

Testimony to The New York City Council Commission on the Implementation of CFE Impact of Expanded UPK Program on Facilities

Good afternoon and I'd like to thank the Commission for this opportunity to testify regarding UPK. My name is Suzanne Reisman and I am the Program Coordinator for the New York Child Care Seed Fund. The Seed Fund is a program at the Low Income Investment Fund that was designed to provide training, one-on-one technical assistance, and early stage financing to child care center providers and community developers who are working to expand, preserve or enhance the supply of child care in New York City. Since the launch of the program in 2003, the Seed Fund has invested \$266,000 and developed a pipeline of 1,700 new, preserved or enhanced quality spaces for low income children in New York City. The Low Income Investment Fund also operates the Child Care Facilities Fund in San Francisco, which has created 10,500 licensed child care center spaces in the past six years to meet the need for licensed child care in that City.

Findings

I would like to talk today about the facilities implications of the extending UPK to include half day pre-school for all three year old and full day preschool for all four year olds. In determining the number of spaces that we would need to implement this plan, I reviewed data on the potential demand for this program and the existing capacity of the public schools and community-based child care providers to enroll children. I have found that the City will need to create approximately 17,000 new licensed slots to accommodate the demand for UPK services. These slots will cost approximately \$258 million to develop. However, public-private partnerships have been used around the country to creatively leverage capital to support these costs, and New York City is in a strong position to do so as well. Final considerations: in conducting this analysis, it became clear to me that there are significant limitations to the data available regarding the supply of child care. Because most child care is used in the communities where families live, it is critical that we take a close look at child care supply and demand neighborhood by neighborhood to see what capacity exists and how we can best capitalize on what exists and where supply is most needed. Once this is assessed, it is important to understand that the most cost-effective development is to encourage new schools and other community developments to include early childhood space within new projects, and appropriate incentives should be given to developers who do so.

Demand and Supply Needs - Methodology

To understand the potential demand for UPK, I looked at the most recent Census data for the City. The data indicated that it could reasonably be projected that there are approximately 218,000 children aged 3 years and four years in New York City.¹ However, experience with

¹ 2000 Census data found 110,333 children under the age of one, 106,980 children who were 3 years old, and 109,347 children who were 4 years old living in New York City. Adding these three findings together showed that there are an average of 108,887 three years olds and an average of 108,887 four year olds who live in New York

public programs indicates that not all eligible children enroll in public programs for a variety of reasons. So to get to the true demand, I looked at the Department of Education’s method for assessing need and at the experience of Georgia, which offers pre-k to all 3 and 4 year olds, New Jersey’s Abbott Districts, and Los Angeles’ new UPK program as models.

When calculating the need for kindergarten seats, the Department of Education is able to project the number of spaces it needs by estimating full enrollment to be 80% of the children of kindergarten age. Using that same method, we can estimate that there are approximately 87,109 three-year olds and 87,109 four-year olds who are eligible for services. We also know, however, that just because a free program is offered does not mean that everyone will want to or be able to use it. In Los Angeles, they estimated that 70% of eligible children would enroll. However, the actual uptake in two states with UPK has found slightly higher enrollment. In New Jersey’s Abbott Districts, 80% of all eligible children take part in the program. The actual experience in Georgia is that 75% of eligible 4 year olds and 70% of eligible 3 year olds taker advantage of the program. This seemed to be a reasonable assumption for NYC as well, so by applying a 75% usage rate for 4 year olds and a 70% usage rate for 3 year olds, I found the City will need space to accommodate approximately 65,000 four-year olds in full day settings, and 61,000 three-year olds in half-day or in conjunction with full-day settings.

In determining the number of slots needed to meet this demand, it is important to look at the caregiving needs of families in New York. In order for children to be able to take advantage of the program, the UPK day should be long enough that children remain in the program while their parents work. As proposed, we will need a total of 65,000 full-day slots for four year olds. However, the proposal is to only offer half-day UPK to three year olds. In order for this to work, the children of working parents may need to attend UPK in conjunction with another program so that they are able to remain in care all day. I estimated that approximately 50% of the three year olds will need full day care. This means that programs will not be able to offer morning and afternoon UPK classes if they want these children to enroll. I estimated that another 50% of three year olds will be able to take advantage of half-day programs because they have a parent or other caregiver who will care for them during the rest of the day. Hence, a total of 46,000 slots will be needed for 3 year olds. The grand total of spaces needed to accommodate the demand for three and four year olds is 111,000 slots.²

City at any given point over the course of a year. Hence, 217,773 children are potentially eligible for UPK every year.

² Mehtodology

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|--------------------------------|---|
| Number of 4 year olds | 108,887 |
| “Full enrollment” figure (80%) | <u>87,109</u> |
| Usage rate (75%) | <u>65,332</u> |
| Number slots needed for 4 yos | 65,332 |
| | |
| Number of 3 year olds | 108,887 |
| “Full enrollment” figure (80%) | 87,109 |
| Usage rate (70%) | <u>60,976</u> |
| Full-day enrollment slots | 30,488 (accommodates 30,488 - combines ½ day UPK w/other prog) |
| Half-day enrollment slots | <u>15,244</u> (accommodates 30,488 children in two half-day programs) |
| Number slots needed for 3 yos | 45,732 |
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| Total slots needed | 111,064 |

To determine the capacity of our existing early childhood education system to accommodate this need, I used data from Child Care, Inc. 2000's Child Care Primer and from the Department of Education on UPK contracts in public schools. I have found that there is currently a total of 94,000 full- and half-day slots in child care centers for children ages three and four. There are another several hundred group family child care spaces to accommodate them.³

Taking the demand for 111,000 slots and the existing supply of 94,000 slots, I found that approximately 17,000 slots will be needed to meet the demand for full-day UPK for four year olds and half-day UPK for three-year olds.⁴

Development Cost - Methodology

In thinking about the cost to develop 17,000 new slots, it is important to take into consideration the requirements for the design of the facility. Basic considerations can be found in Department of Health and Mental Hygiene licensing guidelines:

- 30 square feet of usable space per child

³ Methodology

Using figures from Child Care, Inc.'s 2000 Child Care Primer, it was determined that there are only approximately 56,914 center-based spaces available for three- and four-year olds. This report from 2000 found that there are a total of 108,997 center-based spaces available for children under the age of six. To determine how many spaces might be available for three- and four-year olds without special needs, I deducted the number of infant space (2,782). In addition, many Head Start programs, which exclusively serve four year olds, are run in two half-day sessions. If these programs were to offer a full day of services, approximately half of the programs would lose half of their capacity, as they could no longer run two sessions a day. Thus I also deducted half of the Head Start spaces (5,406) from the total of spaces available. The total of slots for children ages 3-5 years came to 82,285. To factor out spaces that serve 5 year olds, I removed the Head Start slots and reduced this number by 20%, leaving 81,729 spaces for children ages three and four with the Head Start spaces added back in.

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| Total number of slots for children 0-6: | 108,997 |
| Head Start | (5,406) |
| <u>Infant slots (ages 0-2)</u> | <u>(2,782)</u> |
| Total slots for children ages 3-5 | 82,285 |
| Approx. number of slots for 5 year olds | (19,081) |
| Total slots for children aged 3 and 4 | 81,729 |

In the public schools, there are 18,018 spaces for UPK. Because I do not have information on how many schools use other funding to enable them to offer full day services, I assumed that 66% of the spaces available serve one set of children in the morning and another set of different children in the afternoon.

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| Contracted slots = | 18,018 |
| Full-day slots (33%) = | 5,946 |
| Half-day slots (66%) = | 11,892 |
| Slots avail if full-day (50%)= | 5,946 |
| TOTAL | 11,892 |

Adding together the community-based capacity and the school-based capacity yields a total capacity of 93,871 slots.

⁴ Methodology

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|------------------------------------|---------|
| Demand for UPK = | 111,064 |
| Number of current slots = (81,729) | |
| Number of slots needed = | 17,194 |

- No more than 15 three year olds in each room
- No more than 20 4 year olds in each room
- 1 sink and 1 toilet for every 15 children
- Access to adequate outdoor space

While DOHMH sets the minimum guidelines for space, the National Association for the Education of Young Children (NAEYC) sets higher standards for higher quality in programs:

- 50 square feet of usable space per child
- 100 square feet of outdoor usable space

In practice, a center should have at least the following in addition to classrooms and bathrooms:

- Reception area
- Staff lounge
- Parent lounge/resource center
- Adequate office space for teaching and administrative staff
- Adequate storage throughout the center

In reviewing facilities standards for a proposed Preschool for All program in California, Susan Muenchow of the American Institutes for Research found that schools and centers that allow 75 square feet per child should be able to accommodate facilities design that allows for ample space for children, parents, and staff in the center.⁵ Therefore, New York City needs to develop approximately 1.29 million square feet of space to accommodate the demand.⁶

In a survey administered to nonprofit organizations who have developed child care center spaces over the past five years, the range of cost for child care center construction was between \$125 - \$350 per square foot.⁷ The average price was \$200 per square foot. Thus the potential cost for developing these spaces is \$258 million.⁸

Leveraging the Development Cost

Constructing and financing these spaces will need to be a joint effort between the City, schools, providers, and community development corporations. As mentioned earlier in my testimony, there are creative ways that the costs of this development can be spread out and shared between the public and private sectors. Some of the cost of developing new facilities could be defrayed by co-locating them with other related services, such as housing developments, clinics, and workforce training centers. As the Mayor's housing plan for thousands of new affordable housing units gets underway, it would be relatively easy to put child care centers on the ground floor of apartment buildings and blend the development cost in with the housing. Many

⁵ Susan Muenchow, "Suggested Standards for Preschool for All Facilities," American Institutes for Research, 2004.

⁶ 17,194 slots x 75 min. sq. ft per slot = 1,289,537

⁷ Source: Low Income Investment Fund, 2002

⁸ 1,289,537 sq. ft. needed x \$200 per sq. ft. = \$257,907,300

experienced housing and community developers have been doing so for many years, with great success.

In San Francisco, the Low Income Investment Fund was able to create approximately 10,500 slots in six years by working with the City of San Francisco. However, some changes in the structure of operating contracts would be necessary in order to leverage these private funds. Los Angeles is rolling out a universal preschool program and is faced with a very similar shortfall of spaces – they estimate a need for 32,000 slots to meet the demand. The facilities plan will begin in zip codes with a high unmet need for preschool services, and have a rolling site selection process, in which sites come online throughout the year.⁹

Final Thoughts

I want to stress that there is no good information of what specific neighborhood capacity is. This is critical because more parents enroll children in programs in their neighborhoods or very close by. Who in the neighborhoods are providing care already? What is their ability to incorporate UPK into their existing program? What opportunities exist for incremental capacity building, such as adding one classroom to spaces that are currently underutilized? What other facilities exist in the community that have similar purposes and could easily be converted to create new UPK capacity, such as parochial schools that are vacant due to recent closures? What new housing and other community developments are taking place that can have UPK capacity built into it? We need to answer these questions to get a more accurate picture of what the development of the new needed slots will engender.

Ultimately, it is not cost-effective to go out and build 17,000 slots in stand alone facilities. We need to be very strategic in linking the development of UPK capacity to the other development that is occurring in communities. When planning new elementary schools, the Department of Education should think about how to include UPK in the building while also meeting class-size reduction challenges. Developers of residential housing should be encouraged to include space for early childhood programs in their projects. Tax incentives can be given to developers to create early childhood facilities in communities where the need is documented. Many states and cities have used such incentives to successfully build the supply of early childhood education spaces in the community.

⁹ Los Angeles Universal Preschool Master Plan: The Sky's the Limit, presentation at Children's Defense Fund Conference, March 2004