



# The High Cost of Unaffordable Child Care

# Impacts on the District of Columbia's Families, Businesses and Taxpayers

March 2024

### **EXECUTIVE SUMMARY**

Good quality, accessible, and affordable child care is an essential element of a thriving District of Columbia for businesses and working parents, as well as young children starting on their path to success in school and in life. A strong early childhood education sector is a key part of the infrastructure needed to attract families to live in DC. Yet parents struggle to find—and afford—quality care, impacting their employers, children, and their own career trajectories. This report quantifies the impact of child care challenges on the District's businesses, families, and economy.

This study reports the results of a survey of District parents about workplace challenges caused by the lack of child care for their children under age three. A diverse array of parents reported damaging impacts on their productivity, negative actions by employers, and an inability to advance in their careers. Below are just a few impacts on parents since their child(ren)'s birth or adoption:

52% had to reduce their regular work hours

28% to quit a job

had to turn down an opportunity to pursue further education or training

21% were demoted or transferred to a less desirable position

had to turn down a job promotion or desirable reassignment

21% were let go or fired

These problems are generating huge costs for the District. For example, lower employment means lower incomes for families, productivity for businesses, and tax revenues for the District. The table below shows the annual costs per parent of children under age three, cumulative costs across birth to age eight, and the aggregate costs across all DC parents of children under three.



	Annual	From birth - age 8	Aggregated across DC parents
Parents	\$8,100	\$33,340	\$252 million
Business	\$2,540	\$7,230	\$79 million
Taxpayers	\$2,070	\$8,760	\$64 million

These figures are likely to be an undercount, as they do not take into account many other costs, such as the impacts on children of unstable, inaccessible, or lower quality care that does not support their optimal development; or of un- or under-employed parents' need to access support services such as rental assistance; or of parents' possible lower spending on work-related items such as WMATA.

The survey also found that more than half of respondents (57%) said the cost of early education would affect their ability to continue to live in Washington, DC. Another finding is that an overwhelming 94% of respondents supported the idea that all—or at least low- and middle-income families—should spend no more than 7% of their income on child care.

DC has enacted several pieces of legislation that are building the foundations of a quality early education system. These include <a href="Pre-K for All in 2008">Pre-K for All in 2008</a>, the Birth-to-Three For All <a href="DC Act of 2018">DC Act of 2018</a> (which raises wages for educators and limits how much families have to pay for early childhood education based on income), and recent changes to strengthen educational credentials for early educators and provide benefits such as health insurance. Now the challenge is fully and permanently funding these essential elements, along with improvements to the programs to make them work better, such as ensuring that child care program directors are paid commensurate with their responsibilities.

This report documents the tangible costs of inadequate early childhood education for residents and businesses across the District of Columbia, in every sector of society and in every ward. Spurred by this data, we can lead the nation in creating a system of early education that supports working parents and their employers, and puts children on a path to lifetime success.

"Employers are increasingly facing the reality that unstable and scarce child care options are a major cause of employee absences and productivity losses. It's time for the business community to add early education/child care to its list of priorities for public officials to address. Jurisdictions that have the right answers for early education challenges will have a leg up in attracting and maintaining businesses."

-Gregory McCarthy,

Senior Vice President, Community & Government Engagement, Washington Nationals

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# **TABLE OF CONTENTS**

I. Introduction	4
II. Report Design	6
III. Employment Impacts	7
IV. Economic Impacts.	9
V. Comparisons to 2019 Survey, and to Other States and the Nation	13
VI. Challenges to Quality, Affordable, Accessible Child Care in the District	15
VII. DC Policy Solutions	16
VIII. Conclusion	18



### I. INTRODUCTION

The District of Columbia is experiencing a child care crisis, with a major gap between the number of spaces for high-quality, affordable, and accessible child care and the children who need them. As of 2022, there were roughly 2 infants and toddlers living in DC for each licensed early learning slot—23,815 children versus 12,442 licensed slots—with about 78% of families of children under 6 having all parents in the workforce. In addition, a recent report ranked DC near the bottom of all states in families with children under age three without any full-time working parent (37% of families) - a statistic that could change with more reliable child care.

This report documents the tangible costs of inadequate child care to residents and businesses across the District of Columbia, in every sector of society and in every ward.

This is not just the District's problem - it is a national issue, heightened by the ending of federal post-pandemic aid, as described by a series of recent <u>Washington Post articles</u>. This is a problem across all sectors of the District's population - in every ward, racial demographic, and income group - though it is worse for parents with lower incomes and those living in wards 7 and 8.

"When it comes to the infrastructure that keeps the economy going, and that allows people to contribute to their communities and provide for their families, some is physical. It's obvious: roads, bridges, broadband lines, cell towers. But some is less visible. In particular, the child-care system that enables parents to show up for work. Americans are about to learn what happens when that "softer" infrastructure crumbles... "

-Catherine Rampell

"What Happened to this Wisconsin Day Care Should Concern Us All," The Washington Post, November 6, 2023

As a result, parents scramble to put together reliable, quality care. Businesses scramble to get work done. Children don't have the nurturing, developmentally appropriate experiences that help them succeed. Early childhood education is an essential part of our economic infrastructure, as important as WMATA, parks, office space, or retail shops. It is a vital part of attracting families to live in the District. This problem interferes with the city's ability to attract businesses and working parents, hurting our economy and quality of life both in the short- and long-term.



"It's past time that we treat child care as what it is – an element whose contribution to economic growth is as essential as infrastructure or energy."

- Secretary of the Treasury Janet L. Yellen
Shortages in the Child Care System

In fact, a <u>recent report</u> from the Bainum Family Foundation found that DC has enough slots in licensed early childhood programs to serve only 71% of demand - a gap of 8,385 between what is needed and what exists. The gap has narrowed a bit since the previous report in 2018, but shortages are still especially acute for infants and toddlers, where the supply is only 41% of demand.

DC has enacted several pieces of legislation that are building the foundations of a quality early education system, including <a href="Pre-K for All in 2008">Pre-K for All in 2008</a>, the <a href="Birth-to-Three For All DC Act of 2018">Birth-to-Three For All DC Act of 2018</a>, which raises wages for educators and limits how much families have to pay based on income, and recent changes to strengthen educational credentials for early educators and provide benefits such as health insurance. (However, the wage increases were not implemented until the creation of the Pay Equity Fund in 2021.)

Now the challenge is funding these essential elements to put them into practice, along with improvements to the programs to make them work better, such as ensuring that child care program directors are paid commensurate with their responsibilities.

The importance of quality early childhood education is obvious to many sectors of our society, and job challenges faced by working parents create enormous emotional and social costs. But there hasn't been a way to quantify and monetize the size of the impact on business, parents, and the District's economy. Until now. This report documents the real economic costs to working parents, businesses, and taxpayers of gaps in the early education sector for children under age three. It also documents respondents' perspectives on major barriers to quality early education, and a key policy question of how much a family should be required to pay for care that gives young children a great start on the path to life success.

The notion of public infrastructure has evolved from the previous century's focus on physical assets and public works to include assets of the digital age. We must now expand that to include the human infrastructure necessary to support child care and early education.

-William Alsup and Gregory McCarthy

Child care is a necessary investment for DC leaders, Washington Business Journal

### II. REPORT DESIGN

This report provides the results of a survey of 308 District residents who are working parents of children under age three, conducted by Zogby Analytics, a national firm with 40 years of experience in a wide array of surveys. The population was representative of the District, with answers weighted as necessary across race, education, income, and ward. The results were translated into economic impacts by Prof. Clive Belfield, Professor of Economics at Queens College, City University of New York (CUNY).

The report also provides some results from a similar study conducted for Under 3 DC in fall 2019, for the same purpose, but that was unpublished due to the child care and work environments changing so dramatically due to the COVID pandemic. This study used the same survey firm and economist, with a similar questionnaire, so the results are quite comparable. It provides a unique picture of the pre- and post-pandemic challenges facing working parents.

#### REPORT METHODOLOGY

This report provides the results of a survey of 308 DC residents who are working parents of children under age three, conducted by Zogby Analytics, a national firm with 40 years of experience in a wide array of surveys. (The 2019 survey had 252 respondents and a margin of error of +/-6.3% but was otherwise similar.)

Many questions used a 1-5 scale, with 1 being "strongly disagree," "not at all," or "not significant," and 5 being "strongly agree," "a great deal," or "very significant." Unless otherwise stated, the numbers below that indicate "agree" or "significant" reflect a rating of 4 or 5. Numbers that indicate "disagree" or "not significant" reflect a rating of 1 or 2. Percentages of 0.5 or more were rounded up.

The population was representative of the District, with answers weighted as necessary across race, education, income, and ward. For example, of respondents, 44% were African-American, 36% white, 12% Hispanic, 6% Asian/Pacific Islander, 2% other or did not respond. The overall DC population is 45% African-American, 38% white, 12% Hispanic, and 5% Asian/Pacific Islander. Seven surveys were conducted in Spanish, the remainder in English. The margin of error is +/- 5.6%. Note that, per Zogby, "subsets have a larger margin of error than the whole data set. As a rule we do not rely on the validity of very small subsets of the data, especially sets smaller than 50-75 respondents. At that size subset we can make generalizations, but in these cases the data is more qualitative than quantitative." This means that the report cannot examine the exact outcomes for most groups smaller than the full set of respondents, because the numbers are usually too small for precise responses. Some general assessments for certain subgroups and data points are possible, which are described in the results section below.

Three-quarters of respondents (77%) were the primary caregiver, most (63%) were female, 70% were working full-time, and almost all (96%) had one or two children. They used a wide variety of child care options, including centers, home-based care, nannies, and informal care. Forty-one percent paid at least \$300 per week for child care for all their children, from their own funds.

The results were translated into economic impacts by Prof. Clive Belfield, Professor of Economics at Queens College, CUNY. The full technical report is available at www.undersdc.org/technical report. The report built on methodology used by several diverse states (such as Louisiana, Nebraska, and Maryland) and at the national level. Both Zogby and Prof. Belfield have participated in similar studies.



#### III. EMPLOYMENT IMPACTS

Parents' child care challenges had dramatic impacts on their past, current, and future employment. All the questions below asked about impacts specifically because of problems with child care for their children under age three. The first question asked for occurrences over the past three months, as these outcomes would be harder to remember over a longer period of time.

# A. Child care issues forced parents into situations that hurt their employment situation and productivity.

The list below shows the percentage who answered one or more to the question of "Over the past 3 months, because of child care issues for children under three, how many times have you ever..."

75% - been late for work

71% - left work earlier than normal

69% - missed a full day of work

56% - been distracted to the point of being less productive

50% - missed part of the middle of a work shift

43% - had to bring their child to work

# B. Parents experienced repercussions that hurt their current and future careers.

The list below shows the percentage who answered "yes" to the question of "Since your child under 3 has been born/adopted, have you experienced any of these work-related issues because of problems with child care?"

44% - had their pay or hours reduced

41% - had problems participating in work-related education or training

38% - were reprimanded by a supervisor

21% - were demoted or transferred to a less desirable position

21% - were let go or fired

It is noteworthy that more than one in five parents were fired from their job - even when <u>DC's unemployment rate</u> is at about 5%. Firing employees due to child care challenges, when it may not be easy to replace them, could indicate serious, persistent problems with child care.



# C. Child care problems prevented parents from taking actions that could have advanced their careers and income.

The list below shows the percentage who answered "yes" to the question of "Since your child/children under 3 were born/adopted, did you have to take any of these actions because of problems with child care?"

52% - had to reduce their regular work hours

46% - had to turn down an opportunity to pursue further education or training

43% - had to turn down a new job

41% - had to change from full-time to part-time work

36% - had to turn down a job promotion or desirable reassignment

34% - had to turn down an opportunity to go from part-time to full-time work

27% - had to quit a job

Together, these various problems cost parents of young children - and their employers - roughly 12 days of lost work per year.

Note that many parents may *choose* to change or maintain their job situation in order to spend more time with their children, which is a wonderful choice to have. These responses reflect parents who were *forced* to make those decisions because of problems with child care.

"At night there's really no one to watch them. For my Nando's job, I had to work from 5 pm to 10 or 11 pm at night. Daycares don't run that late ... I ended up getting fired because I would always call out because I didn't have anybody to watch my kids. So that got hard."

- A young parent,

from "Child Care for Young Parents: A Missing Key to Intergenerational Upward Mobility in the District

# UNDER SPECONOMIC IMPACTS

# A. Child care problems led to significant economic costs

The table below, from the technical report by Prof. Clive Belfield, shows how these problems translate into hard, monetary costs for DC's parents (loss of income and career development), for the business community (productivity, turnover), and for taxpayers (tax revenue).

# Annual Losses to Parents, Businesses, and Taxpayers Across DC



Lost earnings lower productivity and employment

Extra costs of job search to match work with child care

Lost future career earnings from less experience, fewer skills



Lost revenue now lower output

Extra workforce costs was more disruptions, absences, and hiring

Lost future revenue \( \)
lower workforce capital



Lost federal, state, and local tax revenue now, lower incomes

Smaller federal, state, and local tax base

Lost future tax revenue slower growth

The table below shows, per parent of children under age three, the annual costs, as well as the cumulative costs across the first eight years of a child's life. The cumulative costs reflect the continuing impacts beyond the child's first three years.

# Losses to DC Parents, Businesses, and Taxpayers

From birth - age 8 Annual

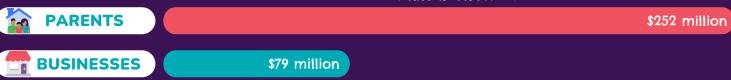
PARENTS \$33,340 \$8,100

BUSINESSES \$7,230 \$2,540

TAXPAYERS \$8,760 \$2,070

Aggregated across all parents of children under age three in Washington, DC, the annual losses to parents, businesses, and taxpayers total:

Annual across DC





\$64 million



(Figures cannot be added together due to overlap between parents and taxpayers.)

This analysis does not take into account myriad other costs associated with employment problems due to child care challenges and an under-financed system. Some examples include:

- The impacts on children of unstable, inaccessible, or lower quality care that does not support their optimal development. Quality early education is essential for children's social, emotional, and academic development during the early years. Low-quality, unstable care can interfere with the caregiver bonds and interactions that help children learn.
- Additional financial costs to DC of unemployment or underemployment from reliance on public services such as rental assistance, housing, public physical and mental health care services, income supplements, food stamps, etc.
- The toll on parents due to the stress of unemployment, job changes, or underemployment
- Lowered expenditures due to unemployment, possibly including less spending downtown, lowered WMATA ridership, etc.
- The burden that early educators bear in terms of being underpaid compared to the value of their work

We've known for a long time that employment impacts due to child care challenges are tremendously stressful for parents, children, and employers. Losing a job, not being able to advance, or missing time at work take a great emotional and financial toll on families. Now we have solid figures, with dollar costs, to match these stories of real human impact.

- Kimberly Perry

Co-Chair, Under 3 DC and Executive Director, DC Action



# B. Challenges in early education showed up across all segments of the population, with generally worse outcomes for certain groups.

The survey showed that inadequate child care is not just a problem for families with lower incomes, or for large families. Families using all types of care, with all family sizes and incomes, faced barriers at work because of child care. Almost every respondent had only one or two children. Just over half of respondents (53%) received subsidies (financial assistance) from the government to help with child care, which is a partial proxy for income (partial because the lowest income respondents may not be getting subsidies for a variety of reasons). Of course, parents with fewer resources or lower-skilled jobs are likely to face greater risks and consequences from bad employment outcomes. This is why equitable access to accessible and dependable child care is so essential for employees—to have access to earned income—and for employers—to have access to a reliable and productive workforce.

There is a limited ability to report results by subgroup such as income or race, because of small sample size. Numbers for groups smaller than the whole can vary widely, but these harmful outcomes showed up across many different demographic groups. The small numbers in each group mean that the results below should not be used to make specific quantitative comparisons between subgroups in a particular demographic, but can show qualitatively that work challenges due to child care problems exist across many different groups, and are often worse for those with, for example, lower incomes or levels of education.

Work challenges due to child care problems exist across many different groups, and are often worse for those with, for example, lower incomes or levels of education.

For example, analysis of one of the most traumatic events - being fired - show incidences across many demographic groups:

- This happened to people in every one of the eight income groups, with the lowest group earning up to \$249 and the highest more than \$1,750 per week. The rate of firing was generally lower for those in the higher income groups (more than \$1000 per week) versus those in lower income groups. Similarly, the percentage of people who were fired was substantially higher among those who did receive a subsidy to pay for child care, compared to those who did not (which is a proxy for income). The consequences for being fired are likely to be, of course, much greater for those living paycheck to paycheck.
- The survey found that being fired happened to people who identified as African-American, white, and Hispanic.
- Job loss also happened to at least one person in every education group, from some high school to an advanced degree. The rates were significantly higher for those with less than a bachelor's degree, versus those with at least a bachelor's degree.



Parents lost jobs because of child care problems in every ward across the District.
 Rates for each demographic group and ward cannot be precisely estimated because of small samples. However, in every group and ward the range of estimates is significantly above zero.

We also examined impacts across demographic groups of one of the less severe, but most common outcomes: missing a full day of work (69% overall) in the last three months alone. This situation also occurred in every income, racial, and education group, as well as in every ward. For example, the percentage of people who said they had to miss a day of work was similar across the lower and upper four income categories, and close to the overall average. Consequences for people in the lower income groups can be much more severe, as they generally have less access to paid leave.

Finally, employees across the District could not take advantage of opportunities that may have advanced their careers. Nearly half (46%) reported, "turning down an opportunity to pursue further education or training." This situation also occurred in every income, racial, and education group, as well as in every ward. For example, the percentage of people who had this problem was highest for those in the middle education levels (post-high school certificate or two-year associate's degree) and middle-income levels (household annual income of \$35,000 - \$74,999). In another example, outcomes such as turning down a job, quitting a job, or going from full-time to part-time were statistically significantly worse for those in lower-income groups (less than \$1,000 per week) than higher-income groups, and for those with less than a bachelor's degree, compared to those with at least a bachelor's degree.

# Percentage with selected outcomes, by earnings and education levels.

	Earnings		Education	
	Low Earnings	High Earnings	Below BA degree	BA degree +
Let go or fired	32.6***	19.3	33.3***	16.4
Turned down a job	55.3***	41.5	59.0***	35.5
Quit a job	37.2***	22.7	35.9***	21.7
Went from full- time to part-time	53.0***	33.0	44.9***	38.2

Notes: N=308. Statistically significant difference (high), t-test of means. T-tests by race relative to white category. High earnings (>\$1000 per week). \*\*\*P>0.01, \*\*P>0.05, \*P>0.1



# V. COMPARISONS TO 2019 SURVEY, OTHER STATES, AND THE NATION

## A. Comparison to 2019 survey

Under 3 DC created a similar survey in 2019 that was not released due to the changing conditions of the pandemic. Comparisons to that earlier survey show that the employment impacts are very similar to, and possibly larger than, the 2023 results. Because of margin of error, we cannot definitively say the results are worse in 2023, or by how much, but the consistency of impacts across two data sets adds to the evidence that these problems are real and persistent.

Selected Parent Outcomes in 2019 and 2023				
	2019	2023		
Been late for work	70%	75%		
Been distracted to the point of being less productive	52%	56%		
Had to turn down an opportunity to pursue further education or training	38%	46%		
Had to turn down a new job	43%	43%		
Had to turn down a job promotion or desirable reassignment	28%	36%		
Had to quit a job	23%	28%		
Were demoted or transferred to a less desirable position	14%	21%		
Were let go or fired	18%	21%		

As described below, this worse situation is also consistent with <u>ReadyNation's</u> similar, national study conducted in 2018 and 2023, which used similar methodology.

While the District has begun expanding its support for an early learning system, in 2020 and 2021, the focus was simply on stabilizing the system during the pandemic. Major efforts, such as providing wage supplements to teachers and subsidies to families, just started in the past year, so results are not yet apparent. Improving early education is a multi-year effort and we still have a ways to go to provide quality, accessible, affordable care to all children whose parents want it.



# B. Results similar to those found in other states and nationally

This study built on methodology pioneered by the <u>Louisiana Policy Institute</u> and used in a variety of other states and nationally. Importantly, these studies found similar challenges to parents' work and resulting impacts on business, parents, and taxpayers.

For example, the <u>Maryland Family Network's</u> 2018 study found that 49% of Maryland parents with children age 5 and under reported short-term, and 15% reported long-term, disruptions to employment in the past 3 months because of issues with child care. The study found child care problems:

- Cost businesses in the state \$2.4 billion due to absence and turnover
- Cost the state economy \$2.34 billion in lost wages, taxes, and spending due to parents not pursuing educational opportunities
- Cost the state \$117 million in tax revenue

ReadyNation's 2023 national study found similar employment impacts, such as 23% of parents having been fired, 28% turning down a promotion, and 53% being distracted at work. ReadyNation conducted a comparable study in 2018, and found that annual and total economic costs had doubled between the first and second studies. The figures below show the annual costs per working parent of children under three, and the aggregate costs across that population in the US.

ReadyNation: National Economic Impacts in 2018 and 2023						
	Annual per Parent		U.S. Total			
	2018	2023	2018	2023		
Parents	\$3,350	\$5,520	\$37 billion	\$78 billion		
Business	\$1,150	\$1,640	\$13 billion	\$23 billion		
Taxpayers	\$630	\$1,470	\$7 billion	\$21 billion		

Main Street Alliance, a national organization of small businesses, highlighted the challenges that those employers have due to lack of child care. A recent <u>brief</u> cited Small Business Majority's poll findings that, "<u>Half of all small business owners</u> name childcare access and cost a top issue," and, "<u>More than a third</u> of small business owners who are parents report that access to childcare was an initial barrier to starting their business."

These consistencies with state and national data underscore the DC findings and illustrate this breadth and depth of the problem caused by a lack of support for and stability in early childhood education.



# VI. CHALLENGES TO QUALITY, AFFORDABLE, ACCESSIBLE CHILD CARE IN THE DISTRICT

District parents' responses showed a wide array of challenges in securing high-quality, accessible, and affordable care. The list below shows the percentage of parents who said the particular challenge to finding care was a significant problem, giving it a 4-5 rating on a 1-5 scale, with 5 being very significant.

- High quality 75%
- Affordable 69%
- At a convenient location 69%
- Available on an emergency/sick child basis 68%
- Flexible to accommodate changing work shifts 67%
- Available generally has open slots 62%
- Open outside Monday-Friday, 9am 5pm hours 60%
- Available for a special needs child 51%

"I had a parent who desperately wanted to place her child in my home-based early learning center so that she could accept a promotion at work. But it took so long to secure her voucher to help pay for the slot that she missed out on the promotion."

- Alethea Etinoff
Owner, POC Learning Academy

Not surprisingly, quality, affordability, and accessibility lead the list of challenges. The survey also illustrates the widespread need for flexible care that meets the needs of parents in a variety of workplace settings. Care for children with special needs, which is not always addressed in public debates on the need for child care, is not a rare problem but rather a significant challenge for more than half of respondents.

These challenges clearly make it hard for parents of young children to live and work in the District. More than half (57%) of respondents said the cost of child care would affect their ability to continue to live in the city. This is a significant barrier to efforts to encourage families to live in the District.



More than half (57%) of respondents said the cost of child care would affect their ability to continue to live in the District.

To address these problems, participants expressed overwhelming support for limiting the amount of funds families need to pay for child care. After hearing the statement, "The federal Department of Health and Human Services has stated that child care is affordable when families have to pay no more than 7% of their income for child care," respondents were asked, "Do you believe that families should have to pay no more than 7% of their income on child care?"

An overwhelming 94% of respondents supported many families paying 7% or less of their income on child care. This number consists of 86% of respondents saying that either no family, or no low- or middle-income family, should have to spend more than 7% of their income on child care. Another eight percent said families should have to spend less than 7%. Of course, more affordable early education is key to reducing many employment challenges, as parents may otherwise have to choose cheaper care that can be less reliable, less educationally sound, and harder to access.

An overwhelming 94% of respondents supported many families paying 7% or less of their income on child care.

### VII. DISTRICT POLICY SOLUTIONS

The District has enacted legislation necessary to build a strong system of quality, affordable early education. As we continue to implement these programs and learn what works, modifications are needed so that this legislation can fulfill its true potential. For example,

- Cost of early education remains a barrier for most families. The Birth-to-Three law, when fully funded, would expand financial assistance for families so that no family would have to pay more than they can afford for child care.
- Early education supply is inadequate to meet the demand. Expanding access to child care will be crucial to meeting families' needs, including the types of care that families struggle to find the most, such as care available during non-traditional hours, that is conveniently located, high-quality, and flexible (for changing work shifts and to fill in during gaps in regular care).



- Traditionally, early educator salaries have been extremely low, to the point where it is hard to attract and retain a skilled workforce, and educators struggle to support their own families. The Pay Equity Fund, which boosts early educator salaries as required in the Birth-to-Three law, needs sufficient funding to fulfill the law's requirements. Salaries must rise over time to be on par with those of public school teachers. That means that, as teacher salaries rise to address inflation and negotiated increases, so too must those of early educators.
- As more educators achieve the District's mandated credential requirements, they
  must be paid according to the salaries promised for those credentials.
- While the Birth-to-Three law raises educator salaries, there is no provision to raise
  the compensation of early education program *directors*, reflecting their higher
  level of responsibility. Most employers could not operate well in an environment
  in which those with more responsibility were not compensated accordingly. This
  must change in order to have a well-run system.
- DC has recently started offering affordable or free health care coverage to early
  educators, which represents a tremendous victory. However, compensation also
  needs to include the types of benefits standard in a professional workplace, such
  as retirement and leave benefits.
- The salary scale developed by DC's Office of the State Superintendent of Education reflects differences based on educational credentials, but not years of experience. This also needs to change so that educators' experience is valued alongside their credentials.
- The District needs to continue its <u>multifaceted program</u> of supporting early educators to achieve <u>needed credentials</u>, including Child Development Associate credentials, associate's degrees, and bachelor's degrees.

These reforms must be fully and sustainably funded to turn them into reality. Such investments will return multiple benefits to the District in terms of parents able to work, businesses able to rely on their employees, children getting a good start in life, and early educators earning a living wage commensurate with their contributions to society.

Over the past few years, a growing network of business leaders have made the case that quality early learning and other supports for young children are vital for the success of the District's business community and economy. Their statements, and other publications that make the business case, are included in Business Voices for the Current and Future Workforce on the <u>Under 3 DC website</u>.

### VIII. CONCLUSION

While quality, affordable early education has been a challenge for parents for decades, the pandemic threw this problem into stark relief. This report documents the tangible costs of inadequate care to residents and businesses across the District of Columbia, in every sector of society and in every ward. It puts a price tag on what parents and employers have known for decades. Early education is as essential to DC's economic and social vitality as WMATA, roads, retail shops, health services, and recreation spaces. Child care is a vital element of making the District an even better place for children, families, and businesses to thrive.

# **Acknowledgments**

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Note - references are hyperlinked in the online version of the report at Under3DC.org/child-care-economic-report.

#### **About US**

#### **Under 3 DC**

Under 3 DC is a broad-based coalition of parents with young children, early childhood educators, advocates, community-based organizations, and health professionals who believe every child deserves a strong start and a limitless future. Our work centers on the people experiencing racial and economic injustice every day. It shines a spotlight on the need for more public investments to support families with infants and toddlers. Together, we can set the city on a path to creating and sustaining a high-quality, equitable early childhood system.

#### DC Action

DC Action uses research, data, and a racial equity lens to break down barriers that stand in the way of all kids reaching their full potential.

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