

April 2018

A Speedier Expansion of 3-K While Early Childhood Programs Are Consolidated in the Education Department

The Mayor’s latest financial plan for the city speeds up the expansion of the new 3-K for All program while continuing to consolidate all of the city’s early education programs—universal Pre-K, early childhood programs formerly known as EarlyLearn and run by the Administration for Children’s Services (ACS), and 3-K—in the Department of Education (DOE). The Mayor touts this reorganization as an effort to create a continuum of early care and education of children from ages 6 weeks to 5 years. With funding provided in the Mayor’s plan to accelerate the expansion of the 3-K for All program, the DOE is slated to spend \$1.5 billion on early education by 2021, roughly 5 percent of the education department’s total budget.

A Quicker Roll-out for 3-K for All

While no new funding is needed to accelerate the expansion next year, the plan adds \$128.5 million to bring the initiative to four additional districts by 2021 (unless otherwise noted, all years refer to fiscal years.) No additional city funding will be required for next year’s expansion because the city is relying on savings from lower-than-expected enrollment in Community School Districts 7 and 23, which launched 3-K for All this year. The de Blasio Administration added 3,166 new seats in the preliminary budget for 2019, and expects to enroll roughly 25,000 3-year olds in full-time programs in 12 districts for the 2020-2021 school year. This is a large increase from the initial plan, announced in April 2017, to create roughly 11,000 seats in eight districts over the same period.

The de Blasio Administration hopes to expand 3-K for All to the rest of the city—an additional 20 school districts—in 2021-2022. Although the first four years of the 3-K program would be entirely city-funded, the de Blasio

Administration has stated that additional state and federal funding would be required to make the program universally available citywide, as was also the case for Pre-K.

Parents can send their children to 3-K in three different types of setting: programs are offered in some public schools, certain Pre-K centers, and in New York City Early Education Centers, which are run by community-based organizations under contract with DOE.

The near-term plan for 3-K expansion adds two districts to the planned expansion for the 2018-2019 school year, one district was added for 2019-2020, and another for 2020-2021. The additional districts are in Manhattan (districts 5 and 6), Brooklyn (district 16), and the Bronx (district 12).

School Districts Slated for 3-K	
School Year	District Expansion Plan
2017-2018	District 7 (South Bronx)
	District 23 (Brownsville)
2018-2019	District 4 (East Harlem)
	<i>District 5 (Harlem)</i>
	<i>District 16 (Bedford-Stuyvesant)</i>
	District 27 (Broad Channel, Howard Beach, Ozone Park, Rockaways)
2019-2020	<i>District 6 (Washington Heights and Inwood)</i>
	District 9 (Grand Concourse, Highbridge, Morrisania)
	District 19 (East New York)
2020-2021	District 31 (Staten Island)
	<i>District 12 (Central Bronx)</i>
	District 29 (Cambria Heights, Hollis, Laurelton, Queens Village, Springfield Gardens, St. Albans)

NOTE: Italicized districts added to expansion plan.
New York City Independent Budget Office



The Department of Education reported that more than 1,500 3-year-olds enrolled in 3-K this year, the first year of the program. Districts 7 and 23 were selected to be first to receive 3-K because of concentrations of students needing extra supports in those districts; they are already receiving additional support under DOE's Equity and Excellence for All agenda. The Mayor's Office of Management and Budget expects that savings resulting from some unused seats, as well as operating efficiencies, will enable DOE to expand the program to two additional districts—districts 5 and 16—for the 2018-2019 school year with no additional cost to the city.

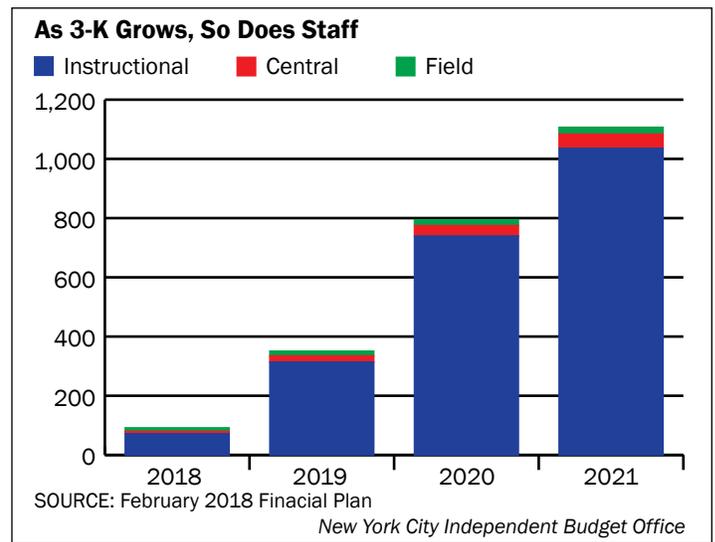
New City Funding Need for 3-K in 2020 and Beyond.

Growth in the 3-K budget mirrors growth in the number of programs, with an increase from \$13.8 million in 2018 to roughly \$55.5 million in 2019. The program will ultimately grow to cost more than \$170 million in 2021. The February 2018 Financial Plan adds \$32.5 million in 2020 for the expansion to district 6 and \$39.0 million in 2021 for the expansion to district 12. The expansion up to 12 districts will be entirely city-funded. And while the plan includes \$36.7 million in additional city funding for 2022 to cover the ongoing costs of the expansion completed in 2021, the city has indicated that moving from 12 districts to all 32 districts will require state and/or federal funding.

Staffing at the Department of Education and community-based organizations to serve the 3-K initiative will grow from a total of 92 in 2018 to more than 1,100 in 2021. The February financial plan adds another 194 positions in 2020, 246 positions in 2021, and 238 positions in 2022. The vast majority of 3-K positions are for instructors, educators in the various early childhood settings; and a much smaller number of positions are filled by central and field staff, who provide supervision and support services.

From EarlyLearn to Early Childhood

The EarlyLearn program is being transferred from the city's Administration for Children's Services and renamed



Early Childhood. EarlyLearn, which relies on contracts with community-based organizations, serves children from age 6 weeks to 4 years. After a multiyear effort by the city to redesign the former subsidized child care system into the EarlyLearn program under ACS, the de Blasio Administration announced in April 2017 that EarlyLearn would now become part of the Department of Education.¹ One way to view this shift is as the final step of a more extended plan that began with the Bloomberg Administration's decision to end ACS's policy of providing kindergarten to 5-year olds at its child care centers.²

For this year, EarlyLearn remains part of ACS, which continues to operate its range of center-based care, Head Start centers, home-based child care, as well as Pre-K programs. Next year, when the entire program will be under the auspices of the DOE, EarlyLearn is expected to have more consistent standards across providers and a greater emphasis on aligning the curriculum with those of the 3-K and universal Pre-K programs. In addition, the shift will facilitate more integrated data collection from early childhood through 12th grade and allow the city to use one contracting model for all early education providers.

It remains to be seen whether DOE, through its funding for quality enhancements, will implement substantial changes in curriculum development, availability of services, and improvements to teacher training along with more support for outreach to families. Additionally, wage levels, which vary among early education instructional staff depending on the type of provider, will have to be addressed as salary parity has been a lingering concern, even prior to the transfer of EarlyLearn to DOE.

From a budgeting perspective, one important change as a result of the inclusion of EarlyLearn under the DOE early

3-K's Fast-Paced Growth				
<i>Dollars in millions</i>				
	2018	2019	2020	2021
2018 Executive Budget and Financial Plan	\$13.8	\$55.5	\$92.8	\$131.6
2019 Preliminary Budget and Financial Plan	0	0	32.5	39.0
Total 3-K Expenditures	\$13.8	\$55.5	\$125.3	\$170.6

SOURCE: Mayor's Office of Management and Budget financial plans
NOTE: Fringe not included.
New York City Independent Budget Office

Evolution of Administration for Children's Services EarlyLearn to Department of Education Early Childhood					
<i>Dollars in millions</i>					
	2017	2018	2019	2020	2021
2018 Executive Budget and Financial Plan					
Improvements and Enhancements	\$0.7	\$15.3	\$15.2	\$15.2	\$15.2
Pre-Transfer ACS Funding	494.2	504.6	-	-	-
Program Transfer	-	-	507.2	510	511.7
Totals	\$494.9	\$519.9	\$522.4	\$525.2	\$526.9
2018 Adopted Budget					
Personal Services Adjustments	\$-	\$-	\$0.7	\$0.7	\$0.7
2019 Preliminary Budget and Financial Plan					
Savings	-	(0.3)	(0.4)	(0.4)	(0.4)
Total Early Childhood Expenditures	\$494.9	\$519.6	\$522.7	\$525.5	\$527.2
SOURCE: Mayor's Office of Management and Budget financial plans					
<i>New York City Independent Budget Office</i>					

childhood umbrella was the creation of two new discrete units of appropriation to facilitate budgeting and monitoring of the EarlyLearn program. Due to the anticipated absorption of the ACS program into the DOE budget, the Mayor's executive budget last spring provided for two types of fund transfers from ACS to DOE and into the new units of appropriation. One type of transfer is for spending identified as bringing quality improvements or enhancements to the program and the other will reflect the transfer of existing ACS staff and budgets to EarlyLearn.

To create the EarlyLearn budget, last spring's executive budget and financial plan included transfers from the Department of Education for quality improvements totaling \$700,000 in 2017 and roughly \$15.3 million for 2018 and the other years of the plan. These additional funds are intended to support program improvements, through 26 central positions (\$2 million), 94 field positions (roughly \$10 million), and an allotment of \$3.4 million for other than personal services. The plan also transfers more than \$500 million from the existing ACS EarlyLearn program to the DOE each year from 2019 through 2021.

Prior to the transfer of funds into the DOE budget, ACS funding for EarlyLearn totaled \$495 million and \$505 million in 2017 and 2018, respectively. In 2018, the budget for EarlyLearn totals \$520 million, rising gradually to \$522 million in 2019, and \$527 million by 2021.

DOE's source of revenue for EarlyLearn is entirely comprised of city funds in 2018. However, the mix of revenue will change for 2019 and beyond, as the transfer from ACS is completed. Although city funds totaling more than \$250 million annually will be a large source of revenue, the program itself is expected to continue to be

eligible for funds from federal Head Start (roughly \$132 million a year) and the federal Child Care Block Grant (about \$125 million a year) as well as state child welfare funds (\$10.4 million a year).

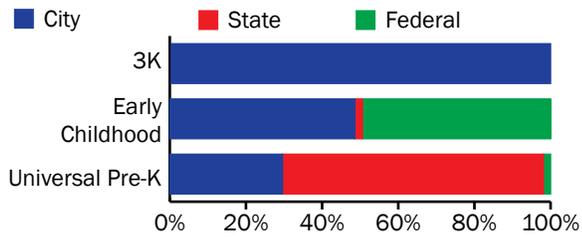
Summing Up Spending on Early Education

Based on the February financial plan, total spending on early education, which includes 3-K, Early Childhood, and Pre-K, will reach \$1.5 billion in 2021, an increase of 9.2 percent from 2018, driven primarily by an increase of \$156.8 million in support for 3-K as the program expands to 12 districts. In contrast, spending on universal Pre-K is projected to decline by \$37.8 million (4.5 percent) over the same period due to leveling off of demand after an initial growth spurt, while spending on early childhood programming (taking both ACS and DOE into account in 2018) will increase by \$7.7 million or 1.5 percent.

The sources of funding across the three programs under early education are quite varied, though consistent from 2019 through 2021, after the transfer of EarlyLearn from

Early Education Spending Driven By 3-K				
<i>Dollars in millions</i>				
	2018	2019	2020	2021
Pre-K	\$849.6	\$811.8	\$811.8	\$811.8
ACS Early Childhood	504.6	0	0	0
DOE Early Childhood	14.9	522.7	525.4	527.2
3-K	13.8	55.5	125.3	170.6
Total Support for Early Education	\$1,382.9	\$1,390.0	\$1,462.5	\$1,509.6
SOURCE: February 2018 Financial Plan				
NOTE: Fringe not included.				
<i>New York City Independent Budget Office</i>				

Large Differences in City, State, and Federal Funding Across Early Education Programs, 2019-2021



SOURCE: February 2018 Financial Plan
New York City Independent Budget Office

ACS to DOE. While 3-K is only funded by city dollars through this period, Early Childhood is almost evenly split between city and federal funding, with roughly 2 percent of funding coming from the state. State funding for early education is largely for Pre-K (comprising about 68 percent of Pre-K funding). City funds account for most of the rest (roughly 30 percent) of Pre-K funding, with the remaining 2 percent coming from federal sources.

Prepared by Yolanda Smith

Endnotes

¹See IBO’s previous publication for more details: [“EarlyLearn Takes Its First Steps: City’s Redesigned Subsidized Child Care System Still Faces Challenges.”](#)

²See IBO’s previous publication for more details: [“Effect of Closing ACS Day Care Centers to Kindergartners on Average Kindergarten Class Size.”](#)

Corrected on April 10, 2018

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