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City's Subsidized Child Care System Faces Rising Costs, Shrinking Funds

SUMMARY

RECENT PROPOSALS BY THE BLOOMBERG ADMINISTRATION to shut some child care centers and consolidate others reflect the changing fortunes for subsidized child care in the city. Over the first half of this decade, the number of children in city subsidized child care grew steadily and reached more than 116,000 in 2006. Since then the number of children served by these programs has decreased yet spending has generally continued to rise.

In this report IBO looks at the changing enrollment, spending, and funding trends for the city's subsidized child care and considers the challenges ahead for the system. Among our key findings:

- The number of children receiving subsidized child care rose steadily from 89,000 in 1999 to 116,000 in 2006, an increase of 31 percent. Since then enrollment has fallen to 102,000, a decline of 12 percent.
- Despite the decline in the number of children being served since 2006, spending on child care has continued to rise. A number of factors are driving the continued increase, including a decrease in the number of children placed in unlicensed informal care, which is less costly than other types of subsidized child care, as well as the rising cost of labor, insurance, and rent.
- During the first half of the decade child care spending increased as more federal and state funds were made available through the Child Care Block Grant. Since 2005, these funds have leveled off and spending growth became increasingly dependent upon the availability of city funds.

While city funding grew from 2005 through 2009, this trend came to a halt in 2010 as growing budget problems led the city to reverse course and decrease funding for child care. An increase in state and federal funds—especially federal stimulus funds—eased the effect of the city's cutback. With stimulus funds slated to end after this year, the Bloomberg Administration has developed plans for reducing the number of children in subsidized child care as well as lowering the cost of providing care.

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BACKGROUND

New York City provides child care subsidies for over 100,000 children through the Administration for Children's Services (ACS). The agency's child care budget for 2010 was \$854 million, of which \$271 million or 32 percent is city funds. (Unless otherwise noted, all years refer to city fiscal years.)

Subsidies are available for three types of child care: informal care provided in the home of an unlicensed provider; family (generally three to six children) or group family day care (generally 7 to 12 children) provided in the home of a licensed caregiver; and center-based day care in a licensed facility. Subsidies are provided through direct payments to providers holding contracts with the city or through vouchers. Center-based and family care are provided through a mixture of contracts and vouchers. All informal care is provided through vouchers. Rates vary by type of child care, with center-based being the most expensive and informal care the least expensive. Rates also vary by the age of the child, higher for younger children than those who are older.

ACS provides child care services to two distinct groups based on eligibility. The first group includes children whose parents receive public assistance and participate in work-related activities, while the second group consists of children from working families who meet certain income eligibility criteria. The public assistance group was formerly served by a separate child care program at the Human Resources Administration. Beginning in 2007 this program was merged into ACS's child care system, which previously had primarily served the children of working families. At around the same time, many of the school-age children who had received after-school child care at ACS were moved into the Out-of-School Time program run by the Department of Youth and Community Development (DYCD).

In April 2010 ACS released a concept paper to provide a framework for a Request for Proposals, expected to be released later this year, for a new round of child care contracts. Services under the new contracts are expected to begin in July 2011. The new initiative, to be known as EarlyLearn NYC, is intended to better integrate the ACS child care system with both the Head Start and Universal Pre-Kindergarten programs. The proposed changes would come at a time when the city has been reducing child care spending in the face of its own fiscal difficulties and uncertain state and federal funding.

This report looks at the changes in child care enrollment, spending and funding over the last decade. It focuses on the growing challenges faced by the city in funding child care

services, in the context of the fiscal difficulties faced by the city and state and the plateauing of federal funding that was only interrupted by the use of stimulus money in 2010 and 2011.

ENROLLMENT AND SPENDING TRENDS

After rising steadily from 1999 to 2006, the number of children receiving child care began to drop in 2007.¹ The earlier increase was driven by the rising number of public assistance children receiving child care. Over the last four years, decreases in both public assistance and nonpublic assistance enrollment have contributed to an overall decline in the number of children receiving child care services. Nevertheless, child care expenditures continued to rise because of increases in the cost per child. (See chart on [page 8](#).)

Enrollment. The number of children receiving subsidized child care rose steadily from about 89,000 in 1999 to 116,000 in 2006, an increase of 31 percent over seven years. (Annual enrollment figures in this report are averages of the caseload over the course of a given year.) Beginning in 2007, however, enrollment began to decline. By 2010, 102,000 children were served by the city's child care system, a decrease of 12 percent from the 2006 peak.

Enrollment in subsidized child care is divided between public assistance children, the majority of whom use informal care, and children from low-income working families, who are most likely to use center-based care. The increase in overall enrollment between 1999 and 2006 was driven by an increase in the number of public assistance children, which rose from roughly 30,000 to 57,000, while nonpublic assistance enrollment held steady at about 59,000. As a result, the public assistance share of total enrollment increased from 33 percent to 49 percent. While the significant increase in the number of public assistance children receiving child care services in these years can be attributed in part to an increase in families using transitional child care after leaving the cash assistance rolls, it primarily resulted from improvements made by the Human Resources Administration in the process of providing welfare clients with information about their child care options.

Since 2007, decreases in both public assistance and low-income working family enrollment have contributed to the overall decline in the number of children receiving child care services. The pattern of decrease, however, has varied between the two groups. From 2006 to 2008 public assistance enrollment declined from 57,000 to 48,000. Since then enrollment has increased to 51,000 in 2010. It is likely that the recent increase resulted at least in part from a modest rise in the public

assistance caseload, which accompanied the downturn in the city's labor market. As of 2010, the public assistance share of the overall subsidized child care caseload had risen to just over 50 percent.

In contrast, low-income working family enrollment has dropped steadily from 59,000 in 2006 to 51,000 in 2010. The decrease among these children was largely due to a shift in school-aged children out of ACS center-based care, and into the Out-of-School Time program run by the Department of Youth and Community Development. In addition, the decrease also reflects the recent efforts by ACS to contain costs by reducing enrollment. Since the city is bound by federal and state laws to provide child care to the children of participants in public assistance work programs, these efforts must necessarily focus on the children for whom the city is not required to provide care.

As overall enrollment increased from 1999 to 2006, there was also a shift in the distribution of children among the three types of child care. The share of children in child care centers decreased from 57 percent to 42 percent, while there was a corresponding increase in informal care from 30 percent to 42 percent. This was primarily due to the increasing use of subsidized child care by public assistance families, who tend to use informal care. Adding to this trend was a significant shift among low-income working families away from center-based care and toward informal and family care. Since 2006, the overall share of families using center-based care has largely stabilized at 41 percent, while the share using informal care has decreased to 35 percent, reflecting a gradual shift among public assistance families away from informal care and towards center-based and family care. Enrollment in family child care—still the smallest category of care—has increased steadily over the last decade, growing from 12 percent in 1999 to 24 percent in 2010.

Spending and Cost Per Child. Although enrollment peaked in 2006 and then began to decline, child care spending has increased continually through 2009.² Total spending on child care rose from \$519 million in 1999 to \$804 million in 2009, an increase of about 55 percent or an average of 5.5 percent a year; adjusted for inflation, overall spending grew 4.1 percent with annual growth averaging 0.4 percent.

Spending growth was more rapid when enrollment was rising, and then tapered off after 2006 as enrollment began to fall. Nominal spending rose from \$519 million in 1999 to \$771 million in 2006, an average increase of about 7 percent per year. In contrast, nominal spending rose from \$771 million in 2006 to \$804 million in 2009, spending growth of just 1.4 percent a year, well below the rate of inflation.

From 1999 to 2006 the rise in nominal spending was primarily the result of increasing enrollment as opposed to increasing cost per child. (Cost per child in this report refers to total child care expenditures by the city divided by the average number of children receiving subsidies. It does not reflect actual costs incurred by child care providers.) Nominal spending per child rose from \$5,835 in 1999 to \$6,628 in 2006, an average growth of about 2 percent a year, considerably slower than enrollment growth of more than 4 percent a year over the same period. The main drivers of the cost per child in this period were state-mandated market rate increases for vouchers, collective bargaining increases for contracted workers, and increasing lease and insurance costs.

The increase in spending from 2006 to 2009 occurred despite a decline in enrollment. Nominal spending per child rose at a faster pace from \$6,628 to \$7,712, an increase of a little more than 5 percent per year. In addition to the key factors in the earlier period, the more recent growth in per child spending was driven by two new trends. First, there were fewer children in the less expensive informal care. Second, there was a shift away from lower-cost part-time slots as school-aged children were transferred from ACS after-school programs to the DYCD-run Out-of-School Time program.

FUNDING TRENDS

The overall trends in the child care budget result from a complex series of changes in the specific funding streams that finance the city's child care services. While some funding streams have increased substantially, others have decreased or disappeared altogether. By far the two most important sources of child care funds are city funds and the state and federal Child Care Block Grant (CCBG). As other sources have dried up, these two funding streams have accounted for an increasing proportion of all child care funds. But the relative importance of the two funding streams has varied over time. Looking at the last decade as a whole, the city's share of total funding has declined, while the CCBG share has increased; since 2005, however, the city's share has been generally increasing. Specific funding trends are as follows.

City Funds. In 1999 the city's child care budget included \$226 million in city funds. This city funding increased to \$260 million in 2000 and \$289 million in 2001. During 2002, in response to increasing fiscal problems associated with the economic downturn at the start of the decade and the World Trade Center disaster, city funds for child care were cut by \$101 million for 2002 and by somewhat lesser amounts for later fiscal years. As a result of these and smaller reductions in subsequent financial plans, the amount of city funds in the child care

budget dropped to \$197 million in 2002, \$190 million in 2003, and \$185 million in 2004. Starting in 2005, however, as the availability of CCBG funds leveled off, city funding increased each year, reaching \$298 million in 2009. This upward trend ended in 2010 with city funding decreasing to \$271 million, reflecting the availability of federal stimulus funds and ACS initiatives to reduce spending as part of the citywide effort to close projected budget gaps.

Child Care Block Grant. The CCBG was established as part of the 1997 state legislation conforming state programs with the adoption of federal welfare reform in 1996. The CCBG combines the state’s allocation from the federal Child Care Development Fund, any surplus Temporary Assistance to Needy Families (TANF) funds that the state decides to dedicate to child care, and smaller amounts of state child care funds.

In the early years of the new funding system, the statewide CCBG and the city’s CCBG allocation increased significantly, driven primarily by rising levels of surplus TANF funds resulting from rapidly decreasing public assistance caseloads. In 1999, the city budgeted \$178 million in CCBG funds. By 2004 the amount of CCBG in the city budget had increased to \$462 million. Since then, restrictions on the amount of TANF funds available for child care have largely brought an end to the growth in the city’s CCBG allocation.³ In 2009 the city budgeted \$469 million in CCBG. In 2010 budgeted CCBG funds increased to \$499 million, primarily as a result of an infusion of temporary

federal stimulus funds. Although a similar amount of federal stimulus funds are available for 2011, the city has recently been notified by state officials that its baseline CCBG allocation for 2011 will be about \$12 million lower than it was in 2010.

While city funds and Child Care Block Grant funds have consistently been the major components of the city’s child care budget, the share of the total budget funded by each has varied over time. Looking at the entire period since 1999, the city’s share of total funding has declined, while the CCBG share has increased. But this largely reflects the rapid growth in the CCBG in the early years; since 2005 the city’s share has been generally increasing. In 1999 city funds comprised 44 percent of the child care budget, while CCBG funding accounted for 34 percent. In the following years, the rapid increase in the availability of CCBG and the significant cuts in city funds beginning in 2002 left the city’s child care system increasingly dependent on CCBG. By 2004 the city share of child care funding had fallen to 27 percent, while the CCBG share had doubled to 67 percent. After this point the trend began to reverse; by 2009 the city share had grown to 37 percent while CCBG funding had decreased to 58 percent. In 2010 ACS initiatives to reduce spending combined with the availability of federal stimulus funds and additional state child welfare funds reduced the city’s budgeted share to 32 percent.

Other Child Care Funding Streams. While city and Child Care Block Grant funds have consistently accounted for the bulk of the city’s child care funding, over the years other, smaller funding

streams have also been used to help pay for child care. The most important of these have been Title XX, the Community Development Block Grant (CDBG), and child welfare.

In 1999, \$71 million or 14 percent of the child care budget was funded through the federal Social Services Block Grant, commonly known as Title XX. As a result of reduced federal allocations, Title XX funds in the city’s child care budget had fallen to \$59 million by 2001. Starting in 2002, the state required the city to shift the remaining Title XX funds out of child care and into adult protective services and domestic violence programs. Since then no Title XX funds have been used to pay for the city’s child care services.

For a time, federal Community Development Block Grant funds also

New York City Child Care Budget by Funding Source							
<i>Dollars in thousands</i>							
	City	Percent	Child Care Block Grant	Percent	Other	Percent	TOTAL
1999	\$226,036	43.5%	\$177,681	34.2%	\$116,395	22.4%	\$520,112
2000	\$260,444	43.4%	\$249,544	41.6%	\$90,518	15.1%	\$600,506
2001	\$289,367	45.4%	\$259,723	40.8%	\$87,868	13.8%	\$636,958
2002	\$196,844	31.2%	\$396,118	62.8%	\$38,051	6.0%	\$631,013
2003	\$190,417	29.3%	\$410,370	63.2%	\$48,329	7.4%	\$649,116
2004	\$185,394	26.8%	\$462,161	66.9%	\$43,202	6.3%	\$690,757
2005	\$222,529	30.8%	\$457,137	63.3%	\$42,448	5.9%	\$722,114
2006	\$223,942	30.2%	\$454,359	61.3%	\$62,313	8.4%	\$740,614
2007	\$263,689	32.9%	\$504,277	62.9%	\$33,631	4.2%	\$801,597
2008	\$270,256	34.9%	\$443,502	57.2%	\$60,966	7.9%	\$774,724
2009	\$297,753	36.8%	\$468,618	57.9%	\$43,316	5.3%	\$809,687
2010	\$271,442	31.8%	\$499,473	58.5%	\$83,373	9.8%	\$854,288

SOURCES: IBO, New York City Office of Management and Budget
NOTES: The numbers represent late year modified child care budgets for each year through 2010. Child Care Block Grant includes child care transfers from the Temporary Assistance for Needy Families Flexible Funds for Family Services, and ARRA stimulus funds. The numbers exclude Universal Pre-Kindergarten funds that are used to upgrade some slots. They include funds that are transferred to Department of Youth and Community Development for the Out-of-School Time program. The City share come from Administration for Children’s Services and Human Resources Administration.

made a significant contribution to funding the city's child care program. Because of legal limits on spending CDBG funds for social services, the city budgeted only about \$3 million in community development grant funds per year for child care services from 1999 through 2002, with larger amounts of as much as \$30 million going to construction and renovation of child care facilities. In the aftermath of the World Trade Center disaster, federal officials granted the city a temporary waiver from some of the constraints on the use of CDBG funds for social services. As a result, from 2003 through 2006 the city budgeted between \$22 million and \$37 million in CDBG funds for child care services each year. Since 2007, the expiration of the waiver has once again limited CDBG funding for child care services to about \$3 million per year.

A small share of the children in the city's child care program are also receiving child welfare services including foster care, preventive services, and protective services. As a result, the city is able to fund child care services for these children using federal and state child welfare funding streams. From 1999 through 2005 the city budgeted between \$6 million and \$12 million per year in child welfare funds to provide child care for these children. Beginning in 2006, the city has been able to draw down larger amounts of funding for children receiving preventive services. Since then child welfare funding in the city's child care budget has ranged from \$22 million to \$47 million per year.

Finally, in the last few years the city has annually received a few million dollars in federal and state reimbursements for child care administrative expenditures. Because of improvements in the claiming process, city officials expect to receive a much larger sum—about \$27 million—in 2010. These reimbursements represent a blend of several different federal and state funding streams, based on the eligibility status of the children receiving child care services. It is not clear how large these reimbursements will be in future years.

Although there have been year-to-year changes in the mix of funding, the city's child care system has depended overwhelmingly on city funds and the Child Care Block Grant. Since 2002 the other funding streams combined have never accounted for more than 9.8 percent of total child care funds in any year.

AGENCY COST-CUTTING EFFORTS

From 2004 to 2009 overall child care spending increased by 19 percent, while noncity funding increased by only 1.3 percent. In order to minimize service reductions, the city responded by increasing its own child care funding. Swelling tax revenues

allowed the Bloomberg Administration and the City Council to increase city funding for child care by 61 percent over this five-year period. As the city developed the 2010 budget, which initially included large projected budget gaps, ACS, like other city agencies, was instructed to come up with proposed actions to reduce the use of city funding. ACS developed a number of plans to reduce the cost per child and to cut enrollment, although some of these actions were at least temporarily avoided.

During the course of fiscal year 2010, additional noncity funding sources became available, allowing the city to temporarily reverse or postpone some of these reductions. But these new noncity funds are unlikely to provide a long-term solution to the challenges of funding the city's child care program. The largest portion of these funds consists of federal stimulus money which will not be available after 2011, while the future availability of much of the rest—including state preventive services funds and state and federal administrative reimbursements—remains uncertain. In addition, the implementation of another round of state-mandated market rate increases for vouchers beginning in 2010 is expected to add about \$30 million to the city's annual child care expenditures. As a result, ACS has continued to develop a number of plans to reduce the cost per child and to cut enrollment.

Reducing the Cost per Child. ACS has proposed a number of initiatives to reduce the cost per child, including increasing copayments made by families, reducing administrative expenses, and shifting to a system that pays contractors based on actual enrollment instead of capacity. In the spring of 2009, ACS implemented a new fee schedule for nonpublic assistance families whose children receive subsidized child care. The weekly minimum payment was increased from \$3 to \$5 for full-day care, and the new maximum weekly payment was raised from \$123 to \$153 for full-day service. These increased payments, which go to the provider, were expected to save \$8.7 million in city funds on an annual basis beginning in 2010.

ACS also made changes to reduce the administrative costs of the subsidized child care system. Sixty-three administrative staff were laid off in 2010, for an annual savings of about \$2 million. There were also smaller savings for the city associated with shifting the costs of fingerprinting child care center employees to the child care centers or to the employees themselves.

Perhaps the most significant proposal that could reduce the cost per child is the initiative known as Project Full Enrollment. This initiative was originally scheduled to be phased in beginning in September 2008, although implementation has been delayed. Currently, funding for child care centers is based on the budgeted capacity of the center regardless of whether all seats are

filled. Under Project Full Enrollment they will be reimbursed through an enrollment-based system in which a center receives funding only for the subsidy-eligible children actually enrolled in the center's slots. After some delays, Project Full Enrollment is now being combined with another initiative—EarlyLearn NYC—and will be integrated into the new child care request for proposals that is expected to be released later this year; implementation is expected to begin in fiscal year 2012.

This enrollment-based model is intended to encourage the subsidized child care centers to fill all of their seats, which could have the effect of reducing per child costs. If centers cannot fill their contracted slots, they are encouraged to enroll children from families that had been using child care vouchers to receive services from other providers, as well as private pay families. Savings for the city will result only if centers cannot fill all of their available slots with subsidy-eligible children. To the extent that centers enroll private pay families to fill unused slots, they can offset the loss of public funds.

Reducing Enrollment. Proposals to cut enrollment include eliminating some child care vouchers, and reducing the number of classrooms in child care centers. Early in the process of developing the 2010 budget, ACS proposed eliminating vouchers for child care slots for some families based on their priority level; including every priority level, there were a total of roughly 72,000 vouchers in June 2009. Applicants for vouchers are assigned to priority levels from 1 to 9 (1 being the highest priority), based on criteria such as child welfare orders, public assistance status, and employment. In spring 2009, ACS proposed eliminating all vouchers in lower priority levels 7, 8, and 9.⁴ These proposals, however, have only been partially implemented. Almost all priority level 8 and 9 vouchers, about 1,000 slots, were eliminated. On the other hand, the 2,000 priority level 7 vouchers were ultimately restored, but for 2010 only. During the course of the year the number of vouchers was decreased through attrition to about 1,350. In the 2011 Adopted Budget, \$6 million of the original \$16 million reduction in funding for the priority level 7 slots was restored, providing only enough funding for the remaining participants through November.

In a second proposal ACS announced that it would no longer provide child care to 5-year-old children in child care centers; rather, these children would need to register for kindergarten classes in Department of Education public schools and then use DYCD-run Out-of-School Time programs for afterschool care, if necessary.⁵ The proposal was expected to save the city \$15 million annually by eliminating 125 child care classrooms, reducing capacity in the center-based system by 2,500 seats (6 percent). As part of the 2010 Adopted Budget, however, an

agreement was reached between the Bloomberg Administration and City Council to allow the continued use of these classrooms by younger, 3- and 4-year-old children. As part of the agreement \$8 million in city funds and additional federal stimulus funds were added back to the budget for 2010 only—funding sufficient to support all of the threatened classrooms for that year. In the 2011 Adopted Budget, \$11.3 million of the original \$15 million was restored, enough to continue operating 72 of these classrooms, a significant reduction from 2010.

Center Closings. As part of the 2011 Preliminary Budget, ACS announced plans to close 16 child care centers at 15 sites across the city, the majority of which are located in Brooklyn. According to the agency, these centers were selected for closure based on high lease costs, the condition of the facility, the perceived lack of need for subsidized child care in the neighborhood, and proximity to other centers with excess capacity. These closures, which the Bloomberg Administration estimated would save ACS \$9 million in 2011 and \$16 million annually thereafter, would have further reduced capacity in the day care centers by more than 1,100 child care seats. In the 2011 Adopted Budget, \$6.7 of the \$9 million was restored; the new plan calls for closing two centers immediately, closing six more after three months, and keeping eight open for the year. In late August, however, Governor David Paterson signed legislation requiring the city to give six months' notice to parents about child care center closings. This action will likely delay the closing of the six centers from September until March 2011.

The implementation of some of the proposals to reduce child care costs has been delayed. In other cases, funding has been partially restored through 2011 only. It is unclear what will happen next year. If these cuts were to be fully implemented, including the actions that were put off for one year by the restorations in the 2011 Adopted Budget, they would eventually lead to a reduction in capacity of more than 6,600 subsidized child care slots. The proposals would also lead to significant declines in enrollment, although the extent of enrollment declines will depend on how much excess capacity exists and where these slots are located.

FUTURE CHALLENGES

As the city moves to implement its new EarlyLearn NYC initiative, it will face serious challenges in identifying a sustainable mix of funding to cover its child care expenditures. The new initiative seeks to improve the delivery of early childhood learning services by better integrating the ACS child care system with both the federally funded Head Start program and the state funded Universal Pre-Kindergarten program.

While this integration could result in greater efficiencies and programmatic improvements, it would not provide any additional untapped government funds. Annual Head Start funding allocations are already stretched to cover current service levels. Similarly, recent reductions in the city's Universal Pre-Kindergarten allocations by the state have left no extra funds available for that program. While EarlyLearn NYC seeks to leverage additional private funds, it is likely that the city's child care system will continue to rely on a combination of Child Care Block Grant and city funds for the bulk of its funding needs.

What are the prospects of a significant increase in Child Care Block Grant funding? After five years of largely flat allocations, the city's CCBG budget increased significantly in 2010 as a result of the addition of \$28 million in temporary federal stimulus funds; a similar amount is available for 2011. Barring another federal stimulus package, however, no funds will be available after that. The best opportunity for a long-term expansion of the Child Care Block Grant is likely to be the next reauthorization of the federal welfare law. The original welfare reform law was passed in 1996; it was then reauthorized as part of the Deficit Reduction Act of 2005. The law is scheduled to expire as this report is issued and will likely be temporarily extended.

Among the key issues that will need to be decided during the reauthorization process are the sizes of the TANF and Child Care Development Fund block grants. Since these are the two major components of the New York State Child Care Block Grant, significant increases in either could at least compensate for the scheduled loss of federal stimulus aid. Recent history suggests, however, that such increases are far from certain. During the 2005 reauthorization, the TANF block grant was frozen at its original 1996 level; thus the state's allocation has remained at \$2.4 billion, although its inflation-adjusted value has decreased over the years by more than a third. The 2005 reauthorization also increased the Child Care Development Fund, but only by a modest \$200 million per year or about 4 percent nationwide. Given this history, the city cannot count on the reauthorization process to deliver significant long term relief for its child care funding problems.

Advocates of increased federal child care funding were heartened in February by the release of the President's proposed 2011 budget. The proposed budget called for extending the current welfare law for one year, while increasing child care development funding nationwide by \$1.6 billion or 32 percent. But rising concerns about large federal budget gaps have decreased the prospects of a significant funding expansion. Similarly, state budget problems will likely preclude significant increases in state funding for child care for the foreseeable future.

Without additional federal or state funds, city officials would need to choose between increasing city funds and further reducing child care spending. From 2004 to 2009, as noncity funding stagnated, the administration and city council increased annual city funding for child care by 61 percent. In 2010, however, growing budget problems led city officials to begin to reverse course and decrease city funding for child care. While increases in federal and state funds eased the impact of these city cuts, the continued availability of these additional noncity funds is uncertain. In the absence of additional federal, state, or city funds for child care and continued cost pressures driving up the per child cost, policymakers would need to choose between finding ways to further reduce spending per child—while maintaining the level of care—or further reducing the number of children served.

This report prepared by Paul Lopatto and Shari Westman

ENDNOTES

¹Child care enrollment, spending and funding data is unavailable for years prior to 1999.

²Complete spending data for 2010 is not yet available.

³Due to differences between the city and state fiscal years, the timing of the receipt of CCBG funds in the city budget can jump without a significant change in the annual block grant. In 2007 some CCBG funds that were effectively part of the grant from the next state fiscal year were collected during the 2007 city fiscal year rather than 2008.

⁴Priority level 7 child care is for children whose families are referred by non-ACS social service agencies and whose social service needs are not dependent on work status.

Priority level 8 child care is for families in which the parents or caretakers are absent from the home due to illness or incapacity.

Priority level 9 child care is provided for families when the parents/caretakers are seeking employment.

⁵Recent work by IBO showed that kindergarten class sizes at schools which absorbed most of the dislocated 5-year olds increased in the 2009-2010 school year by an average of 1.3 students; they are now slightly above citywide averages.

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New York City Child Care Enrollment and Spending by Fiscal Year												
	1999	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Nonpublic Assistance												
Average Enrollment												
Center-based	48,613	46,390	46,015	47,176	45,733	44,019	41,853	40,077	36,339	34,013	33,871	30,058
Family and Group Family	9,230	8,823	9,499	10,623	10,364	10,946	11,650	12,355	12,774	13,059	13,468	13,587
Informal	1,406	1,095	1,798	2,952	3,654	4,727	5,587	6,721	7,748	7,591	7,473	7,202
Total Enrollment	59,249	56,308	57,312	60,751	59,751	59,692	59,090	59,153	56,861	54,663	54,812	50,847
Spending <i>in thousands</i>	\$430,384	\$435,403	\$463,840	\$473,746	\$469,817	\$459,817	\$484,308	\$514,288	\$525,169	\$523,937	\$519,474	
Spending Per Child	\$7,264	\$7,733	\$8,093	\$7,798	\$7,863	\$7,703	\$8,196	\$8,694	\$9,236	\$9,585	\$9,477	
Public Assistance												
Average Enrollment												
Center-based	2,082	2,249	1,803	3,556	5,671	6,600	7,751	8,621	7,592	8,042	9,428	11,675
Family and Group Family	1,867	2,161	2,318	2,845	4,164	4,683	6,133	6,802	6,582	7,296	8,943	10,746
Informal	25,704	33,054	33,448	29,162	33,702	32,810	37,586	41,779	34,973	32,294	31,092	28,978
Total Enrollment	29,653	37,464	37,569	35,563	43,537	44,093	51,470	57,202	49,147	47,632	49,463	51,399
Spending <i>in thousands</i>	\$88,337	\$120,746	\$145,512	\$151,989	\$173,397	\$214,604	\$241,109	\$256,971	\$262,021	\$269,360	\$284,704	
Spending Per Child	\$2,979	\$3,223	\$3,873	\$4,274	\$3,983	\$4,867	\$4,684	\$4,492	\$5,331	\$5,655	\$5,756	
Nonpublic Assistance and Public Assistance												
Average Enrollment												
Center-based	50,695	48,639	47,818	50,732	51,404	50,619	49,604	48,698	43,931	42,055	43,299	41,733
Family and Group Family	11,097	10,984	11,817	13,468	14,528	15,629	17,783	19,157	19,356	20,355	22,411	24,333
Informal	27,110	34,149	35,246	32,114	37,356	37,537	43,173	48,500	42,721	39,885	38,565	36,180
Total Enrollment	88,902	93,772	94,881	96,314	103,288	103,785	110,560	116,355	106,008	102,295	104,275	102,246
Spending <i>in thousands</i>	\$518,721	\$556,149	\$609,352	\$625,735	\$643,214	\$674,421	\$725,417	\$771,259	\$787,190	\$793,297	\$804,178	
Spending Per Child	\$5,835	\$5,931	\$6,422	\$6,497	\$6,227	\$6,498	\$6,561	\$6,628	\$7,426	\$7,755	\$7,712	

SOURCES: IBO; Administration for Children's Services; Human Resources Administration; NYC Office of Management and Budget

NOTES: Spending is not adjusted for inflation. The figures do not include Out-of-School Time provided by the Department of Youth and Community Development.