



THE CITY OF NEW YORK
INDEPENDENT BUDGET OFFICE
110 WILLIAM STREET, 14TH FLOOR
NEW YORK, NEW YORK 10038
(212) 442-0632 • EMAIL: iboenews@ibo.nyc.ny.us
<http://www.ibo.nyc.ny.us>

Testimony of Sarita Subramanian
Assistant Director, New York City Independent Budget Office
To the New York State Senate Standing Committee on Children & Families
Regarding Oversight of Early Childhood Programs in New York City
January 26, 2023

Good afternoon, Chair Brisport and members of the Standing Committee on Children & Families. My name is Sarita Subramanian and I am the assistant director for education at the New York City Independent Budget Office. Thank you for the opportunity to provide written testimony for this oversight hearing on the state's childcare infrastructure. In my testimony, I will discuss the New York City Department of Education's (DOE's) early childhood expenditures—which include 3-K for three-year-olds, pre-K for four-year-olds, Early Learn for NYC contracted care, and Head Start programs, which operate through federal contracts administered by the city. The second part of my testimony will focus on 3-K enrollment and funding, given the city's large expansion efforts in the past several years and the use of federal Covid relief aid to fund the program. Lastly, IBO tracked students attending public 3-K over two cohorts and I will report on how many students have remained in the public school system through pre-K and kindergarten.

The DOE's expenditures for early childhood programs have more than doubled since the 2017-2018 school year, the first year that 3-K was launched and when the Early Learn programs (and subsequently Head Start programs) were first transitioned to DOE's purview from the Administration for Children's Services. During the last school year (2021-2022), DOE expenditures for early childhood were more than \$2 billion—up from about \$911 million in 2017-2018.

Almost half of last year's early childhood spending (\$1 billion, 47 percent) funded the city's universal pre-K program. As 3-K expanded to citywide (although not universal) access during the last school year, it comprised about 27 percent of the early childhood budget (\$569 million). Early Learn and Head Start accounted for 21 percent and 6 percent of early childhood expenditures, respectively.

Early Childhood Expenditures at DOE Have More than Doubled Since 2017-2018 School Year

Dollars in millions

Early Childhood Program	School Years					
	2016-2017	2017-2018	2018-2019	2019-2020	2020-2021	2021-2022
Universal Pre-K	\$849	\$893	\$954	\$920	\$922	\$1,008
3-K	-	7	52	153	168	569
Early Learn	-	11	18	404	382	441
Head Start	-	-	66	189	169	128
Total Early Childhood	\$849	\$911	\$1,090	\$1,666	\$1,641	\$2,146

SOURCE: IBO analysis of city's Financial Management System data.

From 2020-2021 to 2021-2022, 3-K enrollment more than doubled from 15,480 students to 34,300 students based on the city's audited enrollment data. As with pre-K, 3-K is offered in the city's traditional public schools and in contracted New York City Early Education Centers (NYCEECs), which include programs operated by community-based organizations, Early Learn programs, and Head Start programs. However, the city's 3-K expansion has relied increasingly on participating NYCEECs: last school year, 74 percent of 3-K students attended NYCEECs. In contrast, only 51 percent of pre-K students attended NYCEECs.

Also, unlike pre-K where the city secured additional state funding for universal access, the city's 3-K expansion relies on federal Covid relief aid that will expire by the 2024-2025 school year. Last school year, two-thirds of 3-K expenditures were funded by federal relief aid, with a similar share expected to pay for 3-K this year and next year. In the Mayor's November Plan, the plans for 3-K expansion were scaled back and the projected budget for 2023-2024 (and annually thereafter) was reduced by \$283 million. As a result, the reliance on federal relief aid was reduced for that year and the next. With additional city funds included for 2024-2025, only 13 percent of the 3-K budget will be supported by the federal aid. After the expiration of those relief funds, a gap of \$92 million remains for the 2025-2026 school year based on projected 3-K expenditure. In the Adams administration's preliminary budget, released earlier this month, the city included \$70 million in a fund managed by the city's Economic Development Corporation as part of an effort to expedite payments to the city's contracted early childhood education providers that have outstanding invoices for reimbursement by the DOE from the last school year. This funding was included in the corporation's fiscal year 2023 budget.

DOE Budget for 3-K Relies Primarily on Federal Covid Relief Aid Through 2023-2024

Dollars in millions

3-K Funding Source	School Years					
	2020-2021	2021-2022	Projected 2022-2023*	Projected 2023-2024	Projected 2024-2025	Projected 2025-2026
City Funds	\$162	\$186	\$242	\$242	\$619	\$619
Federal Covid Relief Funds**	6	383	469	469	92	-
3-K Total	\$168	\$569	\$711	\$711	\$711	\$619

SOURCE: IBO analysis of city's Financial Management System data.
 NOTES: *Projected 2022-2023 figures excludes an additional \$70 million in the city's Economic Development Corporation budget for expedited payments for 3-K providers from the previous school year.
 **The city received \$2.1 billion in education aid from Coronavirus Response and Relief Supplemental Appropriations Act (CRRSAA) to be spent by September 2023 and an additional \$4.8 billion in education aid from the American Rescue Plan Act (ARPA) to be spent by September 2024.

3-K Enrollment in 2021-2022 and Student Tracking

In the 2021-2022 school year, 34,300 3-K students were enrolled in about 2,400 sites across the city. IBO examined the geographic distribution of students in 2021-2022 by school district and found that seven of the city’s 33 school districts (including district 75 for citywide special education programs) each had enrollment of 1,500 or more 3-K students (about 5 percent of total 3-K enrollment for each school district). Staten Island, where all schools are included in one district, had the most students enrolled (about 2,600 students or 8 percent of all 3-K students). Staten Island was also among the first of 12 school districts that participated in the city’s 3-K pilot program. Three school districts in Queens—districts 25, 27 (which also participated in the pilot program), and 28—each enrolled between 1,600 and 1,900 students. Districts 20 and 21 in southern Brooklyn enrolled over 3,400 students together, and district 10 in northern Bronx enrolled over 1,580 students. All together, these seven school districts accounted for over 37 percent of total 3-K enrollment (12,800 students).

With the expansion of seats citywide to all districts, 10 districts experienced increases in 3-K enrollment by more than 1,000 students. Some of the largest increases were in Queens and Brooklyn. District 25 in Queens—which covers Beechhurst, College Point, Whitestone, Flushing, Murray Hill, and Willets Point—experienced the largest increase of any district, with 1,540 additional 3-K students up from just 75 students the previous year.

Comparing 3-K enrollment with pre-K enrollment last year, there were about 22,600 more students enrolled in pre-K than 3-K in districts 1-32 and 75. The difference might suggest that that families are not seeking out 3-K seats as much as they did for pre-K. On average across districts, 3-K enrollment is about 60 percent of pre-K enrollment but there is variation by district. The share is highest

in districts 4 and 6 in Manhattan, where 3-K enrollment is 86 percent and 80 percent, respectively, of pre-K enrollment in the district. But in other parts of Manhattan—districts 2 and 3—the shares are among the lowest (40 percent and 42 percent, respectively).

Finally, because 3-K was also intended to provide greater continuity of curriculum and instruction for young children, IBO tracked the almost 17,600 3-K students from the 2019-2020 school year to see how many remained in the public school system in the following two years. We found that after one year, 86 percent of students attended the public school system and two years later, 75 percent remained in the public school system. Thus, the bulk of students progressed from 3-K to pre-K and then to kindergarten.

We found a similar pattern for the 2020-2021 cohort of 3-K students, but with higher attrition between years. By 2021-2022, 78 percent of students remained in the public school system—eight percentage points lower than the one-year change we found for the previous cohort. Because much of the city's 3-K expansion took place over the past two school years it is difficult to determine how the Covid-19 pandemic impacted these retention rates, although other IBO research found attrition was highest in the earliest elementary grades.

3-K and Pre-K Enrollment by School District

School District	2019-2020		2020-2021		2021-2022			Number of Pre-K Sites
	3-K Enrollment	Pre-K Enrollment	3-K Enrollment	Pre-K Enrollment	3-K Enrollment	Number of 3-K Sites	Pre-K Enrollment	
1	211	749	209	623	347	26	524	28
2	235	2,731	187	2,416	835	46	2,095	78
3	202	1,184	207	961	392	33	925	37
4	622	851	499	743	519	35	607	35
5	636	930	446	800	501	36	702	36
6	837	1,714	939	1,512	1,134	133	1,418	80
7	1,072	1,260	745	1,120	720	58	950	44
8	814	1,963	738	1,635	857	70	1,627	58
9	1,206	2,360	1,173	2,039	1,288	153	1,945	102
10	517	3,847	501	2,918	1,588	167	2,813	114
11	139	3,034	75	2,478	1,115	84	2,387	67
12	184	1,296	116	930	575	66	905	57
13	113	1,297	89	1,092	549	37	996	42
14	261	1,471	328	1,174	632	44	1,131	45
15	275	2,771	235	2,261	892	43	2,135	59
16	524	663	444	585	410	29	523	27
17	406	1,897	408	1,454	1,102	74	1,528	68
18	163	1,330	152	966	799	64	1,086	46
19	1,078	1,748	859	1,471	1,022	93	1,476	76
20	336	4,195	410	3,774	1,878	80	3,349	86
21	227	2,918	180	2,566	1,578	74	2,665	89
22	210	2,858	206	2,491	1,381	77	2,446	80
23	788	867	425	672	470	35	622	31
24	258	3,981	175	3,356	1,472	97	3,280	99
25	92	2,960	75	2,832	1,615	85	2,524	84
26	31	1,746	28	1,666	912	40	1,490	48
27	2,168	2,950	1,843	2,733	1,916	131	2,620	96
28	336	3,289	288	2,971	1,640	104	2,751	87
29	200	2,120	157	1,801	1,214	102	1,846	68
30	157	3,056	113	2,806	1,438	83	2,586	84
31	2,317	3,907	2,366	3,730	2,591	121	3,749	118
32	784	1,134	731	1,014	765	59	984	41
75	187	245	133	275	153	16	207	20
84	0	572	0	636	0	0	863	29
TOTAL	17,586	69,894	15,480	60,501	34,300	2,395	57,755	2,159

SOURCE: IBO analysis of Department of Education audited register data.

NOTE: District 75 is the administrative district for citywide special education programs and district 84 is the administrative district for charter schools.