child-care slots were lost.

The system has been grappling with a serious financial deficit for more than eight years.

The total yearly funding for subsidized child-care programs in New York City is approximately 976 million, including 18.9 million for TANF, and 957.1 million for child care and Head Start.

In the previous fiscal year, the child-care deficit was estimated at 91 million.

A concerted and coordinated advocacy campaign by the Emergency Coalition to Save Child Care, a coalition of advocates and service providers, was successful in securing 82 million; a combined allocation of, 40 million from the Mayor, and 42 million from the City Council.

The child-care community is fortunate to have a City Council that has remained steadfast in its commitment to meet the needs of low-income working families, making sure that the final budget includes

critical restorations for child care.

Unfortunately, the City Council funding has to be reallocated annually.

As such, we may lose the 40 million we struggled to get.

The City's child-care deficit has grown steadily due to a number factors.

There has been an increase in the enrollment of infants and toddlers who are more expensive to serve;

More parents are choosing licensed family and group family child care over informal care;

There has been significant growth in number of families seeking public assistance;

And, health insurance costs for workers are now around 24 million over budget.

The primary reason the City has not been able to address these factors is stagnation in State funding since 2008, making it impossible to keep up with inflation.

The total amount of funding in the State Child-Care Block Grant is 736 million, of which, 599 million is federal, with 107 million coming from the State.

The City was fortunate in 2009, and 2010, to

receive federal stimulus funding of between 42 to 36 million, but it ended last year.

Related to Early Learn: As determined by the Administration for Children's Services, Early Learn is the vision for publicly funded child care in New York City.

According to ACS, Early Learn represents a unique opportunity for policymakers, early childhood educators, and parents to embrace a plan that could be successful.

Unfortunately, there has been little planning, and no demonstration project, to determine whether the proposed program components and financing structures are viable.

ACS plans to implement Early Learn in October of 2012.

One of the most troubling aspects of Early Learn is the fact that the financing rates, per child, whether they are enrolled in center-based Head Start or family child-care settings, are absolutely insufficient.

In the area of family child care, the City is restricting providers to serving infants and toddlers, which will limit their income due to the ratio.

As determined by our member agencies, the per-child rate simply does not meet the central costs; i.e., competitive salaries for certified teachers, staffing to address social-service needs of families, healthcare insurance for the workers, and basic operational costs, such as center maintenance and equipment.

Furthermore, agencies will have to contribute a mandatory 6.7 percent of their total budget through their own private fundraising efforts.

This requirement is expected for all awardees of the Early Learn RFP.

This mandate is being imposed across the board, including those agencies operating in poor neighborhoods, where it has proven difficult to collect recent parent fee increases, let alone raise additional funding from local business owners or individuals.

Unfortunately, ACS has repeatedly stated that no additional funding will be forthcoming for Early Learn.

The total funding anticipated is 515 million for 350 contracts.

Given the pending deficit, we know this amount will decrease, and fewer families will

receive child care, resulting in an inevitable loss of employment in an extremely tough economic environment.

This is the last section.

The collective-bargaining agreement: Our final comments will focus on the unresolved union contract for supervisory teaching and support staff in the publicly funded child-care system.

At this time, these workers have not received an increase in wages for more than five years.

The labor contract with DC 1707, Local 205, which represents the teaching and support staff in the centers, expired on March 31, 2006.

The contract with the Council of Supervisors and Administrators, which represents the administrative and supervisory staff in the centers, expired on June 30, 2006.

A number of our member agencies have inquired as to whether the City will resolve these labor contracts before the implementation of Early Learn.

ACS's response is: That the focus of Early Learn is on programs, not labor, and that the labor contract is not in their purview.

Such a comment is a direct avoidance of the historic nature of these labor contracts and the

City's role in funding them.

From the beginning, when child-care workers organized themselves within these two unions, the City worked side by side with the Day Care Council to ensure successful labor negotiations.

Now, without notification or discussion, the City has decided that they will no longer be involved in labor negotiations.

They have turned the responsibility of contract settlement over to the council and the agency-sponsoring boards without sufficient funding to do so.

This issue intersects the City's deficit issue, and is one of the major problems with Early Learn.

We cannot stress enough how important it is to resolve this matter before Early Learn is implemented.

ACS has proposed -- is proposing to combine the funding and services of three major early childhood funding streams: The Child-Care Block Grant, Head Start, and universal pre-K funding, one of which is not fully unionized.

Directors in the child-care sector are unionized, while directors in Head Start are not.

Although child-care and Head Start teachers are both unionized under DC 1707, Head Start workers have experienced very different labor negotiation results.

Head Start workers were granted a new labor contract in November of '09, effective for three years, which gave them a 3.06 percent salary increase, effective February 1, 2008, through January 31, 2011.

It should also be noted that the beginning salary levels and benefits for child-care directors and non-supervisory workers are not comparable with their Head Start counterparts.

One of the critical foundations of any new system is the level of compensation and training given to staff to meet new challenges.

For a successful earlyhood [sic] childhood system, we need a stable workforce with low turnover and the appropriate level of educational credentials to effectively stimulate learning in young children.

The unions have taken a very strong position against the inadequate rates proposed in Early Learn.

Advocates share their concern, and are preparing another large-scale campaign to address

the rate issue, as well as the shrinking number of slots for families.

As the membership body of the City's publicly funded child-care programs, the Day Care Council continues to represent the interests of its sponsoring boards who are committed to maintaining both capacity and quality.

We are absolutely appalled at the City's position, to refuse to grant salary increases to workers in this publicly funded sector.

It is an issue that must be resolved if Early Learn is to be successful.

Last paragraph.

It goes without saying, that families rely heavily on these -- this service, and value the educational component; however, the economic impact of child-care services in low-income neighborhoods is not always recognized.

The vast majority of workers in this system are African-American and Hispanic women who are heads of household.

Many of these workers live and work in the community, which translates into rent payments, and purchases at the neighborhood bodega, laundry facilities, and beauty shops.

We must show our gratitude to the dedication of these child-care workers, by properly compensating them for their services while we sustain vulnerable communities.

The State could greatly assist the City in its efforts to make up for the losses in federal child-care funding in recent years.

Early childhood programs are the most direct means of ensuring the academic success of all of New York City's children while maintaining the long-term economic and racial diversity of her citizens.

These hearings are a greatly appreciated step in the right direction.

I'm sorry for taking so long.

SENATOR SAVINO: Questions, Velmanette?

SENATOR MONTGOMERY: Yes.

I'm going to apologize. I'm going to have to leave, because I have to go back to my district.

But, I just want to thank you for the testimony, and all of the advocates who have come today, to talk to us.

You have raised some of the issues that we certainly agree on that are critical to this -- to maintaining some integrity in this system.

And, personally, I can tell you, and share with you, my very, very personal disappointment in where we've gotten to.

And I am -- unfortunately, I just am so cynical, that the Early Learn is really one of those Trojan-horse programs that the City has gone out of their way to get so many of us, the advocates, to buy into.

And once you've given them your vote of confidence that this is a great thing -- we all think this is the right way to go because we want to raise the quality of our program -- and, then, they cut half of the program, so that most of the families in my district who have relied on Head Start and day care, will be without any service.

And, so, it's a very sad and dark moment for me, to tell you the honest truth.

I hope that we can work together.

One: I think we have to clarify what we actually will not agree to allow, because we're -- we are-- the people who are being affected not in this room.

I don't see any of them here today.

Those children, and those poor families and

those providers who are out there struggling to make a life for themselves, of some sort.

So, we -- those of us who are at the table, I think it's very, very important for us to think very carefully about the consequences of what we advocate for, and who will ultimately be the ones who will suffer the consequences of all of these decisions.

If we're not clear, then we're going to sell out the purpose that we thought that we were at the table to advocate for.

So, I thank you, and I look forward to working with you.

And, thank God, we have a fighter here, who does not take any tea.

I have seen her in many different situations. I know how she fights.

She comes out of labor, and she knows how to go toe-to-toe, and eye-to-eye.

So, I appreciate that.

SENATOR SAVINO: Thank you, Senator Montgomery.

SENATOR MONTGOMERY: And I look forward to seeing all of us more.

(Senator Montgomery leaves the hearing.)

SENATOR SAVINO: Thank you.

Now, before you three depart, I have a couple of questions.

So, we -- I have yet to hear from anybody today, who has respond to this RFP.

And it sounds like you all responded to the RFP with a gun to your head, because you really had no choice.

Correct?

You had to, essentially, do this.

Nobody seems to be supportive of this new model. And that seems to be in direct contrast to the discussions I have had with the administration, that there's -- you know, they've received enough replies to the RFP to exceed capacity. And, that none of the concerns that I've raised to them have come up in the reply process.

Can you --

JAMES MATISON: It's a myth.

SENATOR SAVINO: Obviously, it's a myth.

JAMES MATISON: A total myth.

And --

SENATOR SAVINO: So, the question I have is: When you responded to the RFP -- or, when you first saw it, did you -- the questions that I raised to the administration today, did you and your

organizations raise them?

And what response did you receive from them?

JAMES MATISON: We were told that we could ask questions, and we would get responses; which were returned in the form of nine, I think it was, addenda.

We submitted written questions. And, some of them were responded to, others not.

There were delays in the responses. And anything that was delicate was brushed off.

"It's in the rate," was the typical response.

SENATOR SAVINO: I'm going to go back to that "in the rate" thing.

Did they give you the rate, or did you have to --

JAMES MATISON: Well, up front, they said, "This is the maximum you will be allowed to receive. Don't ask for a penny more."

SENATOR SAVINO: Is that -- was that for the -- for the --

JAMES MATISON: Everyone.

SENATOR SAVINO: -- for the in-total contract, or was it per child for?

JAMES MATISON: Per child.

SENATOR SAVINO: Per child.

And what was the rate that they gave you?

JAMES MATISON: Well, it depended upon the --

SENATOR SAVINO: Obviously.

JAMES MATISON: -- they gave you a few alternatives.

You could be a day care, you could be a blended Head Start-collaborative event, or, you could be all Head Start, I guess.

GREGORY BRENDER: Yeah, I think the highest was probably around, 34, for the blended.

SENATOR SAVINO: 3,400.

GREGORY BRENDER: No. 34 per day, per child.

JAMES MATISON: It was more --

SENATOR SAVINO: $34 per day, per child?

GREGORY BRENDER: No. It was --

UNIDENTIFIED SPEAKER: [Inaudible.]

JAMES MATISON: Yes. Cynthia Cummings knows.

GREGORY BRENDER: Yeah.

The rates are in the RFP, though.

UNIDENTIFIED SPEAKER: $47.11 was the maximum rate for the Head Start model.

SENATOR SAVINO: And was that significantly different than the reimbursement rate --

JAMES MATISON: Well, I think --

SENATOR SAVINO: -- pre -- prior to

Early Learn?

JAMES MATISON: -- I mentioned last time, that when we ran -- the Brooklyn Kindergarten Society ran the numbers, this was back as soon as the numbers came out, we said: Okay, let's apply it to our organization that has an average enrollment of more than 95 percent of capacity, which is about as good as you get, across the board, for an entire year.

And we said, before we heard about the medical-insurance premiums, that we would have gotten $600,000 less.

This is on -- we receive $4 million from various government agencies. And we supplement it by aggressive fundraising in communities that support us, and get close had to $1 million every year.

So, of the $4 million, we would have lost $600,000.

When we then heard, later, that we would lose the medical-insurance premiums, that was another $800,000 lost.

So we were looking, and still are, at $1,400,000 out of the $4 million, which is an extraordinary sum.

So, I mean, we've gone through all kinds of magical iterations, trying to find out how we can do things differently, and can shave off a little.

SENATOR SAVINO: And in your experience, in the -- you had the same experience as United Neighborhood --

GREGORY BRENDER: [Inaudible] member --

SENATOR SAVINO: -- child care --

GREGORY BRENDER: -- most of our member organizations did.

And, yeah, a lot of folks are applying. Not sure that they're going to be able to do it.

This is something I've heard, not just in our member agencies, but throughout the system, you know, folks, their mission is to provide child care. And they're going -- they applied. And, they're going to try and figure out how to do it.

And I think a lot of folks are going to try and negotiate for a better rate.

But, also, there's probably going to be agencies that have applied, that did bulk-up those numbers to level that ACS is saying they're getting, but probably can't do it on -- at the rates they've said; especially, because, even for folks who say, "Oh, this is about the rate we're about to" -- "we

got before," that was without paying for health insurance.

SENATOR SAVINO: But those rates also fluctuate, depending on where you are; what ZIP code you're in.

Correct?

JAMES MATISON: In the city --

SENATOR SAVINO: Is there a difference in --

JAMES MATISON: -- it's the same.

GREGORY BRENDER: Currently, rates do fluctuate. There's not a standard rate.

The Early Learn RFP, one of its changes, is to put in these standard maximum rates that were in the RFP.

SENATOR SAVINO: And that would be -- because I didn't have a chance to actually ask the administration this, but I'm a little concerned about the ZIP code -- targeted, and non-targeted ZIP-code issue, because I don't think it adequately reflects the changing communities out -- you know, particularly in Central Brooklyn, where you've have -- you know, you may have had some, you know, intensive gentrification going on.

And, so, now you have high-rise condominiums that are very expensive alongside low-income

housing.

And, how do you determine what the value, or what the costs really should be in that community?

If you're going to mix people, you may wind up eliminating eligibility, or the -- for people who really need it.

GREGORY BRENDER: Yeah, it's not as if you become wealthy because your neighbors have more money.

SENATOR SAVINO: Exactly.

Wouldn't -- that would be lovely, wouldn't it?

GREGORY BRENDER: It would be.

JAMES MATISON: This afternoon, you have the director of the Riverside -- Goddard Riverside, who's in the middle of the Upper West Side.

SENATOR SAVINO: Right.

JAMES MATISON: And --

SENATOR SAVINO: We'll ask that question, then.

JAMES MATISON: Yes.

-- I mean, he will be talking about this, I'm sure, at length, because he's in one of the -- he's in a high-value community, but he's dealing with people in the projects who do not make any more

money than those people living in Brooklyn and the projects make.

SENATOR SAVINO: And, Lisa, the Day Care Council, you've raised an interesting point in the portion of your testimony about the collective-bargaining agreement.

In the past, the Day Care Council, you didn't nego- -- or, your -- the Day Care Council didn't negotiate directly with 1707. They were parties to the contract.

It's kind of a complicated system.

LISA CASWELL: It's a complicated relationship --

SENATOR SAVINO: Right.

LISA CASWELL: -- but we are charged with the responsibility of sitting on the other side of the table from the unions, but we were always sitting at the same table with the City.

SENATOR SAVINO: Right.

LISA CASWELL: So, for them to pull out in this kind of way, and act as if they've had no history, is completely unconscionable.

The other thing that happened is, that in the concept paper that was issued, there was no mention of the inclusion of the health-insurance costs in

the rate.

So, that, what you saw in the community was focused initially on the 6.7 provider contribution in low-income neighborhoods. And they couldn't figure out how they were going to do that.

Then, when the announcement came with no warning of the health-insurance costs supposedly being included in this rate, we polled our members, and we found that most of them were going to be responding, but only because they were praying that the rates would go up, based on the advocacy efforts of the community.

But I think, you know, from this -- at this point, we have no choice but to move forward, and try to begin the process of meeting with the unions, but we feel very conflicted about it.

You know, that's been our historic role, but we don't have any good-faith effort on the part of City.

SENATOR SAVINO: Well, not only that, you would be in a unique position, attempting to negotiate a collective-bargaining agreement, as the employer, when you've never done it before, because you're not -- you don't know how much money is on the table.

LISA CASWELL: Well, we --

SENATOR SAVINO: Have they given you a dollar amount that you're supposed to work with?

LISA CASWELL: Well, in our annual meeting that happened last week, the new commissioner stated that he did not see any need to increase the rates.

And, so, what we're looking at, is what we have now.

So, in effect, we do have a dollar figure.

What I think is going to be the effect, is if insurance costs are calculated into this, and there's a fixed amount of money, then you're just going to have fewer slots.

It's just not going to work.

And I think, at this point, our job is to try to figure out how to support our sponsoring boards, who are the employers of these workers, who need to know whether they will accept a contract or not when it's offered to them.

SENATOR SAVINO: Here's -- here's --

LISA CASWELL: And we've got brought them together, to ask them what they wanted us to do. And they said: Go ahead, and begin to get the balling rolling.

But we've gone forward with great

reservation. You know, we feel that the whole thing is a setup.

SENATOR SAVINO: I hear -- there's another wrinkle in this that you may not have anticipated.

Traditionally, the 1707, and the other -- and CSA, they've always, eventually, when they were able to finally get the City to negotiate on their behalf, essentially, got the same package.

You know, pattern bargaining, whether people like it or they don't, is a fact of collective-bargaining and labor relations in New York City.

If you are not given the ability to negotiate, you're not given any increased funding, you wind up at impasse, they go to arbitration.

Who picks up the cost of your legal fees if you have to arbitrate this case?

LISA CASWELL: Right.

It's -- right now, we're just beginning to try to figure out how to even approach the whole process, ethically.

And we've had preliminary research on health-insurance plans, because, when we polled our members, they said, "The only thing we really need from you is to figure out: Can you become the

umbrella provider for health insurance? -- because that's the only way we can compete in this market."

So, we've taken that path, and we're trying to at least do preliminary research.

But the question you've raise is totally viable.

SENATOR SAVINO: I think Steve had a --

STEVE: I think the best question you asked today, which wasn't answered by ACS, is: What happens when these contracts are offered, if a large number of community-based organizations say, "We can't do it"?

LISA CASWELL: Right.

STEVE: What's going to happen then?

I mean, you know, what? It's almost in my mind, there's like an ulterior motive, that, they want to see this, sort of, collapse, so that they can put it together in a different way.

SENATOR SAVINO: It's very possible.

It is very possible.

All right, I want to thank the three of you for your testimony.

We're going to move on to the next three.

SENATE AIDE: Yeah, Liz Accles.

SENATOR SAVINO: Liz Accles --

She's been here from the beginning. I see that she's back there, very --

-- from the Federation of Protestant Welfare Agencies.

Goddard Riverside Community Center, Pedro Cordero.

SENATE AIDE: He's not here?

SENATOR SAVINO: He's not here?

SENATE AIDE: Then we're going to, Amy Cohen.

SENATOR SAVINO: Amy Cohen, from JCC.

SENATE AIDE: And, then, we'll go to --

SENATOR SAVINO: And, then, Cordelia Grant McNish.

Is Cordelia Grant McNish here?

Yes.

All right.

Very patient.

She got off the elevator with me this morning.

LIZ ACCLES: Patient, and hungry.

SENATOR SAVINO: Okay, go ahead.

LIZ ACCLES: Thank you, Senator Savino, for holding this hearing.

I'm Liz Accles. I'm a senior policy analyst at the Federation of Protestant Welfare Agencies.

And, we appreciate your leadership on this issue, and in particular, appreciate your leadership and partnership around the TANF Workfare Waiver Bill, that we think is critical at this given time when there are so new options, financially, to stabilize funding for early childhood education.

And we see this as a clear win-win situation, where, parents who are receiving non-public-assistance subsidized child care can retain child care; and, parents who are receiving public assistance will have their child care protected if they are working, or in a program, as well as -- as well as, have the ability to care for their young children at home.

I'm not going to stick to my testimony. I'm going to touch on a few key points, because my colleagues have hit on many of them.

So, I will just say a few things.

One is, that, in preparing testimony today, you know, the key theme is underfunding.

The federal government, it's uncertain what's going to happen.

It's, uhm -- funding's retained -- stayed flat on the state level.

Over the last -- since 2007, we've seen

either a decrease in funding, or flat funding, as people have said before, only to meet what the federal matching requirements are.

And, on the city level, we've seen, even prior to Early Learn, again, as was mentioned before, all kinds of reductions, including something that kind of got pushed to the side last February, with the increase in parent fees; and that was, the second increase, very dramatic, that has tremendous impact, both, on families that just can't afford the care any longer, and FPWA has many member agencies that have said that; as well as it adding administrative burdens to programs trying to collect those fees.

So, uhm, I'm not going to hit on all the other ways in which early childhood has been cut in the city, and the different kind of, little nicks, and larger hits, that programs have taken, that have made it harder and harder to run programs.

So, I'm going to turn to Early Learn, and first say, that: There were many aspects of the Early Learn concept paper, many questions that never got answered. Many that were raised here today.

The 6.7 percent match;

The assumption of private-pay students at an

amount that would make sense to make a budget whole;

An enrollment-based system, a needs assessment, that doesn't take into account nuance of community;

As well as, the loss of capacity to serve subsidized children.

So, you know, even if numbers in centers, depending on where they are, can say the same, what's happening to the ability to serve subsidized children?

And, uhm, I say this, starting all this out: FPWA has, roughly, 200 member agencies; 75 of those member agencies run early childhood programs, and, in total about 117 programs.

So, we've heard from a bunch of our organizations.

We have programs that are of a wide range in size, capacity, and outside resources.

So, even before we go into Early Learn, and the rates, the underfunding with, the 6.7 percent match, we knew was fantasy for many programs, in many places.

I mean, you know, what -- even larger organizations -- settlement houses, multi-service organizations -- that may have more capacity to

bring in foundation money and private money; when you talk about just, at that base, underfunding, at 6.7 percent, and then say, "Figure out how you're going to make that happen," as said -- it was said before, hundreds of organizations are going to foundations for money.

You know, foundations are struggling. They won't pay for operation -- operating costs, uhm -- and so on.

So, not to belabor that point, because it's been brought up, but, I think, for us, at FPWA, and the other membership-based organizations, what has been most striking, is that, in May, when the RFP came out, all these other concerns that we've had were completely eclipsed by the rate issue.

As programs started running budget numbers, and saying, "What would this look like?" as we've heard today, we've heard budget gaps, from $100,000, to over $1 million.

So, what has been clear about that, and, basically, as it's come to the health-insurance costs and the facilities costs; so, we've seen that the City is clearly trying to shift those expenses from a City expense.

And as -- they said, that they kept raising

that over the years, but they never explicitly said in the concept paper, or anywhere, that that was what they were looking to do: get out of the business of health insurance and facility costs.

And that's, clearly, what they've tried to do.

And when this first came up, you know, basically, they cynically answered, "Programs are going to have to negotiate rates, as they can."

And we all know that that is just -- as you said before, it just doesn't -- the numbers don't match.

So, you know, the other piece that became obvious, that was mentioned earlier, about the collective-bargaining agreement, was that, this underfunding was kind of a side-handed way to go about getting out of transferring the costs of the health insurance onto the programs.

And I frankly think, if things don't work, transferring the responsibility of things, of the programs not being able to retain their ability to keep programs open, will fall to the non-profit sector, rather than the government pulling back.

So, you know, under the guise of quality -- and this is what I think is so troubling about

this -- under the guise of quality, what they're talking about is, underfunding these programs, making workers' situations more vulnerable.

And, not just from a worker point of view, but we've heard, across the board, from programs, if you're looking to increase quality, programs, even now, have a tremendous difficulty retaining qualified workers because of the pay scales.

So, this will make that even more difficult with fewer resources.

So, uhm --

SENATOR SAVINO: But now you're the bad guy.

LIZ ACCLES: Well, I -- that's what I -- I think that's an interesting thing to look at; the way -- you know, part of what's underlying here, as you say: We're cutting the rate by.... Or, this is what the rate is.

If you can't make it whole, and the system implodes because programs can't come up with the money. Or, they give fewer contracts and negotiate some, up, then you're talking about a drastic wholesale cut in capacity.

It's one way or the other. It has to give one way.

There either needs to be an infusion of money

to meet a proper rate and capacity, or, you know, it either goes up, this way, or -- or --

SENATOR SAVINO: Or you're put in the position -- your agencies will be put in the position, where you will be responsible for reducing capacity and reducing wages. Depressing wages --

LIZ ACCLES: Right.

SENATOR SAVINO: -- and benefits.

That's -- but, now, you are responsible for that, as opposed to the City.

LIZ ACCLES: The City, that's right.

SENATOR SAVINO: And that's a dangerous precedent.

LIZ ACCLES: I think that's the most cynical thing.

SENATOR SAVINO: Yes, it is.

LIZ ACCLES: And, you know --

SENATOR SAVINO: I've been around a long time, Liz. [Inaudible] cynical.

LIZ ACCLES: Yeah, no, you know -- and the City kind of putting it forward as quality. And it becomes this false argument about quality, and -- quality and capacity.

And I think as, Tammie Miller said earlier, it's a false argument, because the children that

lose care, where's the quality?

Where's the quality there?

And one of the things that -- just going quickly into our recommendations -- that FPWA has been saying all along, is that, there are elements of Early Learn that the advocacy community supports. But, we've said, this is a really bad time to be doing this.

We know the City argues otherwise.

If this was a time where -- of money coming in, where resources could be there to support this, this vision, or many elements of the vision, that would be good.

We think it's a dangerous time to do this.

And, we've been calling for, whether it's a pilot or a gradual rollout, ACS has done this in other service areas, where, they can test what the rates really are, they could test elements of the program, and do it in a small and manageable scale, that that would be a good way to go.

On the state level, of course, we support the TANF Work Waiver Bill.

And, we, along with our partners at Winning Beginning NY, call for a restoration of the $37 million that we're losing in federal funding; as

well as really having the State make a significant investment, begin to start making a significant investment, in early childhood education, in terms of subsidized child care, by adding 10 percent above of the total amount that we currently have.

And that's -- that's where I will end.

Thank you.

SENATOR SAVINO: And next we're going to hear from, Cordelia.

Right?

Is that who's next -- oh, no. Amy is next.

Amy. I'm sorry.

Amy, you're next.

I have them out of order here.

AMY COHEN: If you don't mind, I am going to read excerpts of my testimony.

I will skip over the things that I know everyone's said earlier today, to the best of my ability.

My name is Amy Cohen, and I'm the director of government contracts for the Jewish Child Care Association, one of the oldest and largest child- and family-care agencies in the nation, which provides non-sectarian services to over 16,000 children and family members, each year,

throughout the Greater New York Region.

And, nearly 200 years old, JCCA provides an extensive array of child welfare, mental health, education, youth development, and day-care services.

My colleague Sandy Katz is director of early childhood education services, and is responsible for the supervision of, both, the agency's day-care programs, the Forest Hills Child-Care Center, as well as our family-to-family program of home-based child care.

We are particularly pleased to testify today, because our agency operates a lesser-known child-care option: a licensed family child-care network, also known as "family day care."

Our family-to-family program is one of a dozen such networks throughout the city which, collectively, provide oversight for approximately 10,000 children in home-based day care.

This service model involves trained providers who deliver day care in their licensed homes, with regular oversight from network agencies.

JCCA's family-to-family program, which was founded in 1952, recruits, screens, trains, and monitors providers who are independent contractors, and places eligible ACS-subsidized children in their

homes.

While providers are licensed by the New York State Office of Children and Family Services, and regulated by the State Department of Health, requiring them to comply with all child-care regulations, Article 47, as well as any written requirements issued by ACS or JCCA.

JCCA monitors provider homes with a minimum of eight visits a year, three of which also assess the children's nutritional needs, and, at least three of these visits are unannounced.

Providers, children, and families in our network also benefit from a wealth of other services provided by JCCA, including, but not limited to, assistance with the enrollment process, helping with matching families with providers, assessment of child development via formal screenings, provision of educational materials, and delivery of, both, group training and individual technical assistance for providers so that they are kept abreast of educational trends and regulatory requirements.

JCCA's family-to-family programs currently serves approximately 1,000 children a year, from infants to toddlers and preschoolers, to older children who need after-school care.

JCCA's current enrollment consists of, both, ACS-contract-funded families, as well as approximately 500 children whose families pay privately.

Our network currently oversees 130 licensed family child-care-provider homes which serve families residing in Queens, Brooklyn, and Staten Island.

So, it's because of our expertise with family child care, we wanted to point out to you today some of the unique impact of the things our colleagues have talked about, including the decline of funding, which you'll find in my testimony, and you've heard a lot about today, so, I'm going to skip that portion.

But, obviously, the decline in funding has an impact on all providers, including family child-care.

And one that's unique, that we are very concerned about, is the methodology being used in New York City to determine allocations of the increasingly scarce day-care resources.

As the system shrinks, New York City's ACS has been forced to eliminate vital services for thousands of New York City families, and has

accomplished this reduction by proposing to restrict services to high-needs neighborhoods.

While it may appear that this is a good strategy, in fact, the methodology by which ACS has identified these neighborhoods, based on poverty levels of an entire ZIP code, is highly problematic, and ends up disenfranchising many poor children.

As Ginia Bellafante illustrates in her compelling "New York Times" article, which we encloses for your reference, many poor families live in mixed-income neighborhoods that not identified as high-needs by ACS, and are in danger of losing this essential service.

We are deeply concerned about the many families we serve who will lose child care as a result of a ZIP-code demarcation which often overlook pockets of poverty, particularly for immigrants who happen to live in enclaves within mixed-income neighborhoods.

Family child-care homes, which serve nearly 20 percent of families who receive subsidized care, are often located in a ZIP code where the predominant income of their neighbors masks their very real poverty.

As Ms. Bellafante eloquently points out,

"Many children, for example, in City projects live within the same ZIP codes whose neighbors are in multi-million-dollar co-op owners.

"The ultimate result of the cost savings"...blah, blah.

Talks all about the -- you heard a lot about that today.

[Laughter.]

AMY COHEN: But, you know, it's a real issue for family day-care providers, because the whole concept is, you have these things spread out into, you know, the outer boroughs, primarily, where there isn't a lot of center-based facilities available.

And those are the ZIP codes that are going to be cut.

So, we really feel like the family day care will be disproportionately affected by the cuts, and, is a very vital resource.

I'm going to turn it over to Sandy Katz, who's going to talk about another serious concern we have.

SANDY KATZ: Thank you.

Our final issue, is that the child-care cuts, ironically, are coupled with increased expectations for service deliveries from our providers.

We, of course, like all other programs, JCCA supports the many initiatives underway to improve the quality of care, New York City's Early Learn, Quality Stars, and the Race to the Challenge, goals; particularly, those grounded in a commitment to ensuring that the critical components of health, safety, and, emotional, physical, and educational development are satisfied for all children in our care.

And I assure you, that all the programs in this room have been fighting every day for that cause, always.

However, without the adequate funding to achieve these milestones, the entire child-care system is put at risk.

We have serious questions about the viability of programs, such as ours, if the increased expectations are not matched through -- with increased funding.

For example: Our family child-care providers, who, typically, are not individuals with college degrees, will now be expected to perform the function of early childhood educators by implementing a standardized curriculum, conducting developmentally appropriate assessments, and

screenings to assess for developmental disabilities.

All of these goals are admirable and well-intentioned, and the instruments and curricula will prove extremely valuable for raising educational standards.

However, if there is a desire to have a higher-qualified cadre of home-based caregivers, there needs to be an commensurate increase in provider payments so that network agencies can recruit and retain these qualified providers.

Unfortunately, given the anticipated reductions in funding, ACS, at this time, has no plan to increase provider payments under the Early Learn initiative, and does not even, at this time, always pay the currently daily market rate set by OCFS.

Moreover, in order to reduce spending in New York City, there may even be an additional cut to some of their existing providers as ACS seeks to reduce the number of higher-paid group family day-care providers who can serve a larger capacity of up to 12 children in the home.

If these providers are unable to sustain their services with lower rates and fewer slots, there is a high likelihood, and risk, that

child-care services will become deregulated and destabilized, as many provider will opt out of networks, such as ours, which provide the expertise, training, oversight of health, nutrition, and safety standards, and a safety net for children, families, and providers.

This will result in less oversight of the homes, less communication with families and community, less educational support, and, ultimately, much greater cause for worry regarding the supervision and care of the children.

For those who leave the field entirely, there will be a sea of change which will result in fewer trained, qualified providers to care for the children of New York City.

And, as noted, if parents are left without viable options for safe, reliable, and regulated care for their children, they may be forced to leave their positions of employment, to care for their children themselves, thereby shrinking the economy in, yet, another serious way.

SENATOR SAVINO: I have a few questions for the three of you.

You both all -- so far, nobody likes this Early Learn. That's pretty clear.

Right?

We all know that.

You all have mentioned the issue of increased parent fees. And I guess we anticipated they'll probably go up somewhat, as a result of this Early Learn, too, because, we're shrinking capacity, you guys have to make up the money. And, somehow or other, it's going come out of somebody's pocket.

How much are the fees now?

So, if you're a working parent, and you earn $50,000, you're not eligible for subsidized aid.

UNIDENTIFIED SPEAKER: [Inaudible.]

SENATOR SAVINO: No, you're not.

UNIDENTIFIED SPEAKER: [Inaudible.]

SENATOR SAVINO: No, you're not eligible.

So, what's the -- $40,000 is the maximum to be eligible for -- for --

CORDELIA GRANT MCNISH: One parent working can make $40,000, and she'd be paying $132 a week.

SENATOR SAVINO: $132 a week.

UNIDENTIFIED SPEAKER: [Inaudible.]

SANDY KATZ: Depends on the age of the child, but --

SENATOR SAVINO: Okay, so if you have two children. It's --

CORDELIA GRANT MCNISH: That's a family fee. It would be 132.

SENATOR SAVINO: So, you would pay 200, and whatever it happens to be.

AMY COHEN: It's the same fee regardless of how many children you have.

CORDELIA GRANT MCNISH: Oh, one flat fee.

AMY COHEN: It's a family fee.

SENATOR SAVINO: So if you have six kids, it's cheaper.

It's cheaper by the dozen; right?

That's what they used to say.

But I think that was -- Liz, you mentioned that there's -- they don't offer any support.

What happens if you can't get parents to pay?

You know, if they just don't have the money, so you absorb it?

AMY COHEN: The agencies absorb it, and we always have a huge amount of parents who cannot pay. And we have the choice of either, evicting them, or trying to keep them on, and use -- we basically have raised private funds to cover the people who are, you know, not able to pay.

And oftentimes we have families who have paid for years, and then they have a rocky period. And,

so, you know, it feels inhumane to kick them out, when, you know, like anybody else, they are struggling.

So, it becomes, in effect, the 6.7 percent match for us is much higher, if you incorporate that added burden.

SENATOR SAVINO: I was going to raise that issue.

So, now, you're already drawing from private donations to cover the cost of families who don't have the income to pay their parent fee.

So, now, you're going to have to go to the well more than once, because that's -- you need to raise 6.7 percent of the cost, just to keep your place operating, and provide what you have.

Now you have to find someone else to make up for the parents who can't pay, who just, you know, hit, you know, whatever -- rock bottom.

But, in the past, did they -- when they calculated the rate, did they take into consideration the number of parents who don't pay?

Was there any consideration given to that?

AMY COHEN: No. We're just expected to collect it all.

SENATOR SAVINO: Just eat the cost

yourselves.

LIZ ACCLES: And this is where the -- the -- as you were saying, the match is false.

Steven Antonelli was saying, that, if you put all the pieces together, you're talking about, really, more like a 30 percent match.

You know, like, if you're looking at the 6.7 percent, you're looking at the increased fee, and where that falls short. And then you're looking at the transfer of health-insurance costs, and, for some places, facilities costs.

SENATOR SAVINO: Uh-huh.

Now, since your agencies are some of the, you know, largest and oldest, they've been around for a long time, and, they don't just do day care. You also do child-welfare services, and foster care, the staff that you have that work in those divisions, you negotiate health insurance for them, don't you?

Or, you provide health insurance to them?

AMY COHEN: We're -- I don't want to speak for you.

We're a not-for-profit that -- because we're family day care, we're not part of this health issue.

The providers are independent contractors,

and the staff who oversee them are JCCA employees. And neither of them have been subject, ever, to the day-care union.

We happen to be a union shop, and we have our own union negotiations, but it's outside the --

SENATOR SAVINO: Who are you with?

Who's your union shop?

AMY COHEN: We're 1707.

SENATOR SAVINO: 1707.

So -- but they have the same -- your --

LIZ ACCLES: We don't -- we're a membership organization, so we don't provide direct service. But -- it --

AMY COHEN: You're talking about your members. [Inaudible.]

SENATOR SAVINO: But, FPWA, you have members in your organization --

AMY COHEN: Yes.

SENATOR SAVINO: -- so -- who do -- who are the direct employers --

AMY COHEN: [Inaudible] the day-care centers.

SENATOR SAVINO: Right.

-- who run the day-care centers.

AMY COHEN: Yes.

And here's an example [indicating].

CORDELIA GRANT MCNISH: Hi. I'm Cordelia McNish. I'm from Episcopal Social Services, and Sheltering Arms Day Care Services.

We operate, both, the family day -- child-care network. And, we also have the fully funded programs. And, we also have the limited purchase of service child-care program.

The union with the day care, their benefits are covered through the union. However, the employees that are not in the union, the agency covers. And, which is a higher rate.

SENATOR SAVINO: Right.

And that's the point that I was trying to make; because, earlier today, the general counsel for ACS, they seem to think there wouldn't be any problem with your member organizations negotiating, or covering, the day-care workers or the child-care workers through the -- the -- because they do it now for their -- if they run a foster-care program, if they have a preventative-service program.

AMY COHEN: And they have the day-care centers.

I mean, I think we're an anomaly, of, uhm -- you know, we also have the luxury, probably, of the [inaudible] today.

So, many of the day-care centers are very small organizations. We are not representative of that group.

It is going to be an immense burden for them, and it will put many out of business --

LIZ ACCLES: Right. And I think --

AMY COHEN: -- that are not capable.

LIZ ACCLES: I think, for FPWA, we have a -- organizations of a range of size, as does the Day Care Council.

And for the smaller organizations, community-based organizations, this is -- this is going to be especially hard, uhm, that have, you know, functioned high-quality, good programs, but may not have the community private funding, board money, let alone, foundation money.

I mean, the whole non-profit sector is suffering from foundation problems.

I mean, you know, this is all directly connected to the economy.

So --

SENATOR SAVINO: It's going to get, potentially, worse.

AMY COHEN: And the informal response was, that, for some of the larger agencies, like ours,

maybe we want to consider absorbing some of the smaller agencies, so that they can continue to exist.

But, if we're forced to take on their match, their health-insurance problems, you know, many of us, our boards are not willing, in this fiscal climate, to do that.

SENATOR SAVINO: Uh-huh.

There's been a lot of discussion today from, I mean, all the advocates and the organizations, that, one of things that's needed, is for the State to make up that $37 million; which, you know, if we have it, we'll definitely work on it, and put it there.

But, my sense from talking to the administration is, this is not necessarily just a money issue.

If we were to restore the $37 million, or to make sure it's there, and -- from the child-care money, and then send it to the City of New York, as you know, we have no control what the City does once we give them the money.

Has there been any discussion with your organizations, that, if they had all the money in the world, would they suspend this idea of going

forward with Early Learn?

Or, do they view Early Learn as the model that they want to pursue, regardless of whether there's sufficient money?

AMY COHEN: Let me answer it in a different way.

When there's less money to go around, they've been forced to make some of the decisions, like, you know, ZIP-code demarcations, like we outlined;

Like, increased expectations for family child-care providers, without increasing their rates;

Like, the union, you know, they're pushing the union responsibility off on someone else.

If we had more money, will they do all four of those things we don't like?

No, but they may do one or two. They probably won't do all four.

Can I predict which ones they'll proceed with? No.

But, I do think the situation that so many of us -- so much of what we're faced with as a result of shrinking funds, they're pushing costs off, and making cuts wherever they can.

SENATOR SAVINO: Uh-huh, but the problem is,

if this contract, these --

This Early Learn program is supposed to go into effect this year; correct?

Sometime in this spring.

AMY COHEN: They're going to do -- this spring, they'll do the awards [inaudible].

SENATOR SAVINO: Okay, so the State Legislature, our budget, is due on April 1st.

The City Council is required to complete their budgets.

So, let's assume we restore the $37 million, or we find it, you know, we look in the seat cushions, and we -- you know, $37 million, it's not a lot of money in a budget of 136 billion.

But -- so, we find the 37 million, we've put it in the budget. We allocate it to, day care, and early childhood education, in the City of New York.

It comes to the City Council.

So, that's April 1st, when the State is done.

City Council doesn't adopt a budget until July 1st.

This contract is done.

AMY COHEN: No. This contract -- I'm sorry.

The awards are, allegedly, being announced in the spring, and the contract starts September 1st.

I say "allegedly," because, having just gone through the competitive bid for foster care, it was, like, way over a year overdue.

So -- I mean, I think, as more information comes out, it may delay the process.

I do not think, just because your process is in the spring, that poses a problem.

I think the timing is perfect.

SENATOR SAVINO: I'm just concerned that, as the Mayor puts forward his Executive budget recommendations, that he will budget with the -- with the -- you know, with the expectation that Early Learn will be in effect with the lower rates.

So -- so, it's not enough for us to just advocate for the 37 million.

AMY COHEN: That's right.

SENATOR SAVINO: Then we have to advocate that it be included --

Let's assume we get it.

-- it be included in the way the City Council begins their budget negotiations; that there should be a higher -- there's more money on the table, therefore, the rate should be higher, to reflect the reality of what it really costs to provide the service.

LIZ ACCLES: That's right, that it needs to be more, because, the 37 million, anyway, is statewide.

SENATOR SAVINO: Right.

LIZ ACCLES: And, then, that's just keeping it --

AMY COHEN: Flat.

LIZ ACCLES: -- flat.

And, uhm --

SENATOR SAVINO: Uh-huh.

LIZ ACCLES: -- exactly.

SENATOR SAVINO: All right, thank you -- but, we didn't hear from Cordelia.

I didn't realize she was there.

CORDELIA GRANT MCNISH: Thank you.

SENATOR SAVINO: And, Cordelia Grant McNish, is the assistant executive director for the Episcopal Social Service, Early Childhood Department; and, Sheltering Arms Day Care Services.

Before you start, let's bring the next two, and put them in place.

And that would be, Randi Herman, from CSA.

Come on down.

And, then, Jamila LaMont --

Is Jamila here?

-- from Area 145 Day Care Center?

Then, after that -- after that, we have two more speakers. That would be, Howard Milbert, the New York State Association of Directors of NFP Child Day Care --

Is Howard here?

Yes.

Okay.

-- and, then, Kelly Owens, of the YWCA.

They are our final testi- --

Is Kelly Owens here?

No?

No?

All right.

So, Howard you can kind of move down into position, because you will be the final speaker for today.

But, go ahead, Cordelia.

CORDELIA GRANT MCNISH: Good afternoon.

Senator Savino, thank you very much for holding these hearings.

I know you've heard it 50 million times today, but I'm thanking you again.

I'm going to just briefly make a comment on just a few things that's been said, because you've

heard it several times.

One of the things is about that 6.7 percent contribution that sponsors have to make under Early Learn.

The whole concept of Early Learn, I don't have a problem with.

I think, that, anything that would enhance the lives of the childrens [sic] and families, I'm for it.

It's just, that, everything that is a value, unfortunately, has a cost to it.

And I think this is what -- there's a concept that you want to provide quality, but you don't want to pay for it.

And I think this is what this is all about.

And, when they talk about that 6.7 percent, we just looked at our year-end audit this year; and, that's not counting if you were paying for the medical costs.

The agency would have to come up with an additional $155,000.

And that doesn't count any of the extras.

Like, every time the City has another mandate for our programs; like, for instance, the additional costs for fingerprinting, that's additional costs

that we weren't anticipating.

And, one of the things that I would like to address -- everyone has addressed, basically, the funding -- it's just the, basic, how they're operating.

You have a ACS. You have DOE. You have DOH.

They're the players in this game.

And what we're not getting, we're kind of caught in the middle.

Like, for instance: With the UPK program, you've asked very much about it.

We were -- we were one of the contractors in the very beginning, when it was just a DOE contract.

We started out with part day. We were able to increase it to a full-day program.

It helped our program tremendously, because we were able get -- first of all, we were able to pay more for some of the employees in order to hold on to our certified teachers.

And, we were able to get enhancements for the programs that we would not have been able to get before.

Once it went over, in 2007, was it cut? Yes, it was cut.

Did we feel it? Yes, we did.

However, I just think, that, if there's the collaboration between the two, then I think it will work, but, it has to be where you have, a DOE consultant coming into programs, you have ACS into the programs.

Just the operation is putting, not only the financial, but just the stress on the directors and the teachers in the classrooms, because they're listening to so many bosses.

And I think that, if, in this system, if they're really on the same page, people need to get together in terms of what they're really offering.

And, when you're talking about the blended model, how are we going to work?

We're talking about in-kind costs.

ACS, nor anyone else, has sat down with programs, and says: Okay, these are some of the in-kind contributions you can make, and use this towards this year.

We haven't heard any of that, but, yet, we're supposed to be planning.

Programs that have used to their blending funding before, they might have the experience. But, those who have not, don't have that experience.

So, therefore, we're supposed to plan for a

new system, without proper guidance.

And my last thing I'd just like to say, is that: In the staffing, we have -- ACS has always encouraged employees to improve themselves.

And what has happened once our teachers became certified?

They walked out the door. They went across the street, and then got a job at the Department of Education.

If we're going to expect these children, everybody's expecting the same criteria now -- whether you're in a UPK in the Board of Ed, or whether you're in a UPK and a day-care center, or private -- if you're expecting the same benefits for the children, and the same results, you should be getting the same pay.

And that's just as simple as that: you should be getting the same pay.

Because, what you're really telling an employee, is that, your value increases when you go work for a different organization, or a different intergovernmental entity.

And I think that if we want our children to feel good about themselves, our employees have to feel good about themselves.

And, if that is going to come from, it's going to have come from the top; and those are going to have to be from the lawmakers.

Thank you.

SENATOR SAVINO: I agree.

Thank you.

Now, CSA, finally.

We've heard from all the workers, now we're going to hear from the directors.

DR. RANDI HERMAN: Good afternoon.

My name Randi Herman. I represent "CSA"; the Council of School Supervisors and Administrators.

We happily represent 357 day-care members located at 278 centers around the city.

As you've heard, they too are without a contract for six years.

But let's look a little further than day care, right now.

Student achievement, we know, is inextricably linked to early childhood.

Principals and teachers are now being evaluated on student achievement, as are the New York City public schools.

So, does it make sense, in the scheme of things, to serve fewer children?

That's a question we have to ask at this time.

Can we allow less than a third of eligible children in New York City, and -- to be served in early childhood, and still have the expectation that Cordelia spoke about, of student-achievement excellence?

Doesn't make any sense to have that expectation if you're taking away the service.

So, in this time of diminishing resources, we ask again: Is this the right time to put in a new initiative that will result in serving fewer kids?

Or, do we stop and think for minute, and say: Gee, half a billion dollars is a lot of money to invest in a program that has never been piloted?

We don't have any data to say that this works.

And you're right, Senator Savino, it seems to be a shell game, of sorts.

It's just, about, worthy of Bernie Madoff.

Right?

Jim thought of fencing. I thought of Bernie.

Uhm, we say, as a city, that we put children first.

I mean, clearly, that's not true. The first

cuts that were talked about, were the easy ones: women, and children.

When the economy takes a downturn, they're the hardest hit in their communities.

To put this on top of that will break the community, and, perpetuate the cycle of poverty that everybody keeps saying early childhood will help break.

I'm not getting the logic here.

So, over a half a century of experience in City-funded day care: it works.

I think Quality Stars will confirm that it works, if we let Quality Stars go through first.

And, if Quality Stars says that what we have works, we're okay with that.

If Quality Stars shows that, oh, our centers can't meet the standard, then we improve them.

But, why throw everybody away?

That doesn't make sense.

You cited, that, sending all the 5-year-olds to the public schools was a big mistake?

Boy, was it a big mistake.

What you may not know, was that, the day that the Commissioner told us that it was going to happen, we gave him a counterproposal: to leave all

of the children where they were, and bring the services to them.

Would have made sense, no?

SENATOR SAVINO: Uh-huh.

DR. RANDI HERMAN: That was not to be considered. The answer was a flat-out "no."

They wouldn't even discuss it.

They had already made the decision to move those children.

See, what I'm seeing a pattern of here, is that, whenever ACS wants to make a big change, everybody gets very upset, and we all come to the hearings, and, we make recommendations.

And, then, what does ACS do?

They, very quietly, pull the funding, and they say: Oh, we didn't close those classes. We don't close classes.

They just withdrew the funding, so that forced the sponsoring boards to close the classes.

So, they back off when they need to back off, and say: We didn't do it.

Here, at least they're saying they're generating this.

But if they're generating this, they won't even tell you the bidders.

Secrets. Lots of secrets.

Why is it so secret?

SENATOR SAVINO: I would think you're all bidding.

How would you survive if you didn't?

DR. RANDI HERMAN: That's the next question; because, this is one was the first time a proposal was opened to not-for-profits and for-profit.

So, who would be the agency, or the entity, that had the capacity to raise that 6.7 percent match, and, maybe provide healthcare, maybe provide some permutation of that.

But, certainly, not paying union wages, because they wouldn't have to be a unionized center; wouldn't have to be a unionized workplace.

So, nobody has yet to ask where this half a billion dollars came from, that, all of a sudden, they have to invest in this RFP.

Could it have come from squirreling it all away as they closed centers over the past few years?

Could be.

But, if they had money, how is it that this city agency was allowed to operate in a state of deficit, and not reinvest the money in itself to ameliorate that deficit?

Why is this half a billion dollars free and clear?

I don't know.

So, bottom line is: The cost isn't going meet the need.

There is no plan B.

What if it doesn't work?

And, what happens to all of these people if it doesn't work?

I don't know where that leaves us.

The RFP doesn't detail how they expect you to build capacity, to continue with this flat rate, as costs increase.

Are you going to be asked to make up more on your own?

Now, I know, in a grand situation, the funder very often asks that the grantee provide some of the capital, and, demonstrate capacity.

What happens after the grant is over? How will you continue?

But this isn't a grant.

This is an RFP. This is a contract.

I don't know of anybody going into business who's asked to provide their own capital.

And I will tell you, that there is at least

one center that was approached by Wal-Mart as a sponsor.

So, this opens a whole different avenue for consideration.

What happens if there are businesses that want to come to New York, and see this as a way in to buy a space in the community?

Something to think about.

So, what are we asking from you, and your colleagues?

Well, a couple of things. And, they're not totally cost-neutral, but, they're not going to cost half a billion dollars either.

Before any proposal, such as this, that has a magnitude of change, as this one does at a local level, we're asking:

That there be some oversight, to examine it, to considerate it. To look at the research that recommends it. What are the pitfalls?

You'd heard the words "impact study."

What would the impact be on the community?

We need some help at the state level, to give that some teeth.

Because, right now, you can ask for an impact study, but we don't have to have one. Nobody's got

to consider what the ramifications will be.

So, that, I think is something you and your colleagues can do.

You can also give us a bill that would require a committee to development a consistent structure and policy for subsidized early care and education, with a consistent fee-reimbursement schedule.

And that isn't as easy as I'm making it sound.

Social Services really hasn't caught up with current events.

So, the measures that they're using right now for poverty, don't really reflect what poverty is.

There are current studies that do.

They actually looked at the proportion of a family's income that is spent on rent, on child care.

All that's in the written testimony. You can look at that later.

But, we need sufficient time for children to achieve developmental milestones.

That's what happens in the safety net that we call "early care and education."

That's where the early intervention services

can be given without anybody saying there's an achievement gap; because early childhood doesn't have an achievement gap.

Learning is developmentally appropriate. Teaching is developmentally appropriate.

Kids have developmentally appropriate experiences; so, that, when they go knock on the public-school door, they're ready.

Now, what happens in five years, when they come knocking on the public-school doors, and they're not ready?

Student achievement tanks. Teacher performance is rated poorly, because it's connected to student achievement. Principal performance is connected to teacher performance.

So, the school's rating and the principal's rating are in jeopardy, all because we pulled out the safety net.

So this has very, very far-reaching implications, far, far more into the future than right now, or even next year.

Now, in the past, there were efforts made to leverage funding by co-locating services.

That was a political minefield, and there were so many obstacles, it never happened.

Every agency was so territorial, nobody wanted to play nice in the sandbox.

We were talking about co-locating the day-care center, the senior center, and community health services.

We thought that would make sense.

And there are places in the city that operate very nicely doing just that.

So, the funding is leveraged, costs have gone down.

Why we can't do this throughout the city? Like I said, political barriers.

If your colleagues were so inclined, they could probably be helpful in smoothing that road out. We could preserve a lot of services if they're willing to collaborate.

Let's look at Title 1 funding.

Now, Title 1 funding, traditionally, doesn't go to day-care center.

But, that's because of the age of the child?

In a year's time, that kid will be Title 1 in public school.

The community is probably Title 1-eligible.

So, if you look at this model, like they do in Pennsylvania, they use a community-eligibility

model. The whole community is Title 1.

So, why aren't they eligible for some Title 1 funds?

It all went, last go-round, to public education. None of it went to early childhood.

So, more equitable distribution there, would help.

Relaxing the requirements for eligibility would be helpful, both, to the centers, and to the schools at this point, because the schools redistributed the Title 1 money, to make it appear that there was more money, because there just isn't enough in the pot.

Now, we can't admit to the public that we can't afford to educate our children, and to support our families.

How bad does that look?

This is New York.

This is New York State, and New York City.

We're going to announce to the world that we can't afford to educate our children?

That, as a New Yorker, I find to be unacceptable.

As a mom, I can tell you, the brain of a newborn weighs about three ounces. The brain of an

adult weighs three pounds.

We have a very, very serious responsibility here, because, that brain development is going to depend on the decisions we make, and what we do, and the battles we choose to fight.

So, I really think we have to put children first here. And, really stand for children.

You've got labor here. You've got not-for-profits here.

None of us like it, so, maybe it isn't so good.

SENATOR SAVINO: I agree.

Sadly, Randi, it seems to be the administration's utilizing one of their age-old tactics of pitting the children against the workforce.

Last year, it was children against seniors.

Hopefully, we won't see that rear its ugly head again in the Governor's budget proposal.

Those of you who don't remember the shift of Title 20 money to child welfare, and closing senior centers.

And, we were able to fight that one, but, you know, this is a trend: We pit seniors against children. Children against workers. Teachers

against, you know, principals.

And, in the end, you know, we're happy when we're able to restore the funding to where it was the year before, and we don't realize that we're losing.

Because, if we're not moving forward, we're going backwards. And if we're not adding, we're losing.

And it's, you know, it's unfortunate.

But, I hear you.

Thank you.

And we now have, Jamila LaMont.

JAMILA LAMONT: Good morning.

My name is Jamila LaMont, and I represent Area 145 Day Care in Harlem.

Thank you, Senator Savino, for having this forum, to allow us to express our concerns.

I'm not going take out the paper.

I did leave my concerns with you, but there's some things that I feel I would like to address on the behalf of the school; and that is, to paint the picture of what they went through when this proposal was submitted.

I work with directors there. I've seen the stress.

I sat at the Day Care Council, with other directors. It was very stressful, because Area 145 Day Care Center does not have Head Start; so, it's just, basically, child care and UPK.

And, so, we talk about all these different ways.

What if we don't get the funding from this proposal? What do we do?

Well, right now, we're in a, "Let's get to the meat and potatoes of the problem," because, while everyone is fighting it out, to figure out how they're going to help our children, we have to do something now.

So, some of the things that -- the only thing that we could do, is just look at the current problems that were taking place.

And that was, it's a scary transition. You know, they have -- the ideas are wonderful. They're fabulous.

But, okay, now what?

We've been -- this school has been servicing children in the community. It's a pillar since 1972.

There are people on the board who have seen students graduate, go to college.

You know, it's a family, it's a community, that is rich, and they are just as important as the other schools that are -- that are Head Start-collaborative, and have all -- or maybe more resourceful programs.

But there were a lot of directors that fell like they weren't worthy, because they just felt like they couldn't address this proposal. Like, they have so many demands, and so many things to do.

So, one of the things that, we sat down, and some of the things that were brought to the table, it's just finding that time to really go to the community and -- and bridge that gap, because, the community, our children; children that go to the school, the parents, "Are you aware that this school may be closed?"

Is it a possibility this school may not be here anymore if we do not support each other.

So, if we don't get this money, if something should happen, we have to have a backup plan.

Selling in bake sales, and cookies, that's not going to work. That's not going to get the money that we need.

But, guess what? There are a lot of small businesses in this area that are struggling, that

you go over to day, that you shop at every day.

We need to know each other's faces. We need to know your patrons. And we need to know -- and as parents, and supporters of community, we need to know why your business is important.

We need to talk. Because, there is a time when you have to get out and do something.

And that's where we're being -- we're in this position now, where I -- I'm going to take my hat off from representing Area 145 Day Care Center, working with them, and say, "I am a parent." A single mother of three children in three different schools.

I know the reality of wondering about child care, and I understand it.

I understand it.

So as we sit, and go back and forth, I feel it, and see it.

And that's why I have such a passionate commitment to this school.

And, hopefully, through all of the adversity, the people that come together, and come up with these really beautiful and wonderful ideas for our children, take into consideration the support that's needed to really make it stick, and make sense.

It has to be digestible at everyone's table.

Some people are choking on these chunks, some are swallowing it easily, but, it has to be fair.

And when we talk about getting these kids ready, now, with the -- what is it called? -- the common-core standards, that's no joke.

Kindergarten, it's like mini college. You have to know how to read. You have -- there's no more "Duck, Duck, Goose," and naps, like it was before.

It's real.

And, with UPK, they have like a non-academic kind of approach. And a lot of parents that we talk about way, where to get extra money, say, private funding; right?

Parents want to see something.

With private funding, they want to see something that is relative to the transitioning, from the day-care center to kindergarten and elementary school.

And if you're saying, that, Okay, we want to keep it non-academic, and we're going to give you these tools, and this money, but we only want you to do this, and you can't -- so, it ties the hands of the facilitators and the teachers, and everyone is

frustrated.

And, again, once they move from this safety net, to the elementary school, now what?

Because, these standards are in place now. This common-core standard is in place.

And, it's just scary.

It's scary.

So, again, everyone has talked about the statistics and the numbers.

My concerns are pretty much the same as everyone else's concerns.

But, again, in considering all of these things, consider the investment, and more support in transitioning, because that is what makes it stick and work.

The program, has wonderful ideas. You have the people, but the gap in getting people there, and holding their hands, and make sure it's successful, is what is important to us.

SENATOR SAVINO: It's interesting.

So -- again, and I've not heard from one organization yet, today, that doesn't say, from the beginning: It's a good idea, it's a great concept. We want to improve standards. We want to improve education. We want to improve training. We want to

make it a better program.

Everybody agrees on that.

But, you can't do it at the rate that ACS is saying you're going to do it at, which puts you in a very bad position, because, you can't get out from underneath of your union contracts anyway, because there is this thing called "Collective Bargaining Law" in New York State.

And if you tried to, you'd get sued, and you'd lose money. And, who would represent you in court?

So that's problem; which means, it's going to force you guys to reduce capacity, and reduce the service to children.

Or, if you're, you know, a fancy, you know, somewhat private school, you could just charge more tuition to people who have the money.

But, for the most of you, you're not going to be able to do that, so you're going to have to reduce the capacity, and eligibility -- not eligibility, because eligibility is determined by other people -- but, capacity.

How do you then decide who doesn't get to come anymore?

Is it, you know, kind of, like, last in,

first out?

How do you determine which child you don't have room for?

CORDELIA GRANT MCNISH: The way that it's set up now, it's going to be that anyway, because, with parents that are in family child care, there's only one option for them: That's the child care, only.

Whereas, when you go into the day-care centers, you have the Head Start. You have -- and you have the child care, too.

But, most of it, most of the funding that's coming down, is Head Start funding.

So, if you're with child care, those parents may not even be able to go into the centers, because, depending on where their income is, in terms of their eligibility.

And even with that, even with the numbers, because, with a family day care, you're dealing with more -- a larger number of children. So, therefore, just the numbers going into the center, the groups are smaller.

So you won't have -- there is no follow-through; although, on paper it is.

But when you start looking at it, where are you going to refer all these children to?

SENATOR SAVINO: Yeah, where are they going to go?

JAMILA LAMONT: No seats.

CORDELIA GRANT MCNISH: Yeah.

Yes.

SENATOR SAVINO: Mm, mm, mm.

All right, ladies.

Thank you for your testimony.

And our final presenter for the day is, Howard Milbert, who is the co-chair of the New York State Association of Directors of NFP Child Day Care Centers.

Hello.

HOWARD MILBERT: Good afternoon.

SENATOR SAVINO: Good afternoon.

HOWARD MILBERT: My name is Howard Milbert. I'm co-chair of the New York State Association of Directors of Not-For-Profit Child Day Care Centers, Inc.

Our name was chosen by a committee, and that explains it.

On behalf of this organization, I would like to thank you for the opportunity to comment on challenges facing the child-care community in New York State in 2012.

Our association is composed of executive directors and program directors of not-for-profit day-care centers located throughout New York State, outside of New York City, with a greater portion of our membership from the Lower Hudson Valley.

The majority of our members' agencies serve low-income working families that rely on state and county subsidies to be able to afford licensed, high-quality child care.

I'm here this afternoon to discuss the crisis in subsidized child care brought about by the current funding cuts, and potentially disastrous consequences if the projected funding further cuts are enacted.

As far as we know, every county in the state has, or is intending to, raise parent fees, lower the eligibility ceiling, freeze access to subsidized child care, or do some combination of the above, as a response to shrinking tax dollars.

The effects of these funding cuts has been threefold.

First: To substantially reduce the number of low-income working families receiving child-care assistance;

Second: To force these parents to choose

between working, and placing their child in potentially unsafe conditions, or not working;

And, third: To ruin the child-care infrastructure, by making the provision of subsidized child care financially unfeasible.

The following examples will serve to illustrate these points:

In Oneida County, as of January 1st, 425, or 30 percent, of the 1,375 families currently getting help paying for day care will be eliminated as a result of lowering the eligibility ceiling, from 200 percent of the poverty level, to 100 percent of the poverty level.

This will mean that 1,000 children will be without child care in the new year.

Centers throughout Greater Utica that serve primarily low-income families, like the Neighborhood Center established in 1905, in the Thea Bowman House founded in 1986, are therefore projecting a 50 percent reduction in their enrollment, with substantial cuts in personnel, and the possibility of becoming financially insolvent.

In Albany County, the sequence of events, in terms of funding, has led to a calamity for families and their providers.

Prior to 2010, Albany funded working parents up to 200 percent of the poverty level, with a parent's share of 15 percent.

Beginning in the fall of that year, the funding for new day-care cases was frozen.

Then, in August of 2011, Albany County increased the parent share for existing families to 25 percent.

Finally, last month, Albany County began to open new cases, but then reduced the eligibility ceiling to 125 percent of the poverty level.

This series of devastating cuts in funding has caused three well-established child-care programs to close.

The Ten Eyck Tykes center established in 1991, was shut down in July;

The Downtown Day Care Center, which opened in 1968, closed in November.

And, the Seton Family Resource, which opened in 1911, and is the oldest day-care center in Albany County, will close in December.

Many other day-care centers have had to cut classrooms and downsize staff.

These are small businesses that hire locally, spend locally, and are part of the economic

infrastructure of their communities, hence a negative domino effect for the Albany economy as a whole.

In 2010, Westchester County cut 1.5 million in child-care spending by eliminating the Westchester County Child Care Scholarship Program which assisted over 230 families, and freezing new Title 20 child-care subsidies between 200 and 275 percent of the poverty level.

Since these cuts were implemented, day-care centers have reported huge reductions in the enrollment of subsidized families.

Classrooms have been closed, and many facilities are on the brink of financial collapse.

Families unable to afford unsubsidized fees have had no other choice but to place their children in less-expensive, potentially dangerous, unlicensed care.

The current proposal to raise the parent share, from 15, to 35 percent, will further exacerbate this trend. Families that earn 30,000 a year, that currently pay $45 a week, would now pay $104 per week in 2012.

Clearly, a rate increase of this magnitude is untenable.

Finally, by making day care unaffordable to low-paid workers, it will undermine a major goal of welfare reform, which was, to make families economically self-sustaining.

While we understand the difficulty of balancing budgets in this painful economic environment, we believe that cuts to child-care assistance have been ill-advised.

Working families should not be placed in the stressful position of having to scramble for child care at the end of every -- of every county's budget cycle.

In the short-term, additional funds need to be allocated to day care throughout the state if the present system is going to remain functional.

And in the long-term, we need to develop a cohesive statewide system to ensure adequate funding for child care.

The current patchwork, county-by-county day-care funding system, is inequitable during the best of times, and falls apart during economic downturns.

Affordable child care is a necessary component of economic development, it helps to move low-income families up the social ladder, and it's

also important for young college-educated working families.

It sustains local businesses by ensuring a stable workforce, and promotes school readiness.

It is, therefore, an investment in the state's economy that pays current and future dividends, and, as such, deserves the State's full support.

Thank you.

SENATOR SAVINO: Thank you, Mr. Milbert.

Your -- you raised a couple of important points that I don't want to get lost.

HOWARD MILBERT: The [inaudible] is very different than in --

SENATOR SAVINO: Right --

HOWARD MILBERT: -- down here in New York City.

SENATOR SAVINO: -- I -- right, we don't want it to get lost.

HOWARD MILBERT: So it feels a little --

SENATOR SAVINO: And, you know, in bigger issue of Early Learn, which is such a big problem here in the city of New York.

But, it's -- I think it's important that we -- that we do work on legislation this term, that

addresses the inequity in the funding formula, and the eligibility requirements, and what parents are required to pay in different parts of the state.

It should be a standardized as much as possible.

And, we're capable of doing that.

We established a basic formula for child support, and we've established, a basic formula for post-marital maintenance.

So, we can do these things.

It's something I think the Committee will work on, going forward, because, you can take into consideration what they call "the area standard," in different parts of the state, certainly providing care.

And determining costs in New York City is different than it is in Oneida, but there still should be a formula that can be applied, so you don't have these, you know, swings back and forth, because, it doesn't make any sense.

But I want to thank you for coming down.

Where did you come down from?

HOWARD MILBERT: I was the closest.

Westchester.

SENATOR SAVINO: Oh, that's a hop, skip, and

a jump.

Thank you for coming, and sitting through, and participating in today's hearings.

And, I want to thank all of the presenters and all of the organizations that participated today.

We will be certainly speaking to all of you as we move forward on this issue.

Hopefully, we'll get some clarifications from ACS. I have a whole set of new questions to send to them.

And, I will share the responses with all of the organizations that have been here today.

Thank you.

Thank you, everyone.

(Whereupon, at approximately 3:30 p.m., the public hearing held before the New York State Senate Standing Committee on Families and Children concluded.)

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