

September 21, 2011

H. Tina Kim  
Deputy Comptroller for Audit  
City of New York  
Office of the Comptroller  
1 Center Street  
New York, NY 10007-2341

Re: Audit Report on the Department of Education's  
Planning and Allocation of Funds to  
Community-Based Organizations for the  
Universal Pre-Kindergarten Program  
MH11-059A

Dear Ms. Kim:

This letter, along with the enclosed Response to Findings and Recommendations, is the official response of the New York City Department of Education ("DOE") to the above-captioned Draft Audit Report ("Report") received from The Office of The New York City Comptroller ("Comptroller"), dated September 7, 2011.

This response is submitted under protest. As for the reasons, we cite that in addition to having turned out a report replete with substantive flaws and material omissions, the Comptroller refused to comply with a reasonable request that the auditors either conduct follow up on information gleaned from surveys or allow the Department to do so, and further refused our request to extend the time to respond to the draft report by a mere three business days.

In the boilerplate "scope and methodology statement," the Comptroller asserts:

"We conducted this performance audit in accordance with generally accepted government auditing standards. Those standards require that we plan and perform the audit to obtain sufficient, appropriate evidence to provide a reasonable basis for our findings and conclusions based on our audit objective. We believe that the evidence obtained provides a reasonable basis for our findings and conclusions based on our audit objective."

The only way in which the Comptroller can possibly defend that statement is to focus on "our audit objective." Apparently, it was not his objective to provide the public with a thorough and valuable analysis and assessment of the Department's planning and allocation of funds for the Universal Prekindergarten Program ("UPK"). Nor, apparently, was it to identify and document any specific shortfall in the Department's extensive efforts, in collaboration with the Mayor's Office, the New York City Administration for Children's Services ("ACS"), the New York City Department of Health and Mental Hygiene ("DOHMH"), and the New York City Division of Youth and Community Development ("DYCD"), to enhance and coordinate the UPK program with other funded early childhood education programs to maximize enrollment and services to families – efforts that have increased by more than 20 percent the total citywide UPK enrollment from approximately 47,800 four year olds in School Year 2006-07 to approximately 58,000 four-year-olds in School Year 2010-11. And, it clearly was not to elucidate for the public the predominant

obstacles, codified in New York State's UPK legislation and regulations, to parent and vendor participation in the UPK program. The audit's focus is deliberately and stubbornly myopic, thereby rendering it of little, if any, worth.

Even if one accepts the legitimacy of such a narrow audit objective, the insubstantial "evidence" upon which the Report relies does not in any respect provide a reasonable basis for the facile findings and conclusions. It is difficult to accept the legitimacy of findings that, after a year's worth of auditing, rest primarily on two flawed surveys that were distributed by the auditors with no prior notice to Department officials. The shame of it is that had the Department's input been sought initially, the final product might have yielded a product of some value.

Although we had made the auditors aware of the strict minimum requirements for vendors wishing to participate in the UPK program, the Comptroller judgmentally selected 40 preschool providers not on the Department's vendor list, presumably "to evaluate DOE efforts to recruit additional eligible providers." However, there was no effort made, either in the selection of vendors to survey or through the questions posed in the survey itself, to ascertain whether the surveyed vendors could possibly meet the UPK requirements. Nor, in fact, was there an effort to determine whether any of those 40 vendors might, in fact, already have contracts through ACS to provide UPK services. Even with those glaring weaknesses, 100 percent of the survey responders indicated that they were aware that the Department provides funding to contractors under the UPK program. Because the survey lacked appropriate follow-up questions and the auditors apparently did not consider post-survey follow-up essential, there is no answer to the obvious question, to wit, why, if the respondents knew about UPK, they had not sought (or were not awarded) a UPK contract with the Department or with ACS. We are left to ask, albeit rhetorically, whether it is possible that the Comptroller is actually proffering this survey of 40 out of 1,752 DOHMH-licensed preschool providers in New York City, only 32 of which responded, as sufficient, appropriate evidence to support a finding that "the DOE's CBO recruitment efforts are inadequate."

A second survey of 448 community-based organizations ("CBO") currently providing UPK services under contract with the Department is the basis of the Report's proposition that the Department is not doing enough to target UPK allocations to CBOs that were offering the kind of full-day, no-cost or low-cost wraparound services highly demanded by parents in addition to the two and one-half hour UPK program. However, the survey question that supposedly supports this conclusion says nothing about "full-day" or "wraparound" or even "extended day." In drafting and drawing conclusions from their survey, the audit team was either unaware or chose to ignore that an intra-city agreement between the Department and ACS requires all early childhood education providers that provide full-day wraparound services through ACS-administered federal Head Start or Child Care funding to enter into UPK contracts directly with ACS, rather than with the Department. It is lamentable and disturbing that the auditors produced a report of the Department's efforts to expend UPK funds that is completely devoid of analysis of the UPK programs contracted through ACS. Again, we ask whether this survey of 448 existing UPK vendors holding contracts with the Department, only 117 of which responded, is sufficient, appropriate evidence to support the notion that the Department is not adequately targeting UPK funds to CBOs offering free wraparound services.

After a summary of the survey questions and results was finally shared with the Department as an attachment to the preliminary draft report, the Department made multiple requests that the Comptroller either conduct additional research to obtain information necessary to support the conclusions drawn from its surveys or, in the alternative, provide the Department with the names of the vendors surveyed to facilitate an assessment (i) whether any of the 40 non-contracted vendors surveyed - or even just the 18 of them that responded they would be interested in providing UPK services "[i]f [they] met the qualifying criteria" - would in fact have met the qualifications to provide UPK services; and, (ii) whether any of the contracted vendors who responded that they provided "additional services," in

some cases “free to the parents of the kids in [their] program,” were in fact already providing full-day wraparound services through ACS-administered Head Start and Child Care. Notwithstanding the legitimacy of the request, the Comptroller declined to do additional work and refused to provide the Department with sufficient information to perform its own analysis.

Particularly galling, given the meager evidence offered in support of the broad assertions of inadequate planning by the Department, is the Comptroller’s implicit slander of the Department’s formal, certified “*Notice of Fully Implemented UPK Program*” application and the State Education Department’s (SED) award of “fully implemented status” to the Department based on that agency’s review and acceptance of the certification. The Comptroller apparently has no problem asking the public to rely on unattributed responses to ambiguously-worded survey questions by un-researched vendors while rejecting as lacking in credibility a detailed and certified Department submission that was reviewed and accepted by SED officials. That is just cause for our outrage.

Inasmuch as the Department operates with city, state and federal funding, it is frequently subject to audits. Historically, we have been accepting of audit findings that are free of bias and rest on an understanding of the subject matter and sound audit methodology. We have welcomed constructive recommendations that flow from those findings. Regrettably, in the instant matter, the Comptroller has produced a report that reflects an audit that is myopic in scope, poorly-planned and poorly-executed. Whatever the Comptroller’s view of the Department, which he has shamelessly and publicly announced to be his “No. 1 target,” the public deserves far better from its Comptroller than is reflected in this Report.

Sincerely,



Marc Sternberg  
Deputy Chancellor, Division of Portfolio Planning, New York City Department of Education

CC: Brian Fleischer  
Marlene Malamy  
Andrea Breland-Turner  
Samilda Perez-Villanueva  
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## **New York City Department of Education Response to the City of New York Office of the Comptroller’s Draft Audit Report on the Department of Education’s Planning and Allocation of Funds to Community-Based Organizations for the Universal Pre-Kindergarten Program (MH11-059A)**

This response, with the attached cover letter, addresses the findings and recommendations of the City of New York Office of the Comptroller, (Comptroller) draft audit report (Report) titled “Audit Report on Job Order Contracting by the Department of Education.”

### **Audit in Brief and Introduction**

The Office of the Comptroller’s Draft Audit Report on the Department of Education’s Planning and Allocation of Funds to Community-Based Organizations [“CBOs”] for the Universal Pre-Kindergarten [“UPK”] Program (MH11-059) (“Report”) presents misleading information and unsupported conclusions largely as a result of seriously flawed methodology, inadequate research and insufficient data.

Audit leadership changed throughout the course of the audit which started in August 2010. Based on high level Department managers’ exchanges with the auditors, it appeared that as late as June 2011, there remained a lack of clarity within the audit team around how the UPK program functioned in its most basic sense. Further, the audit scope failed to include half of the CBO UPK programs in New York City and the auditors neglected to interview or conduct research on key stakeholders in the UPK program planning and allocation process, thereby depriving the public of an accurate and thorough Report.

In addition to these shortcomings, the Report contains multiple factual errors. Although the auditors did not share or discuss their findings at a preliminary findings conference, details of the Report’s omissions and errors were provided to the auditors in writing following an extensive exit conference. The auditors neglected to revise the majority of the Report and their findings, despite the evidence of the methodological and factual faults. In short, the Report fails to provide the public with meaningful and accurate information on planning and allocation of UPK funds for CBOs in New York City.

Perhaps the Report’s most glaring shortcoming is the omission of thorough background research and contact with key UPK/Early Childhood stakeholders. More specifically, those stakeholders are the New York State Education Department (“NYSED”), which is responsible for the allocation and monitoring of UPK funds/programs; the Department of Health and Mental Hygiene (“DOHMH”), which would have been the resource for information about the nature of the licensure of the survey respondents, and whether the 1,752<sup>1</sup> preschool daycare providers identified in the Report were actually eligible to provide UPK; and, the Administration for Children’s Services (“ACS”), which administers half of CBO UPK providers in New York City, all of which provide free or low-cost wraparound services. Additionally, although the auditors had one general meeting with the Department’s Division of Contracts and Purchasing, the auditors failed to obtain a sufficient understanding of the UPK procurement efforts and history. The auditors failed to contact these key stakeholders even after their omission was raised as a major weakness of the audit at the exit conference and contact information for key stakeholders was provided.<sup>2</sup>

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<sup>1</sup> Referenced on page 8 of Report

<sup>2</sup> Page 5, scope and methodology

The audit was shaped with a limited focus only on UPK CBO providers that contract directly with the Department. The Report is misleadingly titled “Department of Education’s Planning and Allocation of Funds to Community-Based Organizations for the Universal Pre-Kindergarten” when, in fact, half of these providers are excluded from the scope of the audit. By limiting the scope, the Report inappropriately places emphasis on the erroneous conclusion that the Department failed to make sufficient efforts to increase access to and target CBOs with free wraparound services. A more comprehensive audit scope would have served the public by raising awareness of the range of UPK offerings that are available to them, particularly with regard to those programs that provide free or low-cost UPK with wraparound services to low-income working families through ACS. Furthermore, because ACS providers cover the only major funding streams to provide wraparound services (Head Start and Child Care federal grants), there is little to no chance of identifying and targeting providers outside of ACS that provide *free* wraparound services.<sup>3</sup>

A fair Report - one designed to provide the public with a complete picture of UPK services - would have underscored that UPK CBO providers contracted through ACS made up 50 percent of the CBO UPK sites and served 45 percent of UPK students in CBO settings in New York City in the audit year. Further, it would have put the entire program into appropriate perspective by recognizing that in SY 2009-10, Department-contracted CBO providers served roughly 30 percent of the enrolled UPK students citywide, that another third of the students were enrolled in CBOs that provided UPK in an ACS setting, and that the remaining 40 percent of four year olds attended UPK programs in Department public schools.<sup>4</sup>

Significantly, the auditors have opted not to include that the Department has consistently allocated more UPK seats than the providers enroll, a strong indication that there is a sufficient number of UPK providers to meet existing enrollment demand citywide. In other words, the Department is consistently able to provide a UPK seat for any student that applies as provider participation and student enrollment numbers increase. Indeed, the Report should have stated outright that the Department’s efforts to recruit providers and students have resulted in steady year-to-year increases in enrollment. In the audited school year, the Department served a total of 34,000 children - 18,500 at 448 sites through Department-direct contracts with CBOs and an additional 15,500 children at 444 sites through ACS UPK contracts. If the auditors had added in the students served in public school UPK programs, we would show an increase in enrollment over a five year period as follows: 47,800 in SY 2006-07; 53,400 in SY 2007-08; 54,300 in SY 2008/2009; and 57,300 in the audited school year 2009-10. Just this past school year, 58,000 four year olds were served in UPK programs - an increase in annual enrollment of roughly 10,200 children after just five years.

### **Spending and Allocating UPK Funds**

In January 2011, the New York State Senate sent Senate Bill 1580 to the Education Committee seeking an amendment of NYS Education Law section 3602-e,<sup>5</sup> and citing as its justification: “Approximately 220 school districts in the state have yet to implement UPK due primarily to restrictions in how the funding is used. Information reported to the State Education Department has indicated that uncertainty about funding; insufficient per-pupil allocations; parental desire for full-day programs; and the lack of transportation for pre-k program are all barriers to full enrollment. The City of New York was unable to use over \$25 million in UPK funding in the 2008-2009 school year, *due to these restrictions* [emphasis added]. This legislation would allow school districts to more fully utilize their UPK grant and remove disincentives for districts to serve additional students when economically possible.” (<http://m.nysenate.gov/legislation/bill/S1580-2011>). Yet, despite the recognized restrictions, New York City’s UPK program was awarded Fully Implemented Status by NYSED - no small achievement given the obstacles outlined in the proposed legislation.

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<sup>3</sup> Excluding the 30 Direct Federal Head Start grantees in NYC, 12 of which already contract with the Department directly

<sup>4</sup> Page 1, paragraph 3; page 5, objective.

<sup>5</sup> The bill did not clear the Education Committee.

The Report fails to credit the Department's efforts to recruit students for its UPK program during the audit period - efforts that have contributed to the NYSED's designation of Fully Implemented Status. These efforts include, but are not limited to:

- Use of census data regarding four-year-olds and/or kindergarten enrollment trends;
- Advertising on television and radio and in local newspapers;
- Use of enrollment information sessions for parents;
- Use of the City's 311 and Department's enrollment hotlines to provide information on available seats;
- Disseminating enrollment opportunity information to ECE Steering Committee;
- Hanging posters and making multi-lingual flyers available in places frequented by parents of young children;
- Working with community based organizations and social support networks;
- Advertising on the district website;
- Emailing parents on UPK mailing list;
- Specific outreach to speakers of languages other than English;
- Sharing UPK eligibility information with the Committee on Preschool Special Education; and
- Other publications, websites and events: Fight Crime, Parent to Parent of NYS, NY Metro, Parents Magazine, Parent News, Parent, Parents Connect, NYC Parents in Action, Ultimate Block Party, City Map.
- Additionally, the Department is expanding UPK enrollment and recruitment efforts in the 2011-12 SY:
  - 150,000 flyers about UPK enrollment were sent to 187 summer meal programs, 207 libraries and distributed at OECE field offices, community fairs, health clinics, temporary housing shelters, etc throughout NYC.
  - Lists of surrounding CBO UPK programs were sent to every public school with UPK programs to share with families that did not receive a seat in the school's UPK classes.

The auditors insinuate that the Department does not have sufficient evidence of the above efforts, claiming that the Fully Implemented designation is "self-certified" and unverified by NYSED.<sup>6</sup> However, the Department provided evidence of the strategies outlined in the Fully Implemented Status application to the auditors *without a formal request from the auditors*. That we met the standards for full implementation is evidenced by the fact that the Department's allocation of seats exceeds the number of students who actually enroll; a strong indication that there is a sufficient number of seats to meet existing citywide enrollment demand. Fully Implemented Status is determined at the district level and the District must apply each year through NYSED, which has the authority to approve or deny these applications. The District has received approval for Fully Implemented Status in each year that it has applied.

The Report claims that the Department does not have sufficient data to understand why parents chose a particular UPK site.<sup>7</sup> However, the Department has already begun collecting the data. In SY 2010-11, the Department conducted a targeted survey to gather information about families' early childcare and education choices. In SY 2011-12, the Department plans to collect population level data from entering Kindergarten families regarding their choices.

Lastly, the Report cites that most UPK programs are only one-half day (as opposed to full-day) as the reason parents do not enroll in a CBO that contracts directly with the Department. We recognize that this is a particularly burdensome restriction for families that do not meet the low income qualifications for the wraparound services that are offered without cost through UPK programs at ACS sites (through Head Start and Child Care funding). However, this restriction is not the sole reason parents may opt not to enroll their children in a UPK program. For instance, transportation is not included within the UPK funding structure. A recent report from Chicago on the subject pointed to transportation and scheduling (half day vs. full day) issues as major obstacles for parents enrolling their children in preschool (<http://www.cofionline.org/files/earlylearningreport.pdf>). Additionally, parents may consider a public

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<sup>6</sup> Page 7, paragraph 5

<sup>7</sup> Page 7, paragraph 4

school UPK program a more attractive option than a CBO program in that it may give the child an opportunity to adjust to the environment in which (s)he may attend kindergarten in the following school year. Public schools may also be a better choice for parents whose older children attend school in the same building.

### **CBO Recruitment Efforts**

The Report claims that “DOE’s CBO Recruitment Efforts are Inadequate.”<sup>8</sup> The Report lacks evidence to support this claim and furthermore, responses to the audit survey directly contradict it. The auditors report that 100 percent of survey respondents were aware that the Department provides funding for UPK. Sixty percent of those responding to this question said they would be interested in providing UPK services if qualified. The Report includes this 60 percent response rate as evidence of the Department’s inadequate recruitment efforts. The auditors are remiss in including the survey response as evidence without any critical investigation as to why the providers who self-reported that they knew about the availability of UPK funds did not propose and whether those that reported interest in becoming UPK programs would have met the program criteria. Nor, in fact, was there an effort to determine whether any of those 40 vendors might, in fact, already have contracts through ACS to provide UPK services.<sup>9</sup> At the exit conference, the Department urged the auditors to review the results of both surveys, conduct follow-up and address the obvious gaps. The Report, however, demonstrates that no further effort was made to make sense of the responses.

The auditors claim that “some of the responders seemed to be mistaken about the minimum requirements [for UPK]” even though questions about minimum requirements and qualifications are not included in the survey and the source of this information is not identified.<sup>10</sup> Furthermore, this is presented as evidence of the Department’s inadequate recruitment efforts, without further exploration or consideration why providers are unclear on the requirements - an additional example of the auditors’ inadequate methodology.

Although the auditors suggest that the Department should target providers on DOHMH’s list of licensed preschool providers, the Report omits that the 1,752 DOHMH-licensed preschool daycare providers identified in the Report<sup>11</sup> are sites that serve some combination of students ages 2-6, and may not serve four-year-olds at all, thereby making them ineligible to serve UPK. Had the auditors explored further, they would have discovered that 188 of the licensed providers were first licensed in 2009, 2010 or 2011, making them ineligible to provide UPK in the audit year inasmuch as providers must have at least 12 months experience before they may submit a proposal to provide UPK. They would have discovered, further, that more than half (892) of the remaining 1,564 licensed sites already provided UPK services through ACS and Department contracts in the audit year.<sup>12</sup> Finally, the Department has emailed all preschool providers on DOHMH’s list to notify them how to register for the Department’s UPK bidder’s list.<sup>13</sup>

The Report falls short in its investigation and discussion of the aspects of the UPK program that may pose a barrier to or discourage providers from signing on – which include the very conditions that had been noted by the NYS legislators as impediments to program implementation. A thorough exposition, based on research, the Department’s RFP and contract analysis, pertinent feedback from surveyed CBOs, and discussions with the funding source and other early childhood program stakeholders, could have yielded a far more thorough Report including, but not limited to:

- UPK is not daycare. UPK is an educational program that is intended to provide curriculum and activities appropriate to eligible four-year-olds that promote cognitive, linguistic, physical, cultural, emotional and

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<sup>8</sup> Page 7 subheading

<sup>9</sup> Page 8, paragraph 2

<sup>10</sup> Page 8, paragraph 2

<sup>11</sup> Page 8, paragraph 1

<sup>12</sup> Page 6, paragraph 2; Page 8, paragraph 1

<sup>13</sup> Page 9, paragraph 2

social development. To achieve these important objectives, the Department has developed appropriately rigorous programmatic criteria that not all CBOs can meet. (See <http://schools.nyc.gov/NR/rdonlyres/F21E224B-0A28-4136-B7AD-DD0CDDF89614/12489/UPKProgramExpectations3.pdf>).

- UPK program teachers are required to be certified in Early Childhood Education (B-2 or N-6), or Bilingual Early Childhood Education (B-2 or N-6), or Special Education Early Childhood (B-2) or to be on a study plan to obtain this certification by January 2013.
- Class size cannot exceed 20. For any class that has 19 or 20 students the CBO must provide additional support staff.
- CBOs are required to have sufficient space to conform to the prescribed square footage of classroom space/child and to provide adequate playground space. UPK funding does not allow for capital expenditures that might assist CBOs in meeting the space requirements.
- As long as there is capacity, the CBO must accept any child who is UPK-eligible by age and residency for 2<sup>1/2</sup> hours at no cost notwithstanding that the CBO's early childhood program may be longer than 2<sup>1/2</sup> hours and that the extra time normally would come at a cost to parents. That is the law. Understandably, this condition contributes to private early childhood program providers' reluctance to enter into a UPK relationship with the Department, particularly in neighborhoods where the cost of the providers' program does not discourage parents and all available seats can be filled by families who are willing to pay privately.<sup>14</sup>
- Many early childhood programs are offered in affiliation with religious organizations. Religious iconography and religious instruction are not permitted in UPK classrooms during UPK hours.
- The CBOs' UPK budgets must be approved by the Department of Education.
- CBOs are required to disclose expenditures twice a year, permit on-site monitoring, and open their financial books and records for audits.

The Report also excludes some of the Department's primary CBO recruitment strategies that were shared with the auditors. The Department disseminates availability of the UPK RFP to the Early Childhood Steering Committee, which is facilitated by the Mayor's Office and includes representatives from Department, ACS, DOHMH, and the Department of Youth and Community Development ("DYCD"), as well as to the Department's UPK bidder's list of 638 providers, many of which have multiple sites. The Department also began targeting outreach to all providers in the city who are accredited by the National Association for the Education of Young Children (NAEYC) but not currently providing UPK, including email outreach and a special information session for these providers in SY 2010-11. It is significant in any analysis of the Department's efforts to attract providers that this past year the 638 agencies on the Department's UPK bidders list received notice of the Request for Proposal for UPK. Of that number only 178 submitted proposals. And, of the 422 half-day contracted CBOs that were solicited for full day services once City Council funds became available, only 124 proposed. One could conclude from such a relatively small response that our outreach is beyond the market that is interested and/or qualified. Recognizing that this might be the case, we explicitly target districts with demonstrated need in our RFP process.

### **Targeting CBOs with Full Day Wraparound Services**

Throughout the period of the audit, the NYC Office of the Mayor facilitated the Early Childhood Steering Committee to increase inter-agency collaboration and efficiency and includes representatives from DOE, ACS, DOHMH, and DYCD. Through inter-agency collaboration in SY 2007-2008, the Department and ACS created a Memorandum of Understanding ("MOU") to leverage provision of full day service through ACS. Through the MOU, ACS has been able to provide UPK services to all four-year-olds receiving Child Care and Head Start services at ACS sites, resulting in a full day educational experience for these children.

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<sup>14</sup> The state funds UPK only for a ½ day program and sets the ceiling on the per child tuition allocation.

Through the MOU, all ACS UPK sites offer wraparound services through federally funded Head Start and/or Child Care programs - the only major funding streams that provide wraparound services.<sup>15</sup> In SY 2009-10, at least 50 percent of UPK sites were providing full day services at little or no cost to parents through ACS, thereby leveraging multiple funding sources to provide a full day of educational services. Because all ACS providers serving four year olds already provide UPK, the District cannot, as the auditors suggest, target additional providers that have Head Start and Child Care services; because such providers are already included in NYC's UPK providers (although they were excluded from the scope of the audit).<sup>16</sup>

The only other avenue available for providing full day programs is through city tax levy funds since the NYSED restricts the use of UPK funds to half-day programming. As budget considerations have allowed, the City Council and Department have allocated supplemental tax levy funds for CBO and public school full day programming, thus enabling the majority of students in public school UPK programs to receive full day services, a point also omitted from the Report.<sup>17</sup>

Lastly, the auditors' question of whether a provider has additional services could have been interpreted broadly and does not necessarily indicate that a provider has full day services. The 25 percent of respondents to the survey who stated they provide additional services free of charge may not have been clear on what kind of services to which the auditors referred.<sup>18</sup>

### **Creation of Waitlists**

The Report omits that CBOs and public schools with waitlists are currently encouraged to redirect families to Department staff or the enrollment hotline for information on available UPK seats. As the CBO UPK enrollment process is managed at the site-level, developing a central tracking process is likely to yield obsolete data and would be useless to parents and families. The Department will continue to recommend that providers redirect waitlisted families to 311, the Department's enrollment hotline, and the Department's OECE Field Offices to find alternative UPK vacancies as is currently in practice.<sup>19</sup>

### **Recommendations**

Response to Recommendations 1 – 6: We not only agree with the recommendations, but state for the record that the recommendations, which are referred to as pipeline strategy in the Report, were already part of the Department's existing strategic plan. In fact, the information that is the basis of the recommendations was shared with the auditors during the course of the audit.

Response to Recommendation 7: The Comptroller recommends that the Department require that CBOs maintain and submit waitlists. It is our position that the Department will continue to encourage CBOs to redirect families to the multiple resources that already exist to inform them of where vacancies exist, but that it would be less helpful to families for the waitlist information to be collected centrally.

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<sup>15</sup> We are excluding the 30 Direct Federal Head Start grantees in NYC, 12 of which already contract with the Department directly.

<sup>16</sup> Page 9, paragraph 5

<sup>17</sup> Page 3, footnote 1 and footnote 2

<sup>18</sup> Page 9, paragraph 3

<sup>19</sup> Page 2, recommendations; page 10, paragraphs 2 and 3; page 11, recommendations

Response to Recommendations 8 – 10: The Department will continue its current practices in the areas of using data from CBOs as one of many factors to determine funding planning and allocation, using data to target providers of wraparound services and lobbying the legislature for full day programming.

## **Errors in the Audit Report**

As a final matter, we are raising concerns with various statements in the Report for the Comptroller’s consideration in drafting the final report.

- Eligibility for UPK is dependent on both date of birth and residency in New York City, not age alone.<sup>20</sup>
- The Report leads with a total of \$133 million that reverted to the state “during Fiscal Years 2007 to 2010.”<sup>21</sup> We question the motivation of aggregating numbers that accrued over the four year period from FY 2006-07 to 2009-10 when only FY 2009-10 was the focus of the audit.
- The conclusion that the Department’s return of funds to the state means that children who could have received prekindergarten services is unsupported.<sup>22</sup> A CBO, for instance, may have capacity to serve more four-year olds than the actual number of four-year-olds in its community. Furthermore, Fully Implemented Status granted by NYSED and the fact that the Department has consistently allocated more UPK seats than the providers can fill, support that there are in fact enough UPK providers to meet the existing enrollment demand citywide.
- The Report states that “DOE does not conduct any trend analyses to determine which CBOs have a proven track record and have the ability to fill UPK seats.”<sup>23</sup> This statement is false. In fact, OECE Operations Managers use enrollment history as one of many factors to determine a site’s capacity numbers for the school year.
- The auditors claim that the Department “has not...adequately evaluated demand for UPK services or provided additional UPK services to districts with greater demand.”<sup>24</sup> This statement is false. Each year, the Department uses utilization rates (which measures enrollment versus capacity) and designates high-needs districts to target its efforts. Enrollment rates as an indicator of demand is one of many factors that inform decisions.

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<sup>20</sup> Page 1, paragraph 1; page 3, paragraph 2

<sup>21</sup> Page 2, paragraph 1

<sup>22</sup> Page 2, paragraph 1

<sup>23</sup> Page 2, paragraph 2

<sup>24</sup> Page 6, paragraph 2