



Closing the Gap: A True Cost Analysis of Early Childhood Education in New York City

TRUE COST ANALYSIS | March 2019

Introduction

United Neighborhood Houses (UNH) and its member settlement houses have been at the forefront of innovation in early childhood education for more than a century. Early settlement house leaders saw a crisis of unattended children and opened the City's first kindergartens. More contemporary settlement houses have led innovations such as blending Head Start and child care funding in a single classroom and adapting a 2-generation model for a diverse, urban early childhood education setting. Today, UNH remains committed to early childhood education and convenes leaders and educators in settlement house early childhood education programs and serves as a key advocacy voice and thought leader for settlement houses and the families that they serve.

New York City is now embarking on an ambitious plan to promote quality early childhood education through the establishment of a unified contracted early childhood education system managed by the New York City Department of Education (DOE). A key part of the City's work to promote early childhood education will be new procurements of all contracted early childhood education programs in 2019 for new contracts starting in July and September 2020. These new procurements represent the largest reorganization of early childhood contracts since 2012 and the continuation of the most rapid expansion of contracted early childhood programs since the City began contracting with settlement houses and other community-based early childhood programs during the mayoralty of Fiorello LaGuardia.

These new procurements and the establishment of DOE's birth-to-five early care and education system presents an historic opportunity for NYC Department of Education to reform, strengthen and expand early childhood education. DOE's investment in early childhood education and the cost models developed by DOE and community-based organizations such as settlement houses in these procurements will shape the quality of early childhood education programs potentially for generations. It is crucial that the City take the time to design and fund cost models that reflect the true costs of providing high quality education that includes paying all program staff with fair salaries that reflect the professionalism that they bring to their work.

This report represents UNH's work with SeaChange Capital Partners to support NYC DOE in the development of cost models that achieve these goals by engaging NYC DOE in an informed, data-driven discussion regarding the true costs of delivering quality early childhood education programs.

Settlement House Program Models

Settlement houses share key values including reciprocity, community building, sense of belonging, sense of efficacy and sense of possibility.¹ But because of the different nature of New York's communities and disparities in both private and public funding available, settlement houses operate a diverse set of early childhood education program models. Today, settlement houses offer:

- Over 50 EarlyLearn Center Based Child Care programs which provide year-round, full-day programs for children 0-4 years old²;
- Six ACS-contracted Family Child Care Networks which support licensed and registered home-based providers;

¹ http://www.unhny.org/blog/News_and_Resources/post/settlement-house-advantage-report-released

² EarlyLearn Programs offer 8 hour and 10 hour days with 280 days of service per year.

- Standalone DOE-contracted Pre-K for All and 3-K for All programs at 21 settlement houses including fee for service wraparound care in some settlement houses;³
- Training for all unregistered home-based child care providers; and
- Fee for Service early childhood education programs.

Settlement houses represent not only a significant portion of the City’s early childhood education programs but also the breadth of program models used throughout New York City in diverse settings including New York City Housing Authority (NYCHA) buildings, neighborhood centers and community buildings, and in public schools. As such, analysis of settlement house budgets provides insight into two key areas of research necessary for the development of sustainable cost models:

- The effective use of City contracts and private funds to achieve program features that DOE is seeking such as robust family engagement; and
- The gaps in funding experienced by programs using both City and Federal government contracts to provide early childhood education.

A Data-Driven Approach to Early Childhood Budgeting

As a contribution to the data-driven discussion of the true cost of early childhood education in New York City, UNH and SeaChange Capital Partners (SeaChange) partnered with settlement houses to identify and document the true costs of delivering high-quality early childhood education programs in New York City under three scenarios: (i) the current model, inclusive of funding and staffing constraints; (ii) the current model, adjusted to reflect a NYC Public School equivalent entry-level salary scale; and (iii) a fully-staffed model with DOE-equivalent salaries that includes all program and administrative /operational costs.

The true costs were developed in a bottom up process involving \$36.6 million of publicly and privately funded early childhood education programming delivered by seven UNH member settlement houses (together, the “Members”) to over 1,500 children in 108 classrooms⁴ (see Tables 1 & 2 for the breakdown of settlement houses included and their revenue and expense allocations). We then compared these results to leading programs across the country and a model with a staffing structure that built towards the ideals laid out in the values statement of DOE’s RFP Preview. The results are sobering:

- The current model for early childhood education is 41% underfunded. In other words, the funding from government would have to increase 41% for members to be able to run the current programs without subsidizing their costs with unrestricted funding. Members currently receive, on average, \$17,623 per child but spend \$24,649, leaving a gap of \$7,025, which then must be covered by other revenue sources.

³ The majority of Pre-K programs operate 6 hour and 20 minute days aligned with the public school schedule. Some sites offer a 2.5 hour half-day option.

⁴ These settlement houses also provide home-based care through four Family Child Care Networks of 124 providers serving 800 children, but this data was not included in the analysis.

- The level of underfunding varies significantly by program type, ranging from 14% (Federally Contracted Early Head Start, Ages 0-3, located in NYCHA) to 104% (ACS, Ages 0-2, located in NYCHA) (see Table 3).
- NYC DOE pays school-based classroom and support staff higher salaries than the City pays non-profit contractors with identical roles / responsibilities under the current contracts. For example, in a public school, the starting salary for a teacher with a Bachelor's degree is \$56,711 vs. the Members' average of \$34,085. The current contracts are 58% (as opposed to 41%) underfunded including the additional funding needed to bring the staff up to DOE equivalent salaries. However, most Members' staff work 12 months rather than the 10-month DOE calendar; adjusting for a full year, the current contracts are 66% underfunded (see Table 4).

This is the minimum investment needed to align Members' staff salaries with their entry-level DOE peers. Any calculation of salary parity must also account for retention and appropriate compensation of a more-experienced staff. Assuming Members' staff stay for five years, 85% additional funding is needed. This gap increases to 96% when planning for ten-year retention. Members are not able to recruit and retain high quality staff in "competition" with a growing DOE unless they can pay competitively.

- The Value Statement in DOE's RFP Preview calls for "a sustainable early childhood education system," "robust family support" and for leadership and teaching teams to "have the knowledge and skills they need to provide quality instruction to children, and help programs continuously improve."⁵ UNH and SeaChange convened the members to develop specific program standards that would allow providers to meet these goals. The consensus was that these goals can be met with a staffing pattern that includes Masters-level teachers, a social worker for every 25 children, a full-time floating substitute for every 4 classrooms, and DOE-equivalent salaries. On this basis, the current contracts are 73% underfunded in relation to entry-level DOE salaries; this increases to 85% on a full-year basis (see Table 5).
- Conversations with leading programs outside of New York City suggest that greater indirect coverage is possible, in particular from Head Start funding. In those models, nearly all indirect costs (e.g., example HR, finance, IT and infrastructure, depreciation, etc.) are allocated to early childhood programs using a detailed cost matrix, which programs use to negotiate a higher indirect rate with Head Start.

Given the level of underfunding – 41% "as is", at least 85% to get to a fully-staffed program – we do not believe that Members will be able to grow, let alone maintain, their volume of service without considerably increased rates to close the salary gap, increase the coverage of indirect costs, ensure providers have facilities that meet Health Code requirements and provide an excellent learning environment.

⁵ <https://infohub.nyced.org/docs/default-source/default-document-library/rfp-preview-doe-birth-to-five-early-care-and-education-services.pdf>

Members will only be able to grow their service to the extent that the current funding gaps are addressed. Government must play a leading role in addressing these funding gaps and not look to philanthropy, where funding is largely static for early childhood education.

A model which is in line with the goals in the DOE RFP Preview and is active in large cities comparable to New York is the Educare model. Educare Learning Network⁶, a national organization that supports Educare providers dedicated to high-quality early childhood programs with robust family support, including those in Chicago and Miami, has reported that their schools sustain funding gaps of approximately 5% to 25%; at the high end, this is still 16% lower than the minimum settlement house funding gap of 41%. **Without significant increases in rates, established New York City providers may be forced to reduce services and/or will not be able to fund essential components for a quality program that meets the DOE's vision.**

Process

This project began in April 2018. UNH and SeaChange met with executive directors, senior leaders, program directors and fiscal staff of seven UNH settlement house members, each representing a different mix of funding (public, private, and earned income), child age (infant to 5), facility type (NYCHA, and non-NYCHA centers), location (Manhattan, Brooklyn, and the Bronx), and organizational size (operating budgets ranged from \$8.1 million to \$41.8 million, with an average of \$25.7 million) for center-based programs. Over the last several months, SeaChange has worked with each Member's leadership, early childhood program, and financial teams to collect operating (e.g., staffing and infrastructure needs) and financial (e.g., funding and expenses) information for programs by funding type, child age, and facility type. Using this data, SeaChange built 79 bottom-up program models and aggregated them into ten illustrative "program types" for analysis.

The sample set reflects 1,579 children in 108 classrooms and a total of approximately \$26.0 million in revenue for FY19 against expenses of \$36.6 million (please note that some Head Start figures reflect FY20 cost and staffing submissions for the most recent Requests for Proposals ("RFPs"); see Tables 1 & 2).

In addition, UNH, SeaChange, and the Members identified a minimum salary schedule based on DOE-equivalent starting salaries, before any adjustments for longevity⁷, and identified the full staffing models required to provide high-quality early childhood education programs to appropriately address the needs of the city's young children and support their families.

⁶ <https://www.educareschools.org/>

⁷ DOE teachers receive significant salary increases and longevity bonuses as they remain in their positions for five years or more. These adjustments increase the pay gap between DOE teachers and Member teachers even further.

Tables

Table 1 Revenue Allocation Breakdown

Note: Some Head Start figures reflect FY20 cost and staffing submissions for the most recent RFPs. All other figures are FY19. Some revenue to cover indirect is included in Staff and OTPS.

REVENUE								
Program Type	Ages Served	Site Type	FY19 REVENUE			# of Children	# of Classrooms	# of Settlement Houses in Data Set
			Staff	OTPS	TOTAL			
Pre-K For All / Head Start / CCDBG	4-5 year olds (Braided)	Center (not NYCHA)	\$ 3,539,455	\$ 1,286,341	\$ 4,825,796	353	22	4
		Center (NYCHA)	\$ 2,377,546	\$ 482,655	\$ 2,860,201	168	10	3
Pre-K for All	4-5 year olds (UPK)	Center (not NYCHA)	\$ 677,630	\$ 270,259	\$ 947,889	92	5	3
Head Start	3 year olds	Center (not NYCHA)	\$ 5,450,899	\$ 2,008,287	\$ 7,459,186	419	25	1
		Center (NYCHA)	\$ 731,350	\$ 116,559	\$ 847,909	51	3	3
EarlyLearn	3-4 year olds	Center (not NYCHA)	\$ 2,914,367	\$ 944,405	\$ 3,858,773	217	17	3
EarlyLearn (Toddlers)	0-2 year olds	Center (not NYCHA)	\$ 1,740,502	\$ 418,944	\$ 2,159,446	137	10	3
		Center (NYCHA)	\$ 806,091	\$ 181,409	\$ 987,500	62	6	2
Early Head Start	0-3 year olds	Center (not NYCHA)	\$ 572,649	\$ 248,700	\$ 821,350	32	4	1
		Center (NYCHA)	\$ 857,117	\$ 374,908	\$ 1,232,025	48	6	1
Total			\$ 19,667,608	\$ 6,332,467	\$ 26,000,074	1,579	108	
	% Total		76%	24%	100%			

Table 2 Expense Allocation Breakdown

Note: Some Head Start figures reflect FY20 cost and staffing submissions for the most recent RFPs. All other figures are FY19. Some revenue to cover indirect is included in Staff and OTPS. "Indirect" expenses include costs for organizational infrastructure (e.g., payroll & benefits administration), management (e.g., CEO, CFO, etc.), and other necessary costs that are outside those directly related to the program.

EXPENSES								
Program Type	Ages Served	Site Type	Staff (inc. Fringe & Benefits)	FY19 EXPENSES			FY 19 Surplus / Deficit	% FUNDING COVERAGE
				OTPS	Indirect	TOTAL		
Pre-K For All / Head Start / CCDBG	4-5 year olds (Braided)	Center (not NYCHA)	\$ 3,992,473	\$ 1,228,364	\$ 1,023,456	\$ 6,244,293	\$ (1,418,497)	77%
		% TOTAL FY19 EXPENSES	64%	20%	16%	100%		
		Center (NYCHA)	\$ 2,681,432	\$ 405,063	\$ 439,221	\$ 3,525,716	\$ (665,515)	81%
		% TOTAL FY19 EXPENSES	76%	11%	12%	100%		
Pre-K for All	4-5 year olds (UPK)	Center (not NYCHA)	\$ 792,434	\$ 231,529	\$ 166,939	\$ 1,190,902	\$ (243,013)	80%
		% TOTAL FY19 EXPENSES	67%	19%	14%	100%		
Head Start	3 year olds	Center (not NYCHA)	\$ 6,895,259	\$ 2,148,259	\$ 2,121,005	\$ 11,164,523	\$ (3,705,337)	67%
		% TOTAL FY19 EXPENSES	62%	19%	19%	100%		
		Center (NYCHA)	\$ 1,182,078	\$ 117,207	\$ 129,929	\$ 1,429,214	\$ (581,305)	59%
		% TOTAL FY19 EXPENSES	83%	8%	9%	100%		
EarlyLearn	3-4 year olds	Center (not NYCHA)	\$ 3,260,531	\$ 932,329	\$ 1,089,647	\$ 5,282,507	\$ (1,423,735)	73%
		% TOTAL FY19 EXPENSES	62%	18%	21%	100%		
EarlyLearn (Toddlers)	0-2 year olds	Center (not NYCHA)	\$ 2,273,087	\$ 464,784	\$ 639,381	\$ 3,377,253	\$ (1,217,807)	64%
		% TOTAL FY19 EXPENSES	67%	14%	19%	100%		
		Center (NYCHA)	\$ 1,564,157	\$ 207,123	\$ 245,668	\$ 2,016,947	\$ (1,029,447)	49%
		% TOTAL FY19 EXPENSES	78%	10%	12%	100%		
Early Head Start	0-3 year olds	Center (not NYCHA)	\$ 541,106	\$ 210,547	\$ 190,153	\$ 941,806	\$ (120,456)	87%
		% TOTAL FY19 EXPENSES	57%	22%	20%	100%		
		Center (NYCHA)	\$ 802,417	\$ 315,820	\$ 285,229	\$ 1,403,466	\$ (171,441)	88%
		% TOTAL FY19 EXPENSES	57%	23%	20%	100%		
Total			\$ 23,984,975	\$ 6,261,026	\$ 6,330,628	\$ 36,576,629	\$ (10,576,554)	71%
	% Total		66%	17%	17%	100%		
	Expense % of Surplus / Deficit		41%	-1%	60%			

The Members that participated in this analysis offer a broad range of early childhood education programs across four boroughs of New York City. Together, they provide approximately \$36.6 million in services to almost 1,580 children. However, they only receive \$26.0 million in funding from government sources for their efforts. The resulting \$10.6 million deficit means that Members must privately raise 35% of the funding necessary to provide programs. They manage to do this through a mix of philanthropy, which covers the bulk of the deficit, and fees from parents.

Table 3 Funding Gap Analysis

Note: Some Head Start figures reflect FY20 cost and staffing submissions for the most recent RFPs. All other figures are FY19. Some revenue to cover indirect is included in Staff and OTPS. "Indirect" expenses include costs for organizational infrastructure (e.g., payroll & benefits administration), management (e.g., CEO, CFO, etc.), and other necessary costs that are outside those directly related to the program.

Funding Gap Analysis								
			FY19					
Program Type	Ages Served	Site Type	Total Funding	Total Expenses	Surplus / Deficit	Cost per Child	Funding Per Child	Funding Gap Per Child
Pre-K For All / Head Start / CCDBG	4-5 year olds (Braided)	Center (not NYCHA)	\$ 4,825,796	\$ 6,244,293	\$ (1,418,497)	\$ 17,689	\$ 13,671	29%
		Center (NYCHA)	\$ 2,860,201	\$ 3,525,716	\$ (665,515)	\$ 20,986	\$ 17,025	23%
Pre-K for All	4-5 year olds (UPK)	Center (not NYCHA)	\$ 947,889	\$ 1,190,902	\$ (243,013)	\$ 12,945	\$ 10,303	26%
Head Start	3 year olds	Center (not NYCHA)	\$ 7,459,186	\$ 11,164,523	\$ (3,705,337)	\$ 26,646	\$ 17,802	50%
		Center (NYCHA)	\$ 847,909	\$ 1,429,214	\$ (581,305)	\$ 28,024	\$ 16,626	69%
EarlyLearn	3-4 year olds	Center (not NYCHA)	\$ 3,858,773	\$ 5,282,507	\$ (1,423,735)	\$ 24,343	\$ 17,782	37%
EarlyLearn (Toddlers)	0-2 year olds	Center (not NYCHA)	\$ 2,159,446	\$ 3,377,253	\$ (1,217,807)	\$ 24,651	\$ 15,762	56%
		Center (NYCHA)	\$ 987,500	\$ 2,016,947	\$ (1,029,447)	\$ 32,531	\$ 15,927	104%
Early Head Start	0-3 year olds	Center (not NYCHA)	\$ 821,350	\$ 941,806	\$ (120,456)	\$ 29,431	\$ 25,667	15%
		Center (NYCHA)	\$ 1,232,025	\$ 1,403,466	\$ (171,441)	\$ 29,239	\$ 25,667	14%
TOTAL			\$ 26,000,074	\$ 36,576,629	\$ (10,576,554)			
% Funding needed to breakeven					41%			
% Staff					41%			
% OTPS					-1%			
% Indirect					60%			

In the sample set, deficits vary widely across programs. Some programs, such as Early Head Start, with deficits of 14-15%, appear to be much closer to fully-funded than others. The analysis suggests that EarlyLearn (Toddler) programs run in NYCHA facilities need almost twice the funding received to be sustainable in the current model. Although the sample size for EarlyLearn (Toddler) programs is small – only two Members run this type of program – we believe the results are indicative of significant underfunding in the system.

As a whole, the analysis suggests a funding gap of 41%, with much of the uncovered costs attributed to indirect. "Indirect" expenses include costs for organizational infrastructure (e.g., payroll & benefits administration), management (e.g., CEO, CFO, etc.), and other necessary costs that are outside those directly related to the program.

Table 4 DOE Equivalent Salary Analysis

Note: Some Head Start figures reflect FY20 cost and staffing submissions for the most recent RFPs. All other figures are FY19. Some revenue to cover indirect is included in Staff and OTPS. "Indirect" expenses include costs for organizational infrastructure (e.g., payroll & benefits administration), management (e.g., CEO, CFO, etc.), and other necessary costs that are outside those directly related to the program.

DOE Equivalent Salary Analysis						DOE (10M)		DOE (12M)	
FY19						DOE (10M)		DOE (12M)	
Program Type	Ages Served	Site Type	Total Funding	Total Expenses	Surplus / Deficit	Staff (inc. Fringe & Benefits)	Total Expenses	Staff (inc. Fringe & Benefits)	Total Expenses
Pre-K For All / Head Start / CCDBG	4-5 year olds (Braided)	Center (not NYCHA)	\$ 4,825,796	\$ 6,244,293	\$ (1,418,497)	\$ 4,541,875	\$ 6,793,695	\$ 4,839,871	\$ 7,091,691
		Center (NYCHA)	\$ 2,860,201	\$ 3,525,716	\$ (665,515)	\$ 3,164,896	\$ 4,009,180	\$ 3,271,928	\$ 4,116,212
Pre-K for All	4-5 year olds (UPK)	Center (not NYCHA)	\$ 947,889	\$ 1,190,902	\$ (243,013)	\$ 991,224	\$ 1,389,692	\$ 1,173,434	\$ 1,571,902
Head Start	3 year olds	Center (not NYCHA)	\$ 7,459,186	\$ 11,164,523	\$ (3,705,337)	\$ 8,329,176	\$ 12,598,440	\$ 9,002,204	\$ 13,271,469
		Center (NYCHA)	\$ 847,909	\$ 1,429,214	\$ (581,305)	\$ 1,225,082	\$ 1,472,218	\$ 1,178,928	\$ 1,426,064
EarlyLearn	3-4 year olds	Center (not NYCHA)	\$ 3,858,773	\$ 5,282,507	\$ (1,423,735)	\$ 4,199,953	\$ 6,221,929	\$ 4,599,026	\$ 6,621,002
EarlyLearn (Toddlers)	0-2 year olds	Center (not NYCHA)	\$ 2,159,446	\$ 3,377,253	\$ (1,217,807)	\$ 2,653,231	\$ 3,757,397	\$ 2,899,852	\$ 4,004,017
		Center (NYCHA)	\$ 987,500	\$ 2,016,947	\$ (1,029,447)	\$ 1,619,012	\$ 2,071,802	\$ 1,644,476	\$ 2,097,266
Early Head Start	0-3 year olds	Center (not NYCHA)	\$ 821,350	\$ 941,806	\$ (120,456)	\$ 708,317	\$ 1,109,017	\$ 782,738	\$ 1,183,438
		Center (NYCHA)	\$ 1,232,025	\$ 1,403,466	\$ (171,441)	\$ 1,062,476	\$ 1,663,525	\$ 1,174,107	\$ 1,775,157
TOTAL			\$ 26,000,074	\$ 36,576,629	\$ (10,576,554)	\$ 41,086,895		\$ 43,158,218	
% Funding needed to breakeven					41%		58%		66%
% Staff					41%		59%		64%
% OTPS					-1%		0%		0%
% Indirect					60%		42%		37%

Early childhood education classroom, program, and support staff (e.g., trainers, kitchen staff, nurses, etc.) have similar roles and responsibilities, regardless of whether they are providing services at Member or DOE classrooms. However, there is an enormous difference in compensation between what Members are able to offer versus the DOE. In addition, many Members' staff work 12 months, rather than the 10 months DOE staff are in session. To achieve staff compensation parity requires additional funding of at least 58% (to get to an equivalent for the DOE 10-month basis), but on a more appropriate 12-month basis, an additional investment of at least 66% is required.

Table 5 Fully Staffed Model Analysis

Note: Some Head Start figures reflect FY20 cost and staffing submissions for the most recent RFPs. All other figures are FY19. Some revenue to cover indirect is included in Staff and OTPS. "Indirect" expenses include costs for organizational infrastructure (e.g., payroll & benefits administration), management (e.g., CEO, CFO, etc.), and other necessary costs that are outside those directly related to the program.

Fully Staffed Analysis (inc. DOE Equivalent)						DOE (10M)		DOE (12M)	
FY19						DOE (10M)		DOE (12M)	
Program Type	Ages Served	Site Type	Total Funding	Total Expenses	Surplus / Deficit	Staff (inc. Fringe & Benefits)	Total Expenses	Staff (inc. Fringe & Benefits)	Total Expenses
Pre-K For All / Head Start / CCDBG	4-5 year olds (Braided)	Center (not NYCHA)	\$ 4,825,796	\$ 7,429,264	\$ (2,603,468)	\$ 5,617,518	\$ 7,869,338	\$ 6,099,006	\$ 8,350,826
		Center (NYCHA)	\$ 2,860,201	\$ 3,764,639	\$ (904,437)	\$ 3,749,004	\$ 4,593,288	\$ 3,962,478	\$ 4,806,763
Pre-K for All	4-5 year olds (UPK)	Center (not NYCHA)	\$ 947,889	\$ 1,221,174	\$ (273,284)	\$ 1,341,885	\$ 1,740,353	\$ 1,585,413	\$ 1,983,881
Head Start	3 year olds	Center (not NYCHA)	\$ 7,459,186	\$ 12,237,888	\$ (4,778,702)	\$ 9,181,630	\$ 13,450,894	\$ 10,011,581	\$ 14,280,846
		Center (NYCHA)	\$ 847,909	\$ 1,576,438	\$ (728,529)	\$ 1,396,227	\$ 1,643,363	\$ 1,386,818	\$ 1,633,954
EarlyLearn	3-4 year olds	Center (not NYCHA)	\$ 3,858,773	\$ 5,676,690	\$ (1,817,917)	\$ 5,010,511	\$ 7,032,487	\$ 5,547,782	\$ 7,569,758
EarlyLearn (Toddlers)	0-2 year olds	Center (not NYCHA)	\$ 2,159,446	\$ 3,781,319	\$ (1,621,873)	\$ 3,284,087	\$ 4,388,253	\$ 3,640,325	\$ 4,744,491
		Center (NYCHA)	\$ 987,500	\$ 2,221,635	\$ (1,234,135)	\$ 2,124,545	\$ 2,577,335	\$ 2,250,132	\$ 2,702,922
Early Head Start	0-3 year olds	Center (not NYCHA)	\$ 821,350	\$ 972,103	\$ (150,753)	\$ 728,960	\$ 1,129,660	\$ 802,599	\$ 1,203,298
		Center (NYCHA)	\$ 1,232,025	\$ 1,447,735	\$ (215,710)	\$ 1,093,441	\$ 1,694,490	\$ 1,203,898	\$ 1,804,948
TOTAL			\$ 26,000,074	\$ 40,328,884	\$ (14,328,809)		\$ 46,119,462		\$ 49,081,687
% Funding needed to breakeven				55%			77%		89%
% Staff				93%			50%		57%
% OTPS				0%			0%		0%
% Indirect				31%			27%		27%

The Members interviewed were asked to define the model necessary to achieve the Value Statement in DOE's RFP Preview, which calls for "a sustainable early childhood education system", "robust family support" and for leadership and teaching teams to "have the knowledge and skills they need to provide quality instruction to children, and help programs continuously improve." They determined that best practices called for a model in which (i) all head teachers would be certified and hold master's degrees; (ii) one full-time social worker would be available to support every 25 children; and (iii) one full-time floating substitute would be available for every four classrooms. These parameters have been determined to produce the best outcomes for the children and provide the best support for the staff. These changes to the model require 55% additional funding from the current government contracts. This jumps to 77% when adjusting for a DOE 10- month equivalent, growing to 89% for a 12-month entry-level equivalent.

United Neighborhood Houses (UNH) is a policy and social change organization representing 42 neighborhood settlement houses that reaches 765,000 New Yorkers from all walks of life. Now in our 100th year, UNH is stewarding a new era for New York's settlement house movement. We mobilize our members and their communities to advocate for good public policies and promote strong organizations and practices that keep neighborhoods resilient and thriving for all New Yorkers. UNH leads advocacy and partners with our members on a broad range of issues including civic and community engagement, neighborhood affordability, healthy aging, early childhood education, adult literacy, and youth development. We also provide customized professional development and peer learning to build the skills and leadership capabilities of settlement house staff at all levels

SeaChange Capital Partners is a merchant bank focused exclusively on the nonprofit sector and is itself a nonprofit. Our mission is to help nonprofits complete transactions that make them more effective, efficient, and stable. Transactions including mergers, acquisitions, joint-ventures, long-term programmatic alliances, real estate developments, divestments, capital campaigns, restructurings and dissolutions. We encourage and support nonprofits in completing transactions by making grants and loans, by providing advisory services, and through research and insight sharing. We are opportunistic in seeking areas to add value and welcome your ideas.



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