



October 6, 2023

The Honorable Mayor Muriel Bowser
1350 Pennsylvania Avenue NW
Washington, DC 20004

Dear Mayor Bowser,

Thank you for your partnership and leadership in making the District of Columbia a national trailblazer in early childhood education. We applaud your administration and the DC Council for increasing eligibility for the child care subsidy program as we aim to ensure all District families can afford high-quality early learning experiences, and for your work to design and roll out the Early Childhood Educator Pay Equity Fund. We, the undersigned members of the Under 3 DC (U3DC) coalition, working to make high-quality early childhood education more accessible to DC's children and their families, urge you to prioritize the District's early childhood system in your Fiscal Year (FY) 2025 budget.

To meet the needs of our vital early childhood system, including early educators and young children and families, we ask you to consider our budget recommendations below. Closing the gaps in access, affordability, and quality of child care and early childhood mental health and home visiting services is essential to support DC's children, their families and the District's economy as a whole. In the FY 2025 budget, we request that you:

Ensure that the Early Childhood Educator Pay Equity Fund achieves its goal of raising compensation for early childhood educators

The Pay Equity Fund is a historic investment in early educator pay and the quality of early childhood education. In funding and implementing this program, DC leads the nation in strengthening its early learning system, justly compensating the Black and brown women who make up the early educator workforce, and investing in the quality of early learning programs across the District. More than 3,172 early educators have received over \$37.8 million from the Pay Equity Fund. This is a strong first step, but the District needs to meet the goal of the program: pay parity with DCPS teachers. Our recommendations for how to achieve this are:

Ensure all child development facilities receive Pay Equity Fund grants sufficient to meet OSSE's minimum required salaries

On September 7, OSSE temporarily adjusted its Pay Equity Fund funding formula to address the issue of base awards not large enough to allow child development facilities (CDFs) to meet the required minimum salaries. These changes are likely to temporarily reduce the burden on important segments of the sector, such as programs that serve children in families with low income through the child care subsidy program, and we appreciate OSSE's swift action on this

issue. However, we anticipate that some CDFs that currently pay their educators at or near minimum wage still may not be able to meet the required minimum salaries without additional funding or applying for a waiver from the requirements.

To solve the problem of too small CDF awards for FY25, we estimate that the Pay Equity Fund will require at least an additional recurring **\$5.2 million**¹. To ensure that these dollars achieve the goal outlined above, OSSE should work with the early learning community to develop a more precise funding formula (compared to what the agency will use in FY24) that targets funds more equitably. A goal of this updated formula should be to ensure that additional dollars primarily reach underfunded providers so that DC's lowest paid educators benefit fully from the Pay Equity Fund, alongside their peers.

Account for additional cost pressures on the Pay Equity Fund

The cost of implementing increased compensation for early childhood educators will increase beginning in FY25 and beyond. The drivers of the increase in cost are upcoming DCPS salary negotiations and increased early educator credentials.

- OSSE's current Pay Equity Fund minimum salaries reflect DCPS's most recent salary schedule. The FY25 budget should account for future increases. For example, the last two three-year negotiations between the Washington Teachers' Union and DCPS resulted in [nine percent](#) and [twelve percent](#) salary increases for DCPS teachers, respectively. The average annual salary increase across the last two negotiations was three percent. Future contract negotiations will grow the cost of the Pay Equity Fund, as it must ensure pay parity between DCPS teachers and early educators. We estimate that an additional three percent increase in compensation for early educators requires an approximately **\$6.9 million** increase in Pay Equity Fund funding².
- Increased early educator credentialing requirements will grow the cost of the Pay Equity Fund. Due to OSSE's minimum education requirements that begin in December and higher pay incentives built into the Pay Equity Fund, U3DC expects the credentialing of early educators to increase, which will translate into higher pay for educators and could increase the cost of the program by an estimated **\$30.6 million**.³ While the increase in the proportion of educators who have increased their education and credentials is not likely to reach 100% in FY 2025, the budget should account for the District's best estimates of this increase in that fiscal year.

Compensate early educators for their experience in the field

As recommended by the Early Childhood Educator Equitable Compensation Task Force, OSSE should adjust its funding formula to compensate early childhood educators according to the

¹ In FY24, OSSE will use \$12.3 million to temporarily correct the Pay Equity Fund CDF funding formula to prevent budgetary deficits for participating early learning programs. According to Under 3 DC analysis, this amount will be needed on a recurring basis to continue addressing this issue in FY25 and beyond. OSSE will cover a portion of this cost in FY24 using carryover funds from FY23, which will not be available in FY25, which is why we are calling for an additional \$5.2 million to fully fund the PEF.

² Source: U3DC analysis based on a three percent increase to Pay Equity Fund funding to facilities.

³ Source: U3DC analysis based on the Pay Equity Fund payroll funding formula, the total number of early childhood educators, and recent educator credentialing status.

amount of experience they have in the field, as outlined in its [Recommended Salary Schedule](#) (in addition to current considerations such as role, credentials, etc.). We recommend that OSSE establish standardized systems to manage educator experience verification and, when developing these plans, we encourage OSSE to substantively and meaningfully include early learning program directors and educators in initial and continued conversations.

Without this change, OSSE is shortchanging educators between, on average, \$3,900 and \$6,700 annually, with the most experienced educators losing the most. This policy design perpetuates longstanding inequities that early educators continue to face through undervaluing their work and underpayment relative to their peers. It also disincentivizes longevity in the field and sacrifices the quality learning educators provide when they have honed their skills and knowledge over years in the field.

Relatedly, we ask that you ensure that educators who receive 10-year continuous service waivers from OSSE's new [minimum education requirements](#), remain eligible for salary increases through the Pay Equity Fund based on the role and credential for which they receive the waiver⁴. For example, a Lead Teacher with a Child Development Associate (CDA) with 16 years of experience can receive a waiver for the minimum education requirement of an Associate degree (AA). This educator should remain eligible for a salary increase from the Pay Equity Fund as a Lead Teacher with an AA since the implication of the waiver is that the educator would have acquired the knowledge and skills comparable to those an AA would have conferred through years of practice.

The continuous service waiver and subsequent aligned Pay Equity Fund salary boost places value on years of experience to ensure that educators with expertise in the field are compensated for their decades of work in early education. This is necessary to ensure that our most experienced educators and the resulting knowledge they bring to their roles are not pushed out of the field by entry-level pay or by an influx of new educators with degrees and no experience. Both new and experienced educators are essential to the sector. Child care licensing requirements should reflect the value of both. According to OSSE's estimates, compensating educators based on their experience will require approximately a **\$25 million investment**⁵.

Maintain all funding for the Pay Equity Fund

Given our analysis of forthcoming cost pressures and the need for additional funding to fully realize the goals of the Pay Equity Fund, as described above, we call on you to preserve the

⁴ Child development facilities that employ early childhood educators who have continuously served in the same (or comparable) role/position for the past 10 years as of December 2, 2016, without a significant gap in service may apply for a 10-year continuous service [waiver](#) on behalf of the employee. Educators who have achieved 10-years of continuous service after December 2, 2016 are not eligible for the waiver. Given this restriction, the population of waiver-eligible educators is finite and will necessarily decline over time.

⁵ On June 13, 2023 at a [Committee of the Whole Round Table](#), OSSE estimated it would cost between \$22 million and \$25 million to fully realize pay for early childhood educators according to OSSE's [salary schedule](#), which includes salary increases for years of experience. Currently, the Pay Equity Fund only requires child development facilities to pay educators minimum salaries according to role and credential.

current allocation of \$69.5 million. These funds not only support compensation for early educators, but also include funding for their health benefits. This is critical because the definition of pay parity includes both salary and fringe benefits, of which healthcare is a critical component. Note, the cost of healthcare has increased around four percent annually since the 2010s⁶.

Once Pay Equity Fund implementation issues for early educators are solved, the District must provide compensation for early learning program directors. Because educator compensation increases through the Pay Equity Fund create cost pressures within child development facilities and OSSE has increased education requirements for directors in its licensing regulations, continued leadership in early learning programs could be threatened without future director compensation boosts.

Increase funding for DC LEAD scholarships to support quality in early childhood education programs

The DC LEAD Scholarship program provides scholarships and incentives to early childhood educators to pursue their associate's and bachelor's degrees in early childhood education. As credentialing requirements for early childhood educators come into effect in December as part of the District's efforts to increase early childhood workforce quality, retention, and compensation, this program is necessary to ensure that pursuing increased education is affordable and accessible.

In FY23, the DC LEAD program was funded at \$4.9 million, partly due to federal COVID-19 relief dollars. For FY25, we are calling on you to add **\$3 million** to restore the DC LEAD program to FY23 levels. These funds are necessary for educators currently enrolled in courses to complete their degree, to allow more early educators to take advantage of the DC LEAD scholarship program to grow their knowledge and earn their credentials per OSSE's regulations, and to ensure early educators do not face burdens such as transportation costs, language access issues, etc. when pursuing their degrees.

Increase investment in home visiting in the District

Home visiting is an evidence-based strategy for providing essential one-on-one support to DC families that helps families meet their goals and has a proven return on investment. FY24 presents an exciting opportunity to provide increased investment in the District's home visiting programs in two ways.

First, under Council consideration is The Home Visiting Services Reimbursement Act (Bill 25-321), which would create an opportunity to draw down federal Medicaid dollars to support local evidence-based home visiting programs. Medicaid reimbursement still requires an investment of local dollars to meet the federal match. Medicaid reimbursement when paired with other federal funding like MIECHV and local dollars provides a financially sustainable path forward for home visiting.

⁶ [KFF analysis of National Health Expenditure \(NHE\) data](#)

Second, the District should increase current investments in home visiting programs by **\$1.5 million** to increase compensation for the 55 home visitors in locally funded programs who support 740 District families through pregnancy and the earliest years of their child's life. All locally funded programs reported low salaries as a barrier to retaining or recruiting home visitors. Home visiting salaries cannot compete with related fields of social work, nursing, or early childhood education. When home visitors leave the workforce due to low pay, families face disruptions in the trusting relationships they have built with home visitors and in the services their home visitors provide. Specifically, DC Health should invest an additional **\$1.35 million**, and the Child and Family Services Agency should invest an additional **\$150,000** so that programs can raise wages and retain the workforce.

Finally, the District should maintain current funding, adjusted for inflation, while continuing to invest in the industry. Home visiting funds are currently distributed amongst three agencies: (1) Child and Family Services Agency; (2) Department of Health; and (3) Department of Health Care Finance.

Current local dollars for home visiting:

- CFSA: \$660,000
- DC Health: \$1.7 million⁷
- DHCF: \$250,000

Maintain funding levels, adjusting for inflation, for HealthySteps and Healthy Futures

HealthySteps and Healthy Futures are essential programs that provide accessible, expert, and comprehensive support to improve the health and well-being of DC children and families facing the most significant barriers in their child care program or pediatrician's office.

- HealthySteps: \$1.35 million
- Healthy Futures: \$3.64 million (local dollars)

Maintain all existing funding for early childhood programs, including adjusting for inflation:

- Local Child Care Subsidy (\$64.72 million) and TANF transfer (\$24.28 million)
 - The child care subsidy program makes child care more affordable and accessible for over 5,000 DC families⁸. On average, District families with children pay 25 percent of their income on infant child care, even more for low-income families. In this context, child care assistance remains necessary to ensure children can access high-quality early learning. To best use these funds, OSSE should increase outreach to families and use the Child Care Development Fund (CCDF)

⁷ Note: Last year, CFSA and DHCF received increased and new funding to support home visiting. DC Health received no new investment despite providing funding to the greatest share of home visiting programs in the District.

⁸ The Annie E. Casey Foundation, Kids Count Data Center, "[Subsidized Child Care Enrollment By Ward in District of Columbia](#)," 2022

state planning process to reduce further child care costs and administrative burdens for families and CDFs participating in the subsidy program. OSSE should also ensure that reimbursement rates are equitable for all facility types, including child development homes, and minimize the administrative burden for participating programs. These changes would support maximum participation in the subsidy program and increase choice for families facing economic barriers.

- Strong Start Early Intervention (\$6.35 million)
 - Early intervention services are an integral part of the DC early childhood system. This funding is necessary to ensure infants and toddlers under age three with developmental delays or disabilities have the strongest foundation to meet their full potential, with access to high-quality early intervention services.
- Early Stages
 - Early Stages is a DCPS program that serves as an evaluation center for children ages 2.8 to 5.10 with developmental delays and disabilities. This is an essential piece of the continuum of services that support young children in the early identification of developmental delays and disabilities.
- Quality Improvement Network (\$3.76 million)
 - The Quality Improvement Network (QIN) strengthens child development programs for children in Wards 7 and 8 and dual language learners living in communities with concentrated poverty. The QIN supports programs to meet Early Head Start performance standards and ensures children access to high-quality early learning opportunities.
- Healthy Tots
 - Healthy Tots supports child care facilities' ability to serve nutritious meals and to offer high-quality wellness programming to the children and families in their care so that they can grow and learn.
- Pre-kindergarten Enhancement and Expansion Program (PKEEP) (\$13.96 million)
 - DC's historic free high-quality, pre-kindergarten program is an essential part of the early childhood system that builds on the foundation set by infant and toddler programs and continues to drive healthy child development.

Thank you for your consideration of this request. Investing in our early childhood system is an investment in our city and our future. We welcome your questions and request a meeting to discuss this further.

Sincerely,
Under 3 DC

Advocates for Justice and Education
Bread for the City
Bright Beginnings
CentroNia
Children's Law Center

Community Educational Research Group
Common Future
Community of Hope
DC Action
DC American Academy of Pediatrics
DC Appleseed
DC Association for the Education of Young Children
DC Directors Exchange
DC Early Learning Collaborative
DC Family Child Care Association, DC FCCA
DC Fiscal Policy Institute
DC for Democracy
DC Head Start Association
DC Hunger Solutions
DC Jobs With Justice
DC Next
DC Primary Care Association
Early Childhood Innovation Network
Easterseals DC MD VA
Educare DC
EmpowerED
Fair Budget Coalition
Greater DC Diaper Bank
Howard University - Nursing Research
Jews United for Justice
Jubilee Housing
Kiddie University
Lia's Rainbow
Low Income Investment Fund
Martha's Table
Mary's Center
MD/DC Hands & Voices
MLOV (Many Languages One Voice)
MomsRising/MamásConPoder
Mothers Outreach Network
Multicultural Spanish Speaking Providers Association, MSSPA
National Children's Center
National Women's Law Center
NOVA Birth Partners
Nurse-Family Partnership National Service Office
Parents Amplifying Voices in Education (PAVE)
Petit Scholars
Petit Scholars Rhode Island
Point of Care Childcare

Ramsey Decision Theoretics & Civic Participation
Safe Shores
SPACeS in Action
St. Mary's Center
United Planning Organization
Washington Association of Child Care Centers
Washington Area Women's Foundation