



UNITED
NEIGHBORHOOD
HOUSES

September 2026

BUILDING A STRONG FOUNDATION:

The True Cost of Implementing
High-Quality Early Childhood
Programming in New York City

Executive Summary

Settlement houses and other community-based organizations (CBOs) play a critical role in the City's publicly funded child care ecosystem, contracting with New York City Public Schools (NYCPS) to provide early childhood education (ECE) services to nearly 60 percent of children aged five and under who are enrolled in 3-K and Pre-K. Despite caring for the majority of children in the City's ECE system, community-based providers still face a gap between what it actually costs to run a quality early childhood program and what the City pays them for it.

Mayor Mamdani has already made significant strides towards a universal system of care, including the rollout of a new program for two-year-olds and an expansion of 3-K for three-year-olds. Yet, there are major flaws with the current early childhood education system, including lower pay for teachers and staff in community-based settings, reimbursement policies that do not cover the fixed costs of operating a program, and a lack of wraparound supports that some families need. When NYCPS fails to fund the full costs of running a high-quality ECE program, CBOs must cover the difference themselves or reduce spending, which contributes to low salaries and missing resources.

In 2019, United Neighborhood Houses (UNH) partnered with SeaChange Capital Partners to issue a report, *Closing the Gap: A True Cost Analysis of Early Childhood Education in New York City*. Our 2019 report helped to highlight glaring pay disparities between center-based providers and their NYCPS counterparts, and our advocacy helped put these educators on a path to pay parity. As the City prepares for a reprocurement of its ECE system, we are updating our 2019 report and going deeper to create a model budget for center-based ECE programs. With input from settlement house members, UNH developed this model budget with the goal of uncovering the factors that determine the true cost of running a high-quality ECE program. We hope that the model budget will serve as a useful baseline for NYCPS as it prepares to rebid the Birth-to-Five system.

THESE ARE THE KEY FINDINGS FROM OUR MODEL BUDGET ANALYSIS:

- **On average, UNH settlement house ECE providers are contracted to receive 36 percent less per child than the full cost of care.** We found that the average annual cost of a CBO-run ECE program should be \$34,587 per child. By comparison, the average 2026 contracted rate across nine UNH providers serving more than 1,200 children is \$21,967 per slot.
 - **All seat types are more costly than current contracts recognize, but the biggest funding deficits are for School Day and Year (SDY) programs.** The budget deficit for an SDY program serving four-year-olds is 48 percent.
- **The majority of center-based ECE program costs—95 percent—are fixed and must be paid to keep a classroom open.** Only 5 percent of the model budget, including classroom supplies, food, and some consultant fees, can realistically be adjusted if enrollment dips.
 - **Since providers are paid based on enrollment, the funding gap is especially untenable for programs that do not have full enrollment but still have enough students to keep all their classrooms open.** If UNH's model program site operated for a year with 80 percent enrollment, NYCPS would reduce the contract payments by more than \$380,000, but expenses would only decrease by \$31,000, leading to a deficit that must be covered by other revenue sources.
- **ECE Centers are underfunded for both personnel and other-than-personnel services.** Salaries for teaching staff see the biggest funding gaps, but providers also stressed the need to increase funding for student meals, social supports, and professional development.

Recommendations to Address Funding Gaps in Current ECE contracts:

- **The City must significantly raise pay for the CBO-contracted workforce in order to recruit and retain workers.** NYCPS must ensure that salaries for certified lead teachers at CBO-run ECE programs are aligned with salaries for NYCPS teachers with similar years of experience and education levels.
- **CBOs should receive additional funding beyond the federal Child and Adult Care Food Program (CACFP) to cover meals for all children in City-funded CBO-run ECE programs.** NYCPS must approve CBO budgets that require additional funding to cover meals, especially for those in non-means-tested programs like SDY.
- **CBOs should have sufficient funding for two full-time family workers as well as consultants to support students' social-emotional needs.** Families should have enhanced social supports that mirror the robust supports available to students in the K-12 system.
- **CBOs need increased funding for professional development to strengthen the ECE teacher pipeline.** CBOs should also be funded for an additional \$1,000 for each uncertified teacher on a study plan to help pay for coursework and certification exams.

Recommendations for Improving Contracting and Reimbursement Policies for Providers:

- **The City should guarantee that they can cover a percentage of fixed costs, ideally in the range of 85 to 90 percent.** The City should also identify a process for better standardizing this range across providers in consultation with the Department of Health and Mental Hygiene (DOHMH) and the Mayor's Office of Contract Services (MOCS).
- **The City should include annual cost escalators in contracts that are pegged to the Consumer Price Index.** In addition to annual COLAs for staff, contracts should include annual cost escalators, recognizing that costs generally increase year over year, and a multi-year, flat contract is financially challenging and operationally destabilizing for providers. NYCPS should adjust contract values annually to account for unexpected changes in program costs from year to year, including covering increases in health insurance premiums for unionized ECE staff at CBOs.
- **The City should clarify the process for adjustments to seat allocations.** Adjusting seat types by age each year and based on the needs of families in their communities would allow for greater utilization of seats and enable providers to create more continuity of care between years. Although providers can propose seat allocation adjustments, NYCPS should clarify the process for both providers and NYCPS Division of Early Childhood Education staff such as Operations and/or Budget Analysts who are charged with reviewing and deciding on submitted requests.

Introduction

United Neighborhood Houses (UNH), along with providers, advocates, families and New York City and State policymakers, believes that we need a universal system of early care and education to serve children under five living in New York City. Settlement houses and other community-based organizations (CBOs) play a critical role in the City's publicly funded child care ecosystem, contracting with New York City Public Schools (NYCPS) to provide early childhood education (ECE) services to 59 percent of the City's three- and four-year-old children enrolled in publicly funded 3-K and Pre-K.¹ UNH settlement house members offer ECE services to 6,800 children under the age of five. Of those, 2,300 children attend center-based programs at 81 NYCPS-contracted sites throughout the City.² Despite caring for the majority of children in the City's ECE system, community-based providers still face a gap between what it actually costs to run a quality early childhood program and what the City pays them for it.

The Mamdani Administration has embraced the goal of universal child care, seeing it as a crucial way to help ease the city's affordability crisis and to set young children up for success during the early years of brain development. In January 2026, the administration announced that the City's 3-K program would be truly universal in Fall 2026, and that the City would begin offering 2-K programming at the same time, taking a concrete step to age the system down to reach more children. Despite these plans for expansion, the existing early childhood education system is struggling from years of neglect by previous administrations, and has never fully recovered from the prolonged challenges posed by the COVID-19 pandemic.

In order to build a successful early childhood education system for our children, the City must invest in the infrastructure and staff needed to ensure quality care and education to its youngest learners. NYCPS will soon rebid its Birth-to-Five ECE system, which encompasses both contracts for center-

based programs offering Pre-K, 3-K, extended day/year programs for infants and toddlers, and Family Child Care Network contracts that partner with home-based child care programs offering many of the same services. These forthcoming procurements are a chance to rectify major flaws in the current system, including lower pay for teachers and staff in community-based settings, reimbursement policies that do not cover the fixed costs of operating a program, and a lack of wraparound supports that some families need.

In 2019, UNH partnered with SeaChange Capital Partners to issue a report, *Closing the Gap: A True Cost Analysis of Early Childhood Education in New York City*. Our 2019 report helped to highlight the grave pay disparities between center-based providers and their NYCPS counterparts, and our advocacy helped put these educators on a path to pay parity.³ At the time, the City shifted the management of its contracted child care system from the Administration for Children's Services (ACS) to the Department of Education (now

NYCPS). This transition consolidated the City's contracted programs into one unified early childhood education system under the Department of Education ("Birth to Five"), which was now responsible for the procurement of ECE services. Seven years later, given a forthcoming reprocurement of the City's ECE system, we are updating our 2019 report and going deeper to create a model budget for center-based ECE programs (a similar analysis of Family Child Care Network contracts is forthcoming). UNH developed this model budget with the goal of uncovering the factors that determine the true cost of running a high-quality ECE program. We hope that the model budget will serve as a useful baseline for NYCPS as it prepares to rebid the Birth-to-Five system.

UNH worked closely with its settlement house members, who have decades of on-the-ground experience, to develop a model budget for a center-based ECE program that should inform and guide decisions around program quality and future child care investments.⁴ UNH's model budget was also informed by a rigorous literature review of analyses and reports on the various components of a high-quality center-based child care program.⁵ The components of a model budget for a center-based ECE program include:

- Equitable wages and benefits that attract and retain staff in CBO-run ECE programs
 - Compensation for the CBO ECE workforce that aligns with salaries for ECE teachers in public school buildings. Like the salary scale negotiated by the UFT teacher's union, salaries account for teaching experience and education levels⁶

- A wage floor of \$22 an hour for support staff⁷
- Increased funding for professional development that can strengthen the ECE teacher pipeline
- Sufficient funding to ensure full staffing levels and coverage for teacher absences
- Enhanced social supports for families that mirror the robust supports available to students in the K-12 system
 - Funding is needed for additional social workers that can help address the challenges of New York City families who are facing greater affordability and mental health needs
- Additional funding beyond the federal Child and Adult Care Food Program (CACFP) to cover meals for all children in City-funded, CBO-run ECE programs
- Sufficient funding for adequate space in an expensive real estate market
- Sufficient funding to support CBO providers in meeting Department of Health and Mental Hygiene requirements around health and safety
- Recognition that the majority of costs facing CBO providers are fixed and cannot be reduced, even when classrooms are not fully enrolled
- Flexibility in multi-year contracts to respond to community needs and preferences, including cost escalators over the life of the contract

Assumptions for Model Budget

Given factors such as site costs, number of classrooms, and contract types, we acknowledge that there will be variation from program to program and that it is impossible to develop a budget for an ECE program that is one size fits all. Based on a review of nine settlement house members' budgets, we developed a model budget that makes the following assumptions around contract type, classroom size, staffing patterns, and site type. We hope that this model budget will serve as an example for how to structure and price out a quality ECE program.

Contract Type

- A School Day and Year (SDY) program operates for 180 days a year, 6 hours and 20 minutes a day
- An Extended Day and Year (EDY) program operates for 260 days a year, 10 hours per day⁸

Classroom size and student enrollment

- A CBO provider is operating six classrooms serving a total of 86 students.
- Two classrooms of two-year-olds
- Two classrooms serving three-year-olds
- Two classrooms serving four-year-olds
- All two-year-olds are in EDY seats, while classrooms serving three- and four-year-olds are half EDY seats and half SDY seats

Staffing

- Each classroom has one full-time lead teacher, one full-time assistant teacher, and a part-time teacher's aide who is working 50 percent of the time.
- Six lead teachers have a mix of certification and experience levels:
 - Two certified with a Master's degree
 - Two certified with a Bachelor's degree
 - Two uncertified with a Bachelor's degree on a study plan

Other assumptions

- Budget is for a program located in privately-owned space (non-NYCHA or city-leased site)
- Budget assumes an indirect rate of 20 percent, the average Mayor's Office of Contract Services (MOCS)-approved rate within the UNH network. UNH believes that NYCPS should follow the contracting guidelines used by the rest of the City's human services sector.

Building Blocks of an ECE Budget

At our model ECE site, the average annual cost is \$34,587 per child. By comparison, the average 2026 contracted rate across nine UNH providers serving more than 1,200 children is \$21,967 per slot, 36 percent less than the full cost of care.⁹ A significant investment in early learning, this model per-student rate is similar to NYCPS' spending of \$34,717 for each student in public school buildings in a traditional school day.¹⁰

The actual per-student cost depends on age level and whether a program operates on a school year or extended year calendar. ECE slots for younger children are more costly because of reduced student to teacher ratios, and EDY classes must account for the additional days and hours of service. Providers can also decide how they want to allocate budget items to different types of programs, further adding to the complexity of creating a uniform budget.¹¹

When NYCPS released the Birth-to-Five RFP in 2019, it did not provide a complete guideline for per-student costs, recognizing the many factors that determine budget needs. The RFP outlined a minimum for SDY slots only, citing \$12,000 for 3-K SDY and \$11,000 for Pre-K SDY. As costs have increased and needs have changed, providers have struggled to bring their contract values up sufficiently. UNH members reported current rates that ranged widely, from \$10,000 for Pre-K SDY at one site to over \$40,000 for toddler EDY at another site. After comparing our model budget numbers to current per-student costs, it is clear that all seat types are more costly than current contracts recognize, but the biggest funding deficits are for SDY programs.

ANNUAL PER-STUDENT COST BY AGE AND PROGRAM TYPE

	2s EDY	3s SDY	3s EDY	4s SDY	4s EDY
UNH Model Budget	\$46,905	\$28,666	\$37,036	\$26,498	\$31,881
Average of current contract values (9 settlement houses)	\$39,761	\$16,406	\$29,560	\$13,722	\$25,134
Budget gap	-\$7,144 -15%	-\$12,260 -43%	-\$7,476 -20%	-\$12,776 -48%	-\$6,747 -21%

Note: In UNH's model center with six classrooms, there are two EDY classrooms for two-year-olds. The per-student rate for two-year-olds is an average of the per-student rates for the two classrooms.



Equitable wages and benefits that attract and retain staff in CBO-run ECE programs

At its core, the ECE system requires more educators and staff to meet families' needs and protect the health and safety of children. The city must significantly raise pay for the CBO-contracted workforce in order to recruit and retain workers.¹² UNH surveyed its New York City members with early childhood programs in 2024 and found that nearly three-quarters of respondents¹³ said that it is very difficult to recruit and hire staff for their ECE programs. UNH members report that the main obstacle for hiring and retaining staff in ECE programs is low salaries, which are a direct result of low reimbursement rates. For community-based providers across New York City, this means that their staff often earn less money than teachers and paraprofessionals who work for NYCPS, even though their qualifications and credentials are often the same. In 2024, contract agreements reached with DC 37 Locals 205, 95, and 215 somewhat addressed these wage disparities but they did not go as far as they should in eliminating these wage gaps and have not kept pace with inflation and rising living costs.¹⁴ Personnel costs account for 68% of the ECE model budget, making higher wages a primary driver of the need for increased contract funding.

To begin to address these staffing challenges, NYCPS must ensure that salaries for certified lead teachers at CBO-run ECE programs are aligned with salaries for NYCPS teachers with similar years of experience and education levels.¹⁵ While recent union negotiations have

brought entry-level salaries closer together, a 2024 report from the NYC Comptroller's office found that 19 percent of entry-level certified lead teachers with Master's degrees and an even higher share of those with Bachelor's degrees (24 percent) hired by CBOs were still being paid below minimum salary levels established under the 2019 contract agreement¹⁶ for NYCPS teachers with the same educational attainment and without any prior teaching experience.¹⁷ Going forward, when NYCPS issues contracts, they should provide clear guidance and sufficient timely funding to CBOs to ensure that the terms of the collective bargaining agreement (CBA) are being met. NYCPS should commit to providing funding that would support CBO ECE contractors in complying with the terms of CBAs, as well as support contractors to budget for these higher salary levels, COLAs, and longevity bonuses.

CBO providers are allowed to hire lead teachers with Bachelor's degrees who are not yet certified and are on study plans to achieve certification. These teachers should also be included in a career ladder that incentivizes learning and commitment to the field. UNH recommends that uncertified teachers with a Bachelor's degree be paid 90 percent of the salary for a certified entry-level teacher with a Bachelor's degree and be provided with additional professional development opportunities.¹⁸

Meanwhile, NYCPS should provide teachers working under an EDY contract with a higher summer differential than the current one-time pay of \$1,797 per summer. Settlement houses have shared that it is very difficult to recruit and retain teachers for a year-round program without sufficient pay. Compensation

for certified EDY teachers should account for the 12 months that most CBO ECE teachers work, rather than the 10-month school year for NYCPS teachers. UNH's budget model applies a twenty percent differential for all EDY salaries.¹⁹

Supervisory staff

Salaries for ECE division directors and education directors should also be increased in accordance with experience and responsibility, as some certified teacher salaries are poised to surpass director salaries. Wage compression must be addressed in order to attract and retain directors and education directors, who dedicate their time and energy into making their programs the highest quality for the children they serve. The salaries of education directors should be 20 percent higher than a teacher with a Master's degree.²⁰

Salaries for support staff

Settlement house ECE providers have shared that it is difficult to recruit support staff such as facilities workers and cooks, as well as classroom-based support staff like teacher's aides and assistant teachers. A wage floor of \$22 an hour is critical to improving recruitment and retention of high-quality staff. This wage floor should be further analyzed and increased with emerging research on the True Cost of Living in New York City.

High turnover in staff threatens the stability and continuity of care that is necessary for young children's behavioral and cognitive development. Staff shortages prevent CBOs from running programs at full capacity due to required child-to-adult ratios.



Sufficient funding to ensure full staffing levels and coverage for teacher absences

Full staffing for a high-quality ECE program should include at least one floater for every two classes to provide coverage when staff are out or when children need more individualized attention.²¹ Floaters are full-time, qualified staff members who are on site daily and can fill in for lead teachers as needed to maintain continuity when teachers are sick or on vacation. They are especially crucial for EDY classrooms, which rely on extra staff to manage the long days and full-year schedule. Meanwhile, NYCPS should also prioritize sufficient funding for a substitute teacher who can provide extra coverage for at least 15 days a year. Although these standards were recommended in the 2019 RFP, settlement houses shared that they are often forced to use funding outside of their NYCPS contract to cover salaries for floaters and substitute teachers.



Increased funding for professional development to strengthen the ECE teacher pipeline

As part of creating a universal system of care, the City must invest in the community-based ECE workforce and support their retention in the field. Low wages make it challenging for teachers and support staff to build their skills and pursue pathways to advanced degrees and credentialing. Settlement houses shared that some of their staff require full scholarships to return to school and that the NYCPS budget for professional development is inadequate.

Currently, CBOs spend their limited professional development budgets on crucial safety-related training and licenses such as first aid and mental health. To build a strong pipeline of ECE teachers, UNH's model budget recommends \$6,000 for professional development per program site, including an additional \$1,000 for each uncertified teacher on a study plan to help pay for coursework and certification exams. NYCPS contracts stipulate that CBOs must engage staff in professional development, but if the City is not offering options such as internship programs, free certification exam preparation workshops, or scholarships for ECE degrees, they must include additional funding in provider budgets for professional development.²²



Enhanced social supports for families that mirror the robust supports available to students in the K-12 system

Rising living costs, along with cuts to critical federal safety net programs like SNAP, are pushing a higher share of families into poverty. A recent report from the Robin Hood Foundation and Columbia University's Center on Poverty and Social Policy²³ found that more than a quarter of New Yorkers lived in poverty in 2024, and more than 50 percent said high costs prevented them at least once that year from doing things like buying food, paying their utility bills, or seeing a doctor. ECE programs are not equipped to help their families living below the poverty line. As in the K-12 and Head Start systems, all child care programs should include social workers and family workers, as well as behavioral health consultants and disability specialists to implement a two-generational

approach that works with the whole family, not just the child. Settlement houses shared that they typically have at least one family worker or family assistant who assists with program outreach and recruitment but noted that some families need more intensive social-emotional and mental health support that extends beyond the capacity and scope of the family worker's responsibilities. NYCPS allows providers to include family workers and family assistants in their budgets but does not require or expressly fund providers to include this in their staffing patterns.

NYCPS will typically send a social worker to visit a CBO program site once a month. However, settlement house providers noted that a monthly visit from a NYCPS school social worker is insufficient for establishing strong connections with families facing multiple challenges, especially those that include children with special needs, live in shelters or other temporary housing, are headed by a domestic violence survivor, or struggle with food insecurity. UNH's model budget includes funding for two full-time family workers as well as consultants to support students' social-emotional needs.



Sufficient funding for adequate space in an expensive real estate market

CBOs operate ECE centers in a variety of spaces, including buildings they rent, own, or that are owned by NYCHA or other city agencies. Settlement houses, especially those who rent space for their programs from a private landlord, shared that their ECE budgets are insufficient for meeting rent costs. Not only are buildings with

the right facilities for ECE hard to find and expensive, but rents typically go up each year. As rent increases, CBOs have not been able to allocate more from their NYCPS contracts to rent because contract levels have remained flat or CBOs were denied reimbursement for these rent increases. CBOs must identify other funding sources just to stay in their building and serve children in their neighborhood. In the UNH model budget, rent was assumed to be \$35 per square foot, an amount greater than what NYCPS approved for most settlement houses but reflecting what settlement houses have been able to negotiate with landlords. Still, this rate does not come close to the city-wide average retail rent.²⁴ A CBO in a high-cost area may need funding beyond this model.

CBOs operating ECE in NYCHA buildings pay much lower rents, which can reduce program expenses by eight to ten percent. Still, all CBOs require funding for minor maintenance and repairs, which often exceeds the amounts NYCPS allows, and can lead to interruptions such as classroom and center closure. Programs based in NYCHA buildings should have access to a dedicated funding pool for capital repairs.



Additional funding beyond the federal Child and Adult Care Food Program to cover meals for all children in CBO-run ECE programs

Daily meals and snacks at ECE centers improve children's nutrition and health outcomes and support families experiencing food insecurity.²⁵ CBOs apply for meal reimbursement from the

federal Child and Adult Care Food Program (CACFP), which reimburses City-funded CBO-run ECE providers for up to two meals and one snack per child daily. CACFP only reimburses providers for children who are eligible based on their family income, which would currently include all EDY students. Providers may not be able to claim CACFP reimbursement for SDY students, either because they are not income eligible or because they lack documentation of family income, which is not a requirement for enrollment in 3-K and Pre-K SDY programs. In addition, settlement houses shared that food costs have skyrocketed and that they are primarily subsidizing food costs with non-government funding because NYCPS is not reimbursing them for the full cost of food. Students in the City's K-12 system are able to access free meals at school regardless of family income documentation and the same principle should be applied to CBO-run ECE programs. To support this, NYCPS must approve CBO budgets that require additional funding to cover meals, especially for those in non-means-tested programs. The UNH model budget allocates additional meal funding for SDY slots, raising the per-student cost of SDY programs.

Updated Policies and Guidelines for Provider Reimbursement

Finally, it is important for the City to update its policies and guidelines for how it disburses funds to providers, in addition to the specific components of a budget that it should cover. This section addresses some of the structural issues that have negatively impacted CBO providers in recent years, and how the City should address them.

Guarantee fixed costs facing CBO providers and acknowledge that these costs cannot be reduced, even when classrooms are not fully enrolled

Despite the fact that contracts and payments are issued by NYCPS, the Department of Health and Mental Hygiene (DOHMH) sets the health and safety standards for all early childhood education programs in New York City. DOHMH dictates staffing, health, and safety regulations that all providers must follow, often dictated by state law (DOHMH is the local regulator for ECE programs on behalf of the State's Office of Children and Family Services). This requires ECE providers to have a staff member who ensures compliance with all regulations.²⁶ Providers are also required to cover their overhead costs such as rent, mortgage payments, and liability insurance.

These program costs are typically fixed, meaning that regardless of how many children are in a classroom or program, providers must make their rent or mortgage payment (if a center is in a building owned by the settlement house), must have a minimum number of staff present, and must pay utilities. These costs are necessary for keeping classrooms open regardless of fluctuations in student enrollment.²⁷ NYCPS's enrollment-based reimbursement policy should recognize that these program costs do not vary even when enrollment declines. Meanwhile, public school budgets have not been cut even as enrollment declined by 12 percent over the past decade; in fact per-student spending at traditional public schools has continued to rise.²⁸ The principle that traditional public schools should be held harmless in the face of enrollment declines reflects the understanding that fully resourced schools are needed to provide critical services to all children in New York City. This same principle should apply to CBO ECE providers.

The great majority of ECE costs are fixed and must be paid to keep a classroom open. For our model budget analysis, 95 percent of costs are fixed. Only 5 percent of the model budget, including classroom supplies, food, and some consultant fees, can realistically be

adjusted if enrollment dips. Because providers are paid based on enrollment,²⁹ the funding gap is especially untenable for programs that do not have full enrollment but still have enough students to keep all their classrooms open. If our model program site operated for a year with 80 percent enrollment, NYCPS would reduce the contract payments by more than \$380,000, but expenses would only decrease by \$31,000, leading to a deficit that must be covered by other revenue sources. NYCPS should guarantee that they can cover a percentage of fixed costs, ideally in the range of 85 to 90 percent, and identify a process for better standardizing this range across providers in consultation with DOHMH and MOCS.

Annual cost escalators in contracts

In addition to annual COLAs for staff, contracts should include annual cost escalators, recognizing that costs generally increase year over year and that a multi-year, flat contract is financially challenging and operationally destabilizing for providers. These cost escalators should be pegged to inflation and based on the Consumer Price Index for All Urban Consumers (CPI-U). Providers have shared that they typically face unexpected changes in program costs from year to year, such as rent increases, higher health insurance premiums for staff, and increases in liability insurance premiums. NYCPS should adjust contract values annually to account for these changes, including covering increases in health insurance premiums for unionized ECE staff at CBOs.

Flexibility in multi-year contracts to respond to community needs and preferences

Over the last five years, settlement house ECE providers have struggled with uneven enrollment in their programs due to a mismatch between where ECE seats are allocated by the City and the needs of families in those communities.³⁰ The current Birth-to-Five contracts were executed for five years, and are receiving an additional two-year extension, with providers locked in to specific seat types by age even though the population of young children in a given neighborhood can fluctuate each year. Adjusting seat types by age each year and based on the needs of families in their communities would allow for greater utilization of seats and enable providers to create more continuity of care between years so that children can move through a program rather than having to switch around each year. Although providers can propose seat allocation adjustments, NYCPS should clarify the process for both providers and NYCPS Division of Early Childhood Education staff such as Operations and/or Budget Analysts who are charged with reviewing and deciding on submitted requests. Since different seat types have different rates due to required staffing ratios, NYCPS should also acknowledge that adjustments to seat configurations will have implications for provider budgets.

Final Considerations

Mayor Mamdani has already made significant strides towards a universal system of care, including the rollout of a new program for two-year-olds and an expansion of 3-K for three-year-olds. However, as the City continues to expand access to care for families across the city, more must be done to strengthen community-based providers and fully fund the true costs of providing high-quality ECE programming, which prioritizes equitable compensation for ECE teachers, directors, and support staff, and funds higher fixed costs that account for the majority of CBO provider budgets.

Acknowledgments

UNH gratefully acknowledges the contributions of the UNH settlement house members who submitted their financial information for review and provided valuable feedback on what it actually costs to run a quality early childhood program in New York City.

UNH would also like to thank the Day Care Council of New York and the CUNY New York Early Childhood Professional Development Institute for their review and input on previous drafts of this report.

This report was written by Rachel Klepper, Senior Research Analyst at UNH and Irene Lew, Senior Manager of Research at UNH, with support from Nora Moran, Director of Policy and Advocacy at UNH and Lynn Appelbaum, Deputy Executive Director at UNH. UNH would like to thank Tracey Maurer for her stellar design work on this report.

Appendix

Methods

UNH estimated costs for each budget category by comparing ECE contracts and actual budgets from nine settlement houses, which together reach more than 3,400 children at 44 sites. Of those ECE participants, 1,200 are served through Birth-to-Five contracts with NYCPS. After assessing the average spending on each item and capturing differences between contracted reimbursements and actual spending, UNH consulted settlement house members to understand which budget categories are currently underfunded and how much they should be increased. In monthly peer group meetings between February and April 2026, ECE providers from 12 settlement houses shared trends in spending, where they saw gaps in current contracts, and what funding is necessary for a high-quality program, which was incorporated into the model budget. The funding categories that were most important to providers are highlighted and explored further in the writeup alongside NYCPS budget guidelines and other research on ECE funding needs (see endnotes).

For all instructional staff, model salaries were adapted from the compensation scale developed by the Child Care Workforce Collaborative,³¹ led by the CUNY New York Early Childhood Professional Development Institute. Salaries are based on actual 2024-2025 teacher salaries from the New York State Department of Education, and they have been adjusted to account for increases in the UFT contract, up to the 2026-2027 school year. Salaries for Division Directors and Program Directors were based on UNH's salary survey of all member settlement houses for 2024, updated with a yearly 3% COLA to 2026.

Cost allocation

In the budget, costs were allocated among the six classrooms at the model ECE site in different ways, depending on the type of item.

- Per child costs: classroom materials, some consultant fees, and food (only for SDY slots) were allocated according to the number of children in each classroom.
- Per classroom costs: teacher salaries were allocated by classroom
- Shared site costs: non-instructional staff, some consultant fees, facilities, and most other OTPS costs were allocated by weighing both the number of children in each classroom and the number of instructional days (SDY v. EDY). Shared costs were spread across the six classrooms with the following division:

2s EDY	2s EDY	3s SDY	3s EDY	4s SDY	4s EDY
12.86%	12.86%	14.47%	19.29%	17.36%	23.16%

Model budget

	2s EDY (Classroom 1)	2s EDY (Classroom 2)	3s SDY	3s EDY	4s SDY	4s EDY	SITE TOTAL
Staff							
Division Director (50% of salary)	\$8,097	\$8,097	\$9,111	\$12,146	\$10,931	\$14,583	\$62,965
1 Education Director	\$14,146	\$14,146	\$15,917	\$21,219	\$19,096	\$25,476	\$110,000
2 Teachers BA (certified)	\$88,402		\$73,668				\$162,070
2 Teachers MA (certified)				\$96,599	\$80,500		\$177,099
2 Teachers BA (uncertified)		\$81,374				\$81,374	\$162,747
6 Assistant Teachers	\$48,621	\$48,621	\$40,517	\$48,621	\$40,517	\$48,621	\$275,518
3 Teachers Aides*	\$20,020	\$20,020	\$13,860	\$20,020	\$13,860	\$20,020	\$107,800
3 Floaters	\$47,468	\$47,468	\$22,604	\$47,468	\$22,604	\$47,468	\$235,079
2 Family Workers	\$12,860	\$12,860	\$14,470	\$19,290	\$17,360	\$23,160	\$100,000
1 Cook	\$5,617	\$5,617	\$6,320	\$8,426	\$7,583	\$10,116	\$43,680
1 Assistant Cook	\$5,149	\$5,149	\$5,794	\$7,724	\$6,951	\$9,273	\$40,040
1 Facilities staff	\$5,617	\$5,617	\$6,320	\$8,426	\$7,583	\$10,116	\$43,680
1 Assistant facilities staff (part time)	\$1,404	\$1,404	\$1,580	\$2,106	\$1,896	\$2,529	\$10,920
Substitutes (part time)	\$1,370	\$1,370	\$1,028	\$1,370	\$1,028	\$1,370	\$7,535
Total salaries	\$258,772	\$251,743	\$211,190	\$293,415	\$229,907	\$294,106	\$1,539,133
Fringe Benefits Full-Time (32%)	\$81,919	\$79,670	\$66,746	\$92,780	\$72,635	\$92,866	\$486,617
Fringe Benefits Part-Time (16%)	\$444	\$444	\$417	\$556	\$468	\$624	\$2,953
Total Personnel Services	\$341,135	\$331,857	\$278,354	\$386,751	\$303,010	\$387,596	\$2,028,703
Instructional OTPS							
Classroom furniture/equipment	\$1,443	\$1,443	\$1,624	\$2,164	\$1,948	\$2,599	\$11,220
Classroom supplies	\$3,500	\$3,500	\$3,750	\$5,250	\$4,500	\$6,300	\$26,800
Food (meals and snacks)	\$0	\$0	\$22,464	\$0	\$26,957	\$0	\$49,421
Family Involvement	\$500	\$500	\$500	\$500	\$500	\$500	\$3,000
Program Consultants**	\$8,750	\$8,750	\$9,825	\$13,125	\$11,790	\$15,750	\$67,990
Enrichment Consultants***	\$6,250	\$6,250	\$4,500	\$6,250	\$4,500	\$6,250	\$34,000
Facilities							
Rent & Utilities - 6450 sf	\$29,031	\$29,031	\$32,666	\$43,547	\$39,190	\$52,284	\$225,750
Minor maintenance and repairs	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$1,500	\$9,000
Phone and internet	\$772	\$772	\$868	\$1,157	\$1,042	\$1,390	\$6,000
Exterminator	\$103	\$103	\$116	\$154	\$139	\$185	\$800
Licenses, Permits, inspections	\$257	\$257	\$289	\$386	\$347	\$463	\$2,000
Administrative OTPS							
Advertising	\$643	\$643	\$724	\$965	\$868	\$1,158	\$5,000
<i>Staff-related Administrative OTPS</i>							
Security clearances	\$131	\$131	\$148	\$197	\$177	\$236	\$1,020
Professional Development	\$1,000	\$2,000	\$1,000	\$1,000	\$1,000	\$2,000	\$8,000
Total OTPS	\$53,880	\$54,880	\$79,973	\$76,195	\$94,458	\$90,615	\$450,001
Total direct costs	\$395,015	\$386,737	\$358,327	\$462,947	\$397,468	\$478,210	\$2,478,703
Indirect -- (20%)	\$79,003	\$77,347	\$71,665	\$92,589	\$79,494	\$95,642	\$495,741
Total Expenses	\$474,018	\$464,085	\$429,992	\$555,536	\$476,961	\$573,852	\$2,974,444
Per-Child Cost	\$47,402	\$46,408	\$28,666	\$37,036	\$26,498	\$31,881	\$34,587

*Providers may choose to hire 3 full-time or 6 part-time teachers aides

**Program consultants examples: disability specialists, nutritionists, mental health, educational coaching

***Enrichment consultants examples: soccer, musical instruments, yoga, nature, STEM

Endnotes

- 1 Independent Budget Office. "Utilization Up, Capacity Down: A Look at 3-K and Pre-K Trends in New York City." <https://www.ibo.nyc.gov/assets/ibo/downloads/pdf/education/2025-may-utilization-up-capacity-down-a-look-at-3k-and-prek-trends-in-nyc.pdf>. May 2025.
- 2 UNH, 2025 Member Survey.
- 3 NYC Council Press Release. "Speaker Corey Johnson, Mayor Bill de Blasio Announce City Has Achieved a Pathway to Pay Parity for Early Childhood Education Providers." <https://council.nyc.gov/press/2019/11/18/1839/>. November 18, 2019.
- 4 This brief includes only center-based ECE programs. A forthcoming brief will explore contract structures and reimbursements for home-based providers and Family Child Care Networks.
- 5 Other True Cost analyses include: https://raisingnewyork.org/wp-content/uploads/sites/2/2023/03/New-York-CC-Cost-Model-results-memo_Jan2023.pdf, <https://www.osc.ny.gov/files/reports/osdc/pdf/report-19-2026.pdf>, <https://www.americanprogress.org/article/true-cost-high-quality-child-care-across-united-states>.
- 6 The model budget uses salaries adapted from the CUNY New York Early Childhood Professional Development Institute. Salaries are based on actual 2024-2025 teacher salaries from the New York State Department of Education, and have been adjusted to account for increases in the UFT contract, up to the 2026-2027 school year. Annie Schaeffing and Joseph Kannegaard. "Parity Compensation for New York's Early Childhood Educators: Recognition and Respect for a Vital Profession." 2024. <https://earlychildhoodny.org/docs/parity-compensation-report-pdi-2024.pdf>.
- 7 The 2026 [NYC True Cost of Living \(TCOL\) Report](#) found that a single adult without children under 65 would have needed to earn \$34/hour in 2022 to meet their TCOL. Workers earning minimum wage only earned 44% of their TCOL. A \$22 wage floor is a nearly 30% increase from the current minimum wage of \$17, and aligns with efforts to gradually increase the minimum wage to \$30.
- 8 Currently, providers can operate Extended Day and Year programs for either 260 or 225 days a year. In a system redesign meeting held in Fall 2025, NYCPS suggested that 225 day contracts will be phased out.
- 9 This current settlement house average closely aligns with the New York State Comptroller's analysis that the cost of providing services to children under five in FY 2025 was about \$19,989 per child. See Office of the New York State Comptroller. "New York City Government Services: Child Care Services for Children Under Five." <https://www.osc.ny.gov/files/reports/osdc/pdf/report-19-2026.pdf>.
- 10 NYCPS' calculation does not include food, transportation, or debt service, so actual spending per student is higher than \$34,717. New York City Public Schools. "Funding Our Schools." <https://www.schools.nyc.gov/about-us/funding/funding-our-schools>.
- 11 For example, providers can allocate budget items by number of children, number of classrooms, square footage of the space, or by another factor.
- 12 For more on the early childhood workforce crisis, see: Emmy Liss. "Building a Stronger Child Care Workforce for New York City: Child Care Recommendations for a Thriving Early Childhood System. Day Care Council, December 2025. <https://www.dccnyinc.org/wp-content/uploads/2025/12/Workforce-Report-7sm.pdf>.
- 13 15 UNH settlement houses responded to the survey.
- 14 Under the 2024 contract agreement, teachers at community-based ECE programs received compounded retroactive wage increases of 16.21 percent over a five-year period dating back to 2022, but prices are now 28 percent higher in 2026 than they were in 2019.
- 15 Parrott, James. Center for New York City Affairs. "The Road to and from Salary Parity in New York City: Nonprofits and Collective Bargaining in Early Childhood Education." https://static1.squarespace.com/static/53ee4f0be4b015b9c3690d84/t/5e222c2ab457e7527ddc6450/1579297836053/SalaryParity_Parrott_Jan2020_Jan17.pdf. January 2020.
- 16 The City's 2019 contract agreement with certified early childhood education lead teachers working in CBO-run programs raised starting salaries by an additional \$17,400 to \$20,800 to reach parity with an entry level 10-month NYCPS teacher.
- 17 Based on minimum salary levels reached in the 2019 pay parity agreement, which were \$68,652 for certified lead teachers with a Master's and \$61,070 for certified lead teachers with a Bachelor's.

- 18 "Parity Compensation for New York's Early Childhood Educators: Recognition and Respect for a Vital Profession" lays out a comprehensive career ladder for early childhood educators from high school diploma through PhD. Their salary scale increases pay by 8.3% when teachers with a BA earn certification. <https://earlychildhoodny.org/docs/parity-compensation-report-pdi-2024.pdf>.
- 19 Positions that are hourly are paid by the additional hours worked, rather than as a percent increase.
- 20 The 20 percent increase is based on a recommendation in the following Day Care Council of New York report. The report recommended a slightly higher differential of 22.8 percent between unionized certified MA-level teachers and child care center directors. However, the report did not specify different salaries for teachers working in SDY programs vs. EDY programs, so UNH estimated a lower differential to account for this distinction. See: Mai, Miksic. "The Value of Early Childhood Educators. A Pathway Forward to Salary Parity for Community-based Organizations." May 2019. https://www.dccnyinc.org/wp-content/uploads/2018/05/DCCNY_SalaryParityReport2019.pdf.
- 21 In the 2019 Birth-to-Five RFP, NYCPS recommended one floater for every three classrooms. Based on conversations with providers, UNH determined that a program with multiple EDY classrooms will need an additional floater.
- 22 Day Care Council has recommended many different PD and workforce pipeline programs that the city could explore creating to address this issue. See: Emmy Liss. "Building a Stronger Child Care Workforce for New York City: Child Care Recommendations for a Thriving Early Childhood System." <https://www.dccnyinc.org/wp-content/uploads/2025/12/Workforce-Report-6sm.pdf>. December 2025.
- 23 Poverty Tracker Research Group at Columbia University (2026). The State of Poverty and Disadvantage in New York City, Volume 8. Robin Hood. <https://robinhood.org/reports/poverty-tracker-annual-report-vol-8/>.
- 24 <https://www.credaily.com/briefs/childcare-facilities-face-real-estate-hurdles-in-nyc/>.
- 25 <https://www.cacfp.org/2023/09/25/cacfp-associated-with-food-security-for-young-children/>.
- 26 The expense for a compliance staff member is included in the indirect rate.
- 27 CBOs receive reimbursement based on enrollment and are only guaranteed 75 percent of their contracted amount regardless of unexpected drops in enrollment.
- 28 Independent Budget Office: Education Indicators 2025. Student Enrollment in NYC Public Schools 2024-25: A Snapshot. <https://www.ibo.nyc.gov/content/publications/2025-september-education-snapshot>; Citizens' Budget Commission. NYC Did You Know Department of Education Edition: <https://cbcny.org/research/did-you-know-0>.
- 29 Under the current Base Plus payment model, providers are paid monthly based on enrollment. Providers are guaranteed at least 75 percent of contract values, and receive payment for their enrollment level plus 10 percent. A program with 80 percent enrollment will receive 87 percent of their contract value each month.
- 30 Elsen-Rooney, Michael. "NYC preschool offers yield waitlists in some neighborhoods, empty seats in others." Chalkbeat. <https://www.chalkbeat.org/newyork/2025/05/20/preschool-offers-long-commutes-empty-seats/#:~:text=Another%2044%2C000%20students%20turning%203,location%20of%20seats%20and%20demand>.
- 31 The members of the Child Care Workforce Collaborative include the Early Care & Learning Council, Day Care Council of New York, NYAEYC (New York Association for the Education of Young Children), The New School Center for New York City Affairs, Jenn O'Connor Consulting, and the Schuyler Center for Analysis and Advocacy (SCAA).



45 Broadway, Suite 2210, New York, NY 10006 • unhny.org

info@unhny.org