December 10, 2024

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. The undersigned members of Under 3 DC are dedicated to expanding access to high-quality, affordable early childhood education and family well-being support for the District's children and families. As you prepare your Fiscal Year (FY) 2026 budget, we urge you to prioritize critical investments in the DC early childhood system to address gaps in access, affordability, quality, and the well-being of young children, families, and the early childhood workforce.

Under 3 DC requests increased funding for three essential early childhood education (ECE) programs, each vital to expanding access to affordable, high-quality child care for District families.

1. The Child Care Subsidy Program: **$106.3 million ($10 million increase)**
2. The Early Childhood Educator Pay Equity Fund: **$80 million ($10 million increase)**
3. Child Care Facilities Expansion: **$10 million in new, one-time funds**

Recognizing current budget limitations, we request that funding for other critical ECE programs be maintained at existing levels, adjusting for inflation to preserve their impact.

Child Care Subsidy Program

The child care subsidy program makes child care more affordable and accessible for over 6,000 DC families, and we are grateful for the work your administration has done to increase access to the program[1]. On average, District families with a median income allocate 26% of their earnings to child care costs. For families with low incomes, this percentage climbs to over 32%, placing a substantial economic strain on these households. In this context, child care assistance remains necessary to ensure children can access high-quality early learning programs during their developmental years and that parents can go to work or school while they do so.

[1] November 2024 OSSE Data

A recent Under 3 DC report finds that a lack of access to affordable child care leads to $252 million in lost wages for parents, $79 million in lost productivity and turnover costs for employers, and $64 million in lost tax revenue for the District. Yet, funding for the child care subsidy program has gone in the wrong direction and has been reduced significantly (by over $20 million) over the past two years, while federal child care relief funds have wound down. In FY24, the Office of the State Superintendent of Education (OSSE) spent $105.5 million on child care subsidies[2]. The budget for FY25 is only $96.3 million, leaving a $9.2 million gap *just* to maintain caseloads.

Therefore, for FY26, we request a **$10 million increase** in funding for the child care subsidy program for a total of **$106.3 million annually**. This will ensure sufficient funding for the current child care subsidy caseload and allow a modest increase in the number of new families participating in the program. If funding for the child care subsidy program remains insufficient in FY26, District families could face a waitlist for the first time in over 30 years, blocking access for families who need support. This would create significant barriers for parents seeking work or education, limiting economic mobility and negatively impacting the early learning opportunities essential for young children's development. Ensuring adequate funding prevents this detrimental outcome and keeps affordable child care accessible for District families with low incomes.

Pay Equity Fund

We ask that you protect all current funding for the Pay Equity Fund and allow for modest growth in participation in this successful program. 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 by 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 4,000 early educators have benefited from the Pay Equity Fund, and District families, child care providers, businesses, and the broader economy have also benefited from its impact. According to new research from Mathematica, the economic value of the Pay Equity Fund significantly outweighs its costs. The findings show a one-year return on investment of 23%, meaning that every dollar invested in the Pay Equity Fund returns $1.23 to society. The data show that the vast majority of the program's benefits (nearly 70%) are to families, who have greater access to higher quality early childhood education as a result of the

[2] November 2024 OSSE Data

program—laying a stronger foundation for children and our community. The program delivers wide-ranging benefits. For educators, it means reduced absenteeism, increased productivity, more work experience, and reduced reliance on public benefits, health expenditures, and medical debt. For employers, it reduces costly staff turnover.

For FY26, we request a **$10 million increase** in funding for the Pay Equity Fund for a total of **$80 million annually**. The $10 million includes $8.6 million for salary awards and $1.4 million for HealthCare4ChildCare (HC4CC). This amount would allow for a slight increase in program participation, a slight increase in credential attainment among participating educators, and a 2% cost of living adjustment. This also includes changes recommended by the Early Childhood Educator Compensation Task Force, such as lowering or eliminating salary minimums for educators who do not meet the credential requirements for their role, reduced awards for part-time programs and part-time staff, reduced awards for high-tuition facilities, and increased awards for facilities serving infants and toddlers, facilities serving families in the child care subsidy program, and home-based facilities.

We request $1.4 million, for a total of $13.4 million, for the HC4CC program to sustain free or low-cost health care coverage for current providers and educators while allowing for a modest increase in participation. This funding will help prevent the need for a waitlist, ensuring accessible health care for our essential child care workforce.

Child Care Facilities Expansion

The District continues to face a significant shortfall in infant and toddler slots. To address this issue, we recommend reinvigorating a valuable program your administration started in 2018 by dedicating **$10 million in new one-time funding** to expand child care facilities, particularly in areas of the District with the greatest shortages. This investment would support infrastructure upgrades and new slots to address the unmet demand.

This request is based on the previous Access to Quality (A2Q) program, which your administration launched and funded at $9 million. The program generated 1,244 new infant and toddler spaces. A2Q was then renewed for $10 million, but recent budgets have not included funding for the program. We encourage you to restore this program and simultaneously consider opportunities to grow and strengthen the qualified early childhood educator workforce to serve the new seats generated by these funds.

Maintain funding levels for critical family well-being and early childhood programs, including adjusting for inflation:

- Strong Start Early Intervention: **$11.8 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 3 with developmental delays or disabilities have the strongest foundation to meet their full potential, with access to high-quality early intervention services.
- Early Stages: **$10.8 million**
    - 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 supports young children in the early identification of developmental delays and disabilities.
- Quality Improvement Network: **$6.1 million** ($1.9 million in local funding, $4.2 million in federal)
    - 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 meeting Early Head Start performance standards and ensures children access to high-quality early learning opportunities.
- Healthy Tots: **$463k**
    - Healthy Tots promotes health and wellness in early learning programs. It supports child care facilities' ability to serve nutritious meals and offer high-quality wellness programming for the children and families in their care so that they can grow and learn.
- HealthySteps: **$1.39 million**
    - Healthy Steps is a key program within DC's early childhood system that integrates behavioral and developmental support into pediatric primary care. It ensures families with young children have access to personalized guidance on milestones, nutrition, mental health, and other critical areas, helping to address challenges early and promote healthy development and family well-being.
- Healthy Futures: **$3.90 million**
    - Healthy Futures embeds mental health consultation services within child development centers. The program equips educators and families with strategies to support young children's emotional well-being, address challenging behaviors, and create nurturing environments that foster healthy social and emotional development.
- Home visiting: **Funding requests are separated by agencies below**
    - Home visiting is an evidence-based strategy for providing essential one-on-one support to DC families to meet their goals. FY26 presents an exciting

opportunity to leverage federal and local dollars to support home visiting programs in the District.

- Home visiting at the Child and Family Services Administration (CFSA): **$940k**
  - **This includes shifting one-time funding of $400,000 for FY25 to become recurring funding.**
- Home visiting at DC Health: **$1.6 million**
  - Funding for DC Health home visiting programs has remained at the same level since FY19 and programs continue to feel the pressure of stagnant funding levels. To that end, we request that you work with the Agency to determine mechanisms to leverage federal and local dollars to increase overall funding for the program.
- Home visiting at the Department of Health Care Finance (DHCF): **$225k**
  - DHCF must conduct a Medicaid State Plan Amendment by July 1 to implement Medicaid reimbursement for home visiting, which the coalition successfully advocated for. If the agency does not conduct this amendment, it may result in a higher budget request.

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 in Education
Apple Tree Institute
Arnold and Porter Children's Center
Bread for the City
Bright Beginnings
Briya
CentroNia
Children's Equity Fund
Children's National Hospital
CommuniKids
Community Educational Research Group
Community of Hope
DC Action

DC American Association of Pediatrics
DC Appleseed
DCAEYC
DC Director's Exchange
DC Early Learning Collaborative
DC Family Child Care Association
DC Fiscal Policy Institute
DC for Democracy
DC Head Start Association
DC Hunger Solutions
DC Jobs with Justice
DC Primary Care Association
Early Childhood Innovation Network
Easter Seals
Educare DC
Empower ED
Fair Budget Coalition
The Hill Preschool
Howard University School of Nursing
Jews United for Justice
Jubilee Jumpstart
Kiddie University
Kings and Queens Child Care Center
La Clinica de Pueblo
Low Income Investment Fund
Martha's Table
Mary's Center
MLOV
Multi-Cultural Spanish Speaking Providers Association
National Children's Center
National Women's Law Center
Otero Strategy Group
PAVE DC
Petit Scholars
Point of Care Learning Academy
Ronald McDonald House Charities
Safe Shores

SPACEs in Action
United Planning Organization
Washington Area Women's Foundation