

**ADDENDUM TO REQUESTS FOR AUTHORIZATION TO CONTRACT WITH PROVIDERS
OF EARLY CHILDHOOD EDUCATION SERVICES FOR FOUR-YEAR-OLDS IN THE
UNIVERSAL PREKINDERGARTEN (UPK) PROGRAM (RFP R1015)**

Estimated Annual / Total Contract Amounts	Funding Source	Contract Term	Options	Estimated Option Amount	Procurement Method	Is Contract Retroactive?	Contract Type
	New York State Education Department (NYSED), Tax Levy	Three Years	Options to Extend for Two 1-Year Periods or One 2-Year Period		Request for Proposals (RFP)	No	Requirement

Vendor Name & Address	See attached tables.
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Contract Manager	Lead Contracting Officer	Division of Contracts & Purchasing Contact
Danielle Kolker Director of Operations Division of Early Childhood Education	Sophia Pappas Executive Director Division of Early Childhood Education	Jay G. Miller Chief Administrator Vendor Research and Price Analysis

PURPOSE

On May 29, 2014, June 24, 2014, July 30, 2014, and August 21, 2014, the Panel for Educational Policy (Panel) approved Requests for Authorization (RA) to contract with 199, 55, 46, and 1 vendors, respectively, to provide high-quality instructional programming as part of the Universal Prekindergarten (UPK) program. As indicated in the approved RA, all of the vendors and their principal owners and officers were subject to a comprehensive background check, but these checks were not all completed prior to Panel approval.

While the background checks have not been completed for all vendors, previously unreported noteworthy information became known to the DOE regarding prime vendors Moving Up Children's Center, Inc., Northeast Bronx Day Care Centers, Inc., Northside Center for Child Development, Inc., Research Foundation of SUNY/NY/ICLC, NYSARC, Inc., Block Institute, Little Angels Head Start Program / Cardinal McCloskey, Harlem Children's Zone, Saint Mel School, Fort Greene Council, Inc., and All My Children Daycare and Nursery School. In accordance with the DOE commitment to report all known noteworthy information to the Panel, information concerning these 11 vendors is summarized below.

For Queens Borough Public Library, which appeared on the agenda for the May 29, 2014 Panel meeting, for SCAN-NY, which appeared on the agenda for the June 24, 2014 Panel meeting, and for Lutheran Social Services of Metropolitan New York, which appeared on the agenda for the July 16, 2014 Panel meeting, noteworthy information has been reported previously. However, additional information concerning these vendors is summarized below under the heading for the original Panel meeting at which each was approved.

DISCUSSION

Vendors approved at the May 29, 2014 Panel Meeting

- Queens Borough Public Library
 - Previously Reported
 - After news reports surfaced regarding the high salary, questionable spending of library funds and moonlighting of the library's president, the New York City Comptroller started an audit of the vendor in January 2014. The City Council also began oversight hearings in connection with the vendor's construction contracts and, reportedly, the NYC Department of Investigation, FBI, and US Attorney's Office have launched ongoing investigations regarding this matter.
 - Previously Unreported
 - **DOI has an open investigation regarding the Queens Borough Public Library's management of construction and renovation projects for QBPL branches.** In that there have been no outcomes reported by these investigations, and the proposed services are not related to the conduct under investigation, the DOE does not believe this precludes a determination that the vendor is responsible.
- Moving Up Children's Center, Inc.
 - In May 2013, Moving Up Children's Center was served with an eviction notice by a City Marshall. The vendor filed an Order to Show Cause which resulted in the vacatur of the Judgment and Warrant of Eviction, therefore the DOE does not believe this precludes a determination the vendor is responsible.
- Northeast Bronx Day Care Centers, Inc.
 - A New York Daily News article, 2/25/2014 stated that auditors have reviewed, three times, the finances at a group of sites run by the Northeast Bronx Day Care Center (NBDCC). In 2004 and 2009, the auditors found the centers were using city funds to pay for supplies, employee salaries and rent for programs that had nothing to with the day care program.
 - In addition, in 2002, DOI determined that the executive director for NBDCC had improperly increased her own salary without oversight from the vendor's Board of Directors and charged a disproportionate amount of that salary to an Administration for Children's Services ("ACS") grant. NBDCC explained that the increase was unanimously approved by the Board of Directors but it was not recorded in the minutes of the meeting and that the funds were improperly allocated to ACS. NBDCC reimbursed ACS for the disallowed portion of the Executive Salary and instituted a corrective action plan that was approved by ACS.
 - A 2012 audit found the problems were addressed, and shortly after Northeast was approved to run pre-K programs. NBDCC now provides pre-K for both the DOE and ACS.
 - In light of the 2012 audit, and as NBDCC has reimbursed ACS for the improperly allocated funds and instituted a corrective action plan approved by ACS, the DOE does not believe this precludes a determination the vendor is responsible.
- Northside Center for Child Development, Inc.
 - VENDEX reports an investigation by the NYC Division of Human Rights regarding a former employee alleging disability discrimination. The charges were later withdrawn at the request of the charging party. Therefore, the DOE does not believe this precludes a determination the vendor is responsible.
- Research Foundation of SUNY/NY/ICLC
 - In 2011, the NYS Comptroller and NYS Inspector General announced investigations into Research Foundation of SUNY/NY/ICLC (RF SUNY). The Comptroller's audit criticized \$28,000 in apparent personal expenses by the Chancellor; referred to the State Attorney General's office its findings about an alleged no-show job given to the daughter of a politician; and found that a former Buffalo State College senior manager charged \$130,887 to his foundation credit card for travel, expensive dining, hotels, and personal items. In 2014, the NYS Attorney General's Office

filed personal suits against John J. O'Connor and Susan Bruno, alleging conspiracy to pay her for a no-show job at RF SUNY. The lawsuits are still ongoing. In that Mr. O'Connor and Ms. Bruno are no longer at RF SUNY, and the vendor has implemented all recommendations made in the audit, the DOE does not believe these matters preclude a determination that the vendor is responsible.

- NYSARC, Inc
 - News reports contained several notable incidents, including:
 - A person receiving services from AHRC who sexually harassed a woman.
 - A disabled man who died after being left on an AHRC vehicle.
 - The former CFO of AHRC who withheld taxes and was charged with tax fraud.
 - The Chief Compliance Officer for affiliate AHRC New York City has provided the DOE with documentation demonstrating that the program has implemented new policies and procedures to prevent these events from reoccurring. These include:
 - A semi-annual review of participants had been implemented in order to oversee participants of AHRC who required special supervision.
 - A policy for bus drivers was implemented to require a detailed inspection of the vehicle at the end of trips and to document vehicle attendance regularly.
 - A policy for senior management was implemented to conduct annual internal audits of disclosed tax information.
 - In light of the corrective actions taken by NYSARC, the DOE does not believe these matters preclude a determination that the vendor is responsible.

Vendors approved at the June 24, 2014 Panel Meeting

- Lutheran Social Services of Metropolitan New York
 - Previously Reported
 - Prime vendor Lutheran Social Services of Metropolitan New York VENDEX contains a caution regarding 26 investigations (3 related to affiliates) by various governmental agencies including the EEOC, NYS Division of Human Rights, NYS Office of Children and Family Services, NYC Department of Health and Mental Hygiene, NYC Office of Children and Family Services, US Department of Housing and Urban Development and City of New York Commission on Human Rights. Of the 26 investigations, 24 are either closed without any adverse finding, dismissed, or were determined to be unfounded. The remaining 2 investigations are currently pending. The first is an EEO charge against affiliate St. John's HDFC alleging failure to provide a reasonable accommodation for disability. The second alleges that a teacher pinched a child's ear at a program run by Lutheran Social Services. This report is being investigated by the DOHMH and is still pending.
 - VENDEX also contains a caution indicating that affiliate Muhlenberg Community HDFC had 5 investigations by various government agencies including the US EEOC, US Department of Housing and Urban Development, City of New York Commission on Human Rights, NYS Division of Human Rights, and the NYC Office of Children and Family Services. Of these, 4 are either closed without any adverse finding, dismissed, or were determined to be unfounded. One investigation from 2008 alleging "lack of supervision" of children placed in Lutheran Social Services of Metropolitan New York residential facilities was substantiated. Lutheran Social Services of Metropolitan New York implemented corrective actions in accordance with the recommendations. These corrective actions included assisting the foster mother in getting early intervention services for the foster child, assisting the foster mother in processing attendance of the foster child in the CPSE program and providing training for the foster mother regarding proper supervision for her children.
 - In light of the size of Lutheran Social Services, which in FY 2013 generated \$21.9 million in revenue and had 450 employees, the DOE does not believe these matters preclude a determination that the vendor is responsible.

- Previously Unreported

- One of the two investigations previously reported as pending concerning an allegation that a teacher pinched a child's ear at a program run by Lutheran Social Services was determined to be unfounded by the NYC Administration for Child Services (ACS).
- DOI reports that in July 2004, it received multiple complaints from former employees of Lutheran Social Services of New York ("LSSNY"), which provides assistance to foster children and families, alleging that, in advance of annual audits of LSSNY conducted by ACS, the LSSNY supervisor instructed them to create false progress notes documenting services that were not actually provided. Two former employees also stated that the LSSNY supervisor instructed them to provide false testimony during Family Court proceedings. DOI's investigation substantiated that multiple LSSNY employees had been directed by the LSSNY supervisor to write false progress notes or create bogus workshop attendance logs for foster parents and children. DOI ultimately recommended that LSSNY adopt new policies regarding the assignment of social service cases, hiring employees, and training new employees. At the time DOI's investigation was completed, in June 2007, the LSSNY supervisor no longer worked for LSSNY. On February 26, 2009, LSSNY reported to ACS that it has implemented policies and procedures to address the concerns outlined by DOI in its investigation memorandum. LSSNY has received 10 additional contracts with ACS since these incidents.
- As only 1 of the 31 investigations cited above was substantiated with corrective action, and in light of the size of Lutheran Social Services, which in FY 2013 generated \$21.9 million in revenue and had 450 employees, the DOE does not believe these matters preclude a determination that the vendor is responsible.

- SCAN-NY

- Previously Reported

- For prime vendor SCAN-NY (SCAN), VENDEX contains four cautions related to investigations reported.
 - SCI has informed the DOE that the investigation that was the subject of the first caution has been closed without being substantiated.
 - The second caution relates to a request for documents by the DOE during the ordinary course of business that determined SCAN erroneously billed \$640 for days when a student did not receive service. The DOE recouped these funds as an adjustment to a payment made to the vendor.
 - The third caution indicates that SCAN had one of its licenses to operate a child care program (at 275 Harlem River Park Bridge in the Bronx) revoked after the New York State Office of Family and Children's Services found that some staff health records were not properly and accurately maintained. The caution indicates that on June 21, 2010, SCAN entered into a settlement agreement on this matter and the license was subsequently reinstated. SCAN provided the DOE with a copy of the agreement, which addressed correcting the specific records in question, cooperating with future monitoring inspections, and complying with all applicable regulations. SCAN has a current license running through 2015 that was issued in 2011, after this matter.
 - The fourth caution indicates that in 2011, the New York City Administration for Children's Services' Office of Confidential Investigations (ACS) investigated allegations of child abuse and maltreatment by two SCAN staff members. SCAN provided us with a copy of the letter from ACS indicating "no credible evidence of the alleged abuse or neglect exists" and the investigation was closed without being substantiated.
- VENDEX also previously contained a caution indicating an investigation by DOI related to contracts the vendor held with ACS, which is no longer reportable according to VENDEX guidelines. The investigation took place in 2008 and was of the vendor's case files in connection to their work with NYC Children's Services and an investigation of the vendor's designation as a fiscal conduit in connection with their anti-gang youth initiative contract with the Mayor's Criminal Justice Coordinator's Office. The DOE has been informed that it was

determined the contract SCAN held in Manhattan was to be cancelled and their contract in the Bronx would be “watched.” ACS approved SCAN’s corrective action plan and currently has a contract with SCAN.

- While the background check for SCAN remains incomplete, since the above matters have resulted in no findings or have been satisfactorily addressed by SCAN, and in light of the vendor’s satisfactory performance working for the DOE, we do not believe this information precludes a determination that the vendor is responsible.
- Previously Unreported
 - VENDEX contains two additional cautions related to investigations reported.
 - The first additional caution dated 7/7/2014 indicates that on 5/9/2013 the New York District Attorney’s Office issued subpoenas for all personnel files or documents related to the employment of three former staff members. The District Attorney’s Office has informed the DOE that the case was not related to SCAN and it was merely verifying the employment of several employees.
 - The second additional caution also dated 7/7/2014 reports that on 9/26/2013 the NYC Department of Health and Mental Health received a complaint alleging a child was scratched while playing outdoors. ACS performed the investigation on this case and has advised the DOE that the matter was unsubstantiated.
- Block Institute
 - In February 2011, DOI conducted an investigation regarding fraudulent fingerprint clearance letters, finding that six employees used false clearance letters. The inconsistency discovered regarding the letters were that they all utilized the same social security number, but DOI could not determine who was responsible for creating the false documents. According to DOI, the six individuals who had used the fraudulent documents had no prior criminal history. In June 2011, a DOHMH inspector conducted a follow-up inspection of the site and found no violations. The DOE contacted the vendor’s Executive Director regarding this matter and requested information about the corporation’s revised fingerprinting policy following the investigation. We received a revised fingerprinting protocol, dated March 2011, which incorporated the policy to “cross reference DOI clearances to employee’s I-9 in personnel file to ensure accuracy of Name and Social Security Number”. Furthermore, it is advised that the vendor has had no unsatisfactory evaluations after the incident and was awarded contracts by NYC after the investigation. Therefore, the DOE does not believe this precludes a determination the vendor is responsible.
- Little Angels Head Start Program / Cardinal McCloskey
 - In 2013, the DOE declared Little Angels Head Start Program (LAHSP) in default and partially terminated several contracts for cause. The problems that lead to the termination were site specific. LAHSP had indicated to the DOE that although the contracts did not grant it such authority, it was unilaterally cancelling certain contracts for services at selected sites. On the basis of the underlying site specific issues, as well as LAHSP’s impermissible decision to unilaterally cancel the contracts, the DOE partially terminated, for cause, the contracts at those sites. However, the DOE permitted service to continue at other sites based upon corrective actions that had been taken by LAHSP. In light of the fact that the termination was only partial (related to specific sites), this was not one of the sites involved, and performance by the vendor at this location has been satisfactory, the DOE does not believe this precludes a determination that the vendor is responsible.

Vendors approved at the July 30, 2014 Panel Meeting

Previously Unreported

- Harlem Children’s Zone
 - The Vendor’s VENDEX lists one of the trustees as a full time DOE employee and the DOE’s Ethics Officer has advised that he is in compliance with all applicable Conflicts of Interest rules.
 - The DOE is also aware of a 2006 investigation by the NYC Department of Investigation previously reported by the vendor (and no longer reportable in VENDEX forms) in which a former

teacher's assistant viewed inappropriate pictures on a school computer in the presence of a twelve year old male student at Promise Academy, a charter school run by Harlem Children's Zone (HCZ). HCZ had independently conducted its own investigation since it operated the school, and the school's superintendent indicated he was unaware of his reporting obligation to SCI. Appropriate reporting obligations have since been incorporated into HCZ's policies. Harlem Children's Zone implemented several corrective actions including terminating the employee, installing a new firewall on all company computers, distributing an electronic usage policy and improving clearance procedures during the hiring process. As a result of Harlem Children's Zone's corrective actions, the DOE does not believe this should preclude a determination that the vendor is responsible.

- Saint Mel School
 - News reports indicate that in 2011 the school employed a convicted sex offender as a volunteer for the parish's religious education office. Though a background check had been performed on the individual, it had been done prior to his conviction. As a result, the vendor has implemented more stringent background check policies including re-checking individuals who have had a break in employment, more frequent checks, using a new company for more comprehensive checks, and the archdiocese's Office of Safe Environment checking personnel directly with the State Central Registry. Saint Mel's has performed satisfactorily on prior DOE work. Accordingly the DOE does not believe this precludes a determination that the vendor is responsible.
- Fort Greene Council, Inc.
 - In 1993, when Fort Greene Council's Executive Director, Carlos Belgrave, was the Director of Internal Audit for the New York City Agency for Child Development's ("ACD") Head Start Program, Belgrave was found by DOI to have circumvented City procurement rules to avoid competitive bidding and inappropriately steer a contract for an accounting and reporting software program to be used by ACD and by ACD Head Start vendors to a technology vendor with whom he had a personal relationship. DOI also determined that Belgrave traveled with this technology vendor to a professional conference in Puerto Rico, during which Belgrave endorsed the technology vendor's software. After DOI reported its findings to ACD in February 1994, Belgrave was terminated by the agency. In light of the fact that Fort Greene Council has had 114 contracts with NYC since 1997 and received a satisfactory performance evaluation for prior UPK work, the DOE does not believe this precludes a determination the vendor is responsible.
- Little Angels Head Start Program / Cardinal McCloskey
 - See entry on page 5 above.

Vendors approved at the August 21, 2014 Panel Meeting

Previously Unreported

- All My Children Daycare and Nursery School
 - News reports indicate that a principal officer at All My Children cofounded another school in Kew Gardens with Rabbi Ephraim Bryks. Rabbi Bryks was accused of sexually molesting 3 little children at his congregation in Canada in 1988, but the DOE has confirmed that Mr. Bryks has no affiliation with All My Children.
 - In 2013, DOI received complaints regarding the alleged segregation of students at All My Children programs, unqualified staff and failure to provide appropriate meals when the kitchen was closed due to a Jewish holiday. As a result, ACS began a heightened monitoring program on All My Children to ensure contract compliance. The DOE has been advised by ACS that the heightened monitoring ended as of July 1, 2014, though ACS is performing "ongoing monitoring."
 - Accordingly, the DOE does not believe this precludes a determination that the vendor is responsible.