Head Start/Early Head Start RFP

Score Summary
The overall score for this Request for Proposals is 66 percent, which makes this RFP a moderate to high risk for applicants.

Background
This request for proposals (“RFP”) is for the implementation of Head Start/Early Head Start Services, which provide programs to children six weeks to five years old for eight or ten hours per day and either 225 or 260 days per year. The birth-to-five system of early care and education is being redesigned to be administered through one system by the New York City Department of Education (“DOE”). This includes EarlyLearn NYC at the Administration for Children’s Services (“ACS”) and Pre-K for All and 3-K for All at the DOE.

It is important to note that this rating cannot be considered in isolation given the interdependence of the birth to five programs being put forward by the DOE. It is particularly challenging for potential bidders to fully assess the risk level when not all of the RFPs are yet public.

The goal of this RFP is to provide Head Start and/or Early Head Start services in accordance with the regulations of the Federal Office of Head Start. “Head Start is a federally funded program designed to promote the school readiness of young children from low-income families through agencies in their local community.” Head Start and Early Head Start programs focus on the comprehensive development of children ages birth to five through early care and education, health and family well-being services. This RFP is not meant to be a supplement for services to children who are already served through a direct Head Start grant.

Head Start/Early Head Start Services are complimentary to the Birth-to-Five Services and Family Child Care Networks. The DOE is the contracting agency, and the anticipated contract start date is July 1, 2020.

Key Points

Salary Parity
Although it is laudable that the City is expanding free pre-K and 3-K programs and the City is striving to establish a comprehensive birth to five early education system, a significant portion of these programs are provided by community-based organizations (CBOs) and this RFP exacerbates a substantial pay gap between teachers at CBOs and the DOE. According to the Citizens’ Committee for Children, teachers at CBOs earn $15,000 less in the first year of employment and this disparity grows as teachers gain more experience, even though many have the same training as their DOE counterparts. The RFP asks proposers to provide teachers with a BA a salary of $44,000 and those with an MA $50,000, while the DOE teachers will receive $59,000 by 2020.

Similarly, nonprofits provide all-year programming instead of the 10-month DOE calendar, so DOE teachers receive more pay for two months less of work. This pay gap creates retention issues for nonprofits as highly qualified teachers at CBOs move to work for the DOE, which affects program stability and sustainability. Providers struggle to attract qualified teachers to
staff their programs with this low salary. CBOs play a critical role in providing quality early education programs and they require well-qualified teachers to work with young children who rely on these programs to set children on the best path to learning for K-12 education. The City should be using this program redesign as an opportunity to address this wage disparity, not reinforce it.

**Uncertain Funding**

Selected proposers will participate in the DOE budget development process to negotiate a per-child rate, the overall annual contract value, and start-up funding. However, because the DOE is receiving funding from City, State, and federal streams, there is uncertainty as to how much funding is available. This is synonymous to offering a person a job, but stating that the company is unsure of how much they can pay that person.

The RFP states that the “DOE is committed to funding all programs for the core day and year… at per-child rates that will, on average, meet or exceed the previous funding amounts offered to the DOE contracted Pre-K for All and 3-K for All programs in the most recent RFP.” According to SeaChange Capital Partners and United Neighborhood Houses’ report “Closing the Gap: A True Cost Analysis of Early Childhood Education in New York City,” the current model for early childhood education is 58% underfunded, which includes the additional funding to create salary parity between CBOs and the DOE. There is a lack of transparency as to rate setting methodology and how DOE came to those costs. Due to this stark contrast in current funding levels and real costs, only a commitment to a significant increase in funding now from DOE would make this open ended rate in the RFP less risky to providers. There should be a sample budget included that lays out the cost expectations of the contract and DOE should collaborate with providers on the real costs of running programs and meeting deliverables.

This RFP also requires providers to participate in utilizing DOE systems to assess programs. “Programs will be required to maintain and report accurate and timely data utilizing the appropriate data systems that the DOE has designated for eligibility, enrollment, child screening, authentic assessment, child time and attendance, staff qualifications and clearances, budgeting, and other purposes. Additionally, programs must respond to any programmatic, fiscal, progress, and other reporting requests from the DOE within the number of days requested.” However, with these burdensome reporting requirements and the additional resources that providers must spend to be in compliance, the DOE should ensure that adequate funding is provided to cover these costs in terms of overall programming budget and salary.

The uncertainty in the amount of available funding makes this RFP a risk for proposers, but it can also be an opportunity for the DOE to solicit feedback and collaborate with providers in understanding the true costs of implementing a high-quality program. The DOE should leverage the experience of providers, who truly know their communities, when creating programs and considering budgets.

**Lack of Cost Escalators**

This RFP is a four year contract with up to five one-year extensions. This implies that there is the risk that providers could potentially receive the same rate for nine years. Nonprofits struggle to meet rising costs as rates on contracts are not increased from year to year to address an increase
in the costs of delivering services. With the current underfunding of early education programs, it is crucial that the DOE include cost escalators in their contracts.

**Limited Indirect Costs**
Closely related to the overall underfunding of this program is the restriction of indirect costs. This RFP allows a maximum indirect cost reimbursement rate of 15 percent of the total program costs, but it places large reporting, compliance, and administrative burdens on the service provider that increase indirect expenses. The lack of alignment between actual and fundable costs put the organizations’ sustainability at risk.

**Startup Funding**
We appreciate the DOE for including start-up funding for renovations, construction, facility upgrades, repairs and maintenance, and furniture and equipment. However, “awarded programs will be required to pay for any upfront start-up costs, such as the cost of renovation projects, before receiving reimbursement from the DOE.” This is an immense disadvantage to smaller nonprofits that may not have the funds available to upfront the costs. Also, since the amount payable for start-up funding is at the sole discretion of the DOE, providers would have to spend the money first and hope that the DOE reimburses the full amount.

**Private Match Requirement**
This RFP states “The DOE reserves the right to require Head Start programs to contribute a non-federal Share up to 20%, per the Head Start Program Performance Standards.” Since the funding for the Head Start/Early Head Start program is unclear, it is difficult for nonprofits to determine how much additional funds they need to secure. Also, this match requirement makes it infeasible for many nonprofit organizations to apply given the administrative or financial resources needed to come up with the additional funds.

**Blended Classrooms**
In order to support and cultivate greater socioeconomic integration in the classroom, DOE is requiring providers to enroll children from both birth-to-five slots and Head Start/Early Head Start slots. However, if proposers blend classrooms, the “DOE expects that effectively and seamlessly combining Birth-to-Five services with Head Start/Early Head Start services may come with significant programmatic complexity, additional costs, administrative and reporting requirements, and complex cost allocation requirements.” Since Head Start/Early Head Start requires higher quality programming than the birth-to-five slots, the DOE should be fully funding the costs to adhere to the higher standards to ensure an equitable classroom.

**Uncertain Enrollment System**
We appreciate the DOE working to streamline enrollment to promote equity and access, but there is a lack of information as to how the DOE will determine eligibility, what the weighting system or evaluation process looks like, and how children will be matched to programs. This is a risk because providers are not allowed to select which children are matched to their programs even though providers know how to best serve their community, especially in cases where children are homeless, in foster care or victims of domestic violence or trauma. Nonprofits should be involved in the evaluation process to determine which programs children are placed into by assessing the community’s needs. Also, the DOE has not communicated with providers
about what the new enrollment system looks like or how it will affect current processes. The DOE should work with providers to gather feedback on system requirements, enrollment assessment and determination criteria, testing and implementation to make a smooth transition to this new enrollment system.

Since the DOE determines which programs children are matched to, in cases where families have multiple children in the programs, there is no guarantee that siblings will be matched to the same programs. This makes it difficult for families to take one child to one facility and another child to another center across town, which may hinder the enrollment process for programs. Also, the “DOE cannot guarantee that children will receive offers to the program they currently attend or previously attended.” This disrupts services and the progress that the nonprofits have made with the children, which presents a reputational risk to providers.

The DOE is also moving towards an enrollment-based payment model in which monthly payments are calculated based on monthly enrollment for each service model and age group. If a provider has a monthly enrollment rate of less than 58%, they are only awarded 65% of the monthly contracted funding received. This is a risk because providers staff and build up their programs and allocate space according to the number of seats that could be filled and not depending on the number of children enrolled. The RFP also contains a disclaimer that “All payments are subject to contract registration timelines. Any delay in the contracting process may delay or prevent contract registration and disbursement of payments.” If the DOE is not committed to prompt payment and is only paying for a portion of the contract value, providers will not be able to maintain their programs. The DOE should reimburse nonprofits at a rate that addresses the full costs of a program.

**Lack of Program Collaboration**

Although we recognize the City’s efforts in redesigning the birth-to-five early care and education services to be administered under one system, there are a number of fundamental issues with the program design of this RFP. “The DOE does not have plans to issue a new half-day RFP or add new half-day services at this time.” This forces providers to reassess their services and determine if they should close half-day programming, keep this program and pay their own way, or build up their programs to offer school-day of services. There are many parents who ask for half-day services and the DOE does not recognize this option.

The RFP divides the Extended Day programs into “core hours,” which is for 6 hours and 20 minutes of each program day and “additional hours,” which is for hours outside of the core 6 hours and 20 minutes. However, early childhood education programs should be designed to ensure that participants receive the same high quality program throughout the day instead of splitting the time between core and additional hours, which defeats the purpose of equity and socioeconomic integration.

Also, the RFP states that the Family Child Care Networks RFP will be released later in 2019. Since the Birth-to-Five Services and Head Start/Early Head Start RFPs are complimentary to the Family Child Care Networks RFP, all three RFPs should have been released and aligned so that providers can propose the best response. There is a lack of coordination between the three RFPs, which makes it challenging for providers to navigate across the programs.
The Nonprofit Resiliency Committee developed a Guide to Collaborative Communication with Human Services Providers which outlines the many ways City Agencies can solicit feedback and collaborate with providers in the development of an RFP. This guide should have been incorporated into the planning process of this RFP, so that there is real collaboration before the RFP is released. The City should leverage the on-the-ground experience of service providers, who truly know their communities, when creating programs and developing performance metrics.

**HSC’s Methodology**

The HSC RFP Rater assesses the feasibility, opportunities, and risk in City and State human services procurements. Rater scores are based on the RFP and related documents available to the public via New York City’s HHS Accelerator or New York State’s Grants Gateway. The rater consists of 60 questions developed and tested by a team of procurement professionals. The questions are based on information that is necessary to help prospective proposers assess risk.

Each answer is weighted based on the degree of risk inherent in the subject of the question. Answers that imply low to moderate risk are allotted points on a lower scale range compared to higher risk questions. For compound questions, the answer to both parts must be “yes” or “not applicable” to be considered low risk. Scores are calculated by adding all the question scores together. The higher the score, the greater the risk. The scoring range is from 60 to 230, with 0 percent risk equal to a score of 60 and the maximum risk score or 100 percent equal to 230 points. Users can view the answer to each question by clicking the down arrow next to each section to expand the section.

The HSC RFP Rater is not a substitute for the due diligence necessary to inform individual organization decisions.