November 19, 2025

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

Dear Mayor Bowser,

During your tenure as Mayor, the District has become a nationally trailblazing innovator in early childhood education. We have reduced the child care supply gap by investing in facilities improvements, improved the quality of care by raising standards for early childhood educators and implementing the Capital Quality program, and grown the strength and credentials of our early education workforce by providing fair pay through the Early Childhood Educator Pay Equity Fund – all without placing additional financial burdens on working families. We, the Under 3 DC Coalition, are eager to work with you to build on this progress and ensure every child has access to high-quality, affordable early learning opportunities.

By working together to provide families with the affordable early childhood development experiences their children need to grow up healthy, ready to learn, and prepared to prosper, we take important steps toward eliminating child poverty, reducing racial disparities, and growing the District's economy – outcomes that buttress your growth agenda. The Child Care Subsidy Program and Pay Equity Fund deserve full funding in your proposed Fiscal Year 2027 budget to keep the District on its positive trajectory strengthening our early care and education system; these programs also deserve an immediate infusion of funding in our current fiscal year (FY26) to prevent backsliding. **Under 3 DC requests the following investments to fulfill the District's promises to its youngest children, their families, and educators:**

1. **The Child Care Subsidy Program**
    - **Fiscal Year 2027: $127-$153.3 million**
    - Reprogramming Request for FY26: Add at least $31.2 million to align the program's budget with FY25 expenditures to maintain current enrollment levels.

2. **The Early Childhood Educator Pay Equity Fund**
    - **Fiscal Year 2027: $94.2 million**
    - Reprogramming Request for FY26: Add at least $9 million to prevent early educators from suffering pay cuts this coming January.

3. **Maintain existing funding levels for other critical early childhood health, education, and development programs in the District, adjusting upward for inflation.**

Child Care Subsidy Program

The Child Care Subsidy Program makes early education affordable for the families of over 8,000[1] DC children each year, bringing child care costs down from roughly 32% of a family's budget to less than 5% annually. Over the past year, the program's enrollment has averaged a 20% increase, and we are grateful for the work your administration has done to increase access to this vital program. In this context, child care assistance remains necessary for a growing number of children to access high-quality early learning programs during their most critical developmental years, and so their parents can go to work or school while they do so.

In FY25, the Office of the State Superintendent of Education (OSSE) spent approximately $127 million on child care subsidies.[2] The FY26 budget is only $95.8 million, leaving a $31.2 million gap to maintain current enrollment. This funding gap has forced OSSE to develop the first child care subsidy waitlist policy in over 20 years, taking the District backward on increasing affordable access to early learning. This will have profoundly negative and long-lasting consequences for the educational foundation of children in families with lower income, for hundreds to thousands of parents who could be displaced from the workforce, limiting their family's economic mobility, and for child care operators who will lose funding needed to serve their community, potentially shuttering child care classrooms Districtwide. A recent Under 3 DC report finds that a lack of access to affordable child care leads to $252 million in lost wages for DC parents, $79 million in lost productivity and turnover for their employers, and $64 million in lost tax revenue for the District; denying families access to child care is part of truly a costly *anti-growth* agenda.

Only with adequate funding can the District prevent the detrimental outcomes of a subsidy waitlist and keep child care affordable for all children in need. The child care subsidy program requires an urgent infusion of cash for the remainder of FY26. Our coalition estimates that the program requires an additional $31.2 million simply to maintain its current enrollment. For Fiscal Year 2027, we estimate that $127 million is the bare minimum the program requires to sustain its current capacity but we urge you to budget $153.3 million ($129.3 million at OSSE and $24 million at DHS) to account for recent enrollment trends, detailed in Appendix A, and to eliminate the harms of a waitlist.

[1] November 2024 OSSE Data

[2] DCFPI projection based on FY 2025 monthly spending data provided by OSSE.

Pay Equity Fund

More than 4,000 early educators have benefited from the Early Childhood Educator Pay Equity Fund and HealthCare4ChildCare since their inception, and District children, families, child care providers, businesses, and the broader economy have also benefited from its impact. According to research from Mathematica, with a 23% return on the District's investment, the economic value of the Pay Equity Fund significantly outweighs its costs; for every dollar invested in the Pay Equity Fund, the District receives $1.23 to fuel the District's growth agenda. Nearly 70% of the program's benefits go to families who gain greater access to higher-quality early childhood education—laying a stronger foundation for their children and the District. For educators, the Pay Equity Fund has meant reduced absenteeism, increased productivity, improved classroom qualifications, reduced health expenditures and medical debt, and less reliance on public benefits. For employers, it reduces costly staff turnover and improves the quality of care their facility can provide. By professionalizing the District's early education workforce with fair, educator-worthy compensation, DC leads the nation in strengthening its early learning system - *but this progress is now at risk without augmenting the Pay Equity Fund's budget for FY26 and restoring funding for Fiscal Year 2027 and beyond*.

For FY26, we request that you reprogram at least $9 million to top off the Pay Equity Fund to prevent early educators from suffering the impending, recently approved pay cuts due to programmatic underfunding.

For FY27, our Coalition expects the District to **budget based on the original salary minimums** approved by OSSE and the Council in 2022–wages that early childhood educators have received for the past two years and rightly expect to maintain. To enable the Pay Equity Fund to pay the wages that all early educators deserve—relative to role and credentials, and in parity with public school educators, the Fund must also include **a modest 2% cost-of-living adjustment.**[3] Chronic underfunding has effectively frozen salary minimums since the outset of the program, diminishing the real value of educators' paychecks each year. To sustain fair compensation and account for workforce and credential growth as the program was designed to do, the **Fund will require at least $94.2 million, annually**. The portion of our Pay Equity Fund request that is needed to maintain HealthCare4ChildCare is $12 million; our Coalition's Pay Equity Fund and HealthCare4ChildCare calculations are detailed in Appendix B.

The simple reality is that early care and education—especially high-quality care—cannot exist if we pay early educators poverty wages. Thousands of District families rely on child care to pursue their career and academic goals, improve their family's financial situation, and participate fully in our local

[3] Our request for a 2% percent cost of living increase aligns with the latest Consumer Price Index projections from the Congressional Budget Office, and is long overdue to early educators who have only seen their pay decrease in value since the program's inception.

economy. Restoring recurring funding to fully implement the Pay Equity Fund is essential to preserving and expanding the District's trailblazing early childhood system.

Maintain funding levels for critical family well-being and early childhood programs; include inflation adjustments.

The District has smartly invested in critical early intervention family well-being and child development programs including Home Visiting, HealthySteps and Healthy Futures. However, we must note that the District has deferred maintenance on many of these programs by not allocating new funding to account for naturally rising operating costs and inflation. The majority of these programs have been operating with the same level of funding since 2019, limiting their capacity to maximize their services to District families with the greatest need. Therefore, we encourage adjusting these early childhood development programs' budget for inflation with *at least* a 3% increase over their FY26 funding level.

The District's early childhood budget must continue to invest holistically in preventive and upstream programs like these, and others, noted in this letter's Appendix C. By proactively addressing developmental delays, behavioral challenges, neglect and abuse, and whole family well-being, we can make the best use of the District's limited resources. It is far more impactful and cost-effective to provide support services in the early years and ensure every child has the solid footing they need to grow, learn, and thrive in their later years.

Now that the District's finances are more stable than initially budgeted for in FY26, we hope you will use the resources at your disposal to cover the true costs of the Pay Equity Fund and the Child Care Subsidy Program, in both FY26 and FY27. We realize fully investing in the District's youngest children, their families, educators, and caretakers, does have a significant, albeit necessary, price tag. There are several options available to you to meet the needs of these critical programs: leveraging revenue growth, the remaining revenue savings achieved through decoupling from deep and harmful federal tax breaks, and raising new, progressive revenue through options like a business activity tax or a surcharge on capital gains. We hope you will use these options to ensure consistent funding across your forthcoming 4-year financial plan. Investing in our early childhood system is an investment in growth for our city's families, businesses, and future.

Thank you for your support of our request. We welcome your questions and look forward to discussing this letter further.

Sincerely,
Under 3 DC Coalition

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 Law Center

CommuniKids

Community Educational Research Group

Community of Hope

DC Action

DC American Academy 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

MomsRising

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

APPENDIX A - Child Care Subsidy Program Funding Calculations

T*able 1*, below, shows a month-to-month comparison of enrollment from FY24 to FY25. In each month of FY25, enrollment in the program grows at a higher rate (September has been omitted because the September 2025 data has not yet been shared). If the subsidy program continues its progress at a similar rate toward reaching all eligible families, we expect to see a roughly 20% enrollment increase in FY27 over FY25 levels. Table 2 projects program expenses for FY25 based on projected September 2025 spending. A 20% increase over FY25 spending levels informs our FY27 ask of $153 million.

Table 1: Change in Child Care Subsidy Enrollment from FY 2024 to FY 2025

Month	**FY 2024 Enrollment**	**FY 2025 Enrollment**	**% increase**
October	5043	5767	14.4%
November	5080	5829	14.7%
December	5183	6188	19.4%
January	5358	6452	20.4%
February	5435	6530	20.1%
March	5496	6796	23.7%
April	5625	6846	21.7%
May	5779	7153	23.8%
June	6053	7426	22.7%
July	5994	7358	22.8%
August	6242	7766	24.4%
Average Monthly Growth Rate			**20.7%**

Source: DCFPI analysis of enrollment data provided by OSSE via data request

Table 2: Month-by-month subsidy payments to child development facilities, FY25

Month	Number of Children	Subsidy Payment Amount Paid to Facilities
October 2024	5767	$ 9,593,510.68
November	5829	$ 9,251,854.41
December	6188	$ 9,659,066.95
January 2025	6452	$ 11,646,316.19
February	6530	$ 9,743,538.96
March	6796	$ 10,399,629.65
April	6846	$ 10,785,230.05
May	7153	$ 11,823,432.09
June	7426	$ 10,825,577.83
July	7358	$ 12,294,871.51
August	7766	$ 10,368,985.83
September	*TBD*	*Average payments from previous months ($10,581,092.20)*
TOTAL COST (projected)		***$ 126,973,106.35***

Source: DCFPI analysis of enrollment data provided by OSSE via data request

APPENDIX B - Pay Equity Fund Funding Calculations

Table 1: Change in number of participating educators by role and credential

	FY25, Q3	FY25, Q4	Actual Growth rate	FY26 projected	FY27 projected
Assistant CDA	1127	1158	2.8%	1190	1223
Assistant AA	438	434	-0.9%	430	426
Lead CDA	594	482	-18.9%	391	317
Lead AA	485	537	10.7%	595	658
Lead BA	656	702	7.0%	751	804
Total educators	**3,300**	**3,313**	**N/A**	**3,357**	**3,428**

Table 2: Cost projections for Pay Equity Fund based on projected change in number of educators (roles and credentials)

	FY27 Pay Equity Funding Formula Based on Nov. 2025 Revised Salary Minimums Plus a 3% COLA
Total base awards	$ 58,296,175
Admin enhancement	$ 6,110,425
Equity adjustment	$ 10,903,699
Infant/toddler enhancement	$ 3,306,711
CDH enhancement	$ 558,181
Misc adjustments	$ 1,000,000
Total awards to facilities	$ 80,175,191
HealthCare4ChildCare	$ 12,000,000
OSSE Admin	$ 2,000,000
TOTAL Cost of Program	**$ 94,175,191**

APPENDIX C - Early Childhood Development and Well-Being Programs Requiring Continued Investment in 2027; *we urge you to add at least a 3% enhancement for CPI above these program's current funding levels (FY26's local funding level included below for reference):*

- **Strong Start Early Intervention: $5.2 million:** This funding is necessary to ensure infants and toddlers under age 3 with developmental delays or disabilities receive early intervention and are put on a path to meet their full potential

- **Early Stages: $11.1 million:** This is an essential piece of the continuum of services available through DCPS to support young children (2-5) in the early identification of developmental delays and disabilities.

- **Quality Improvement Network: $1.7 million :** The QIN supports programs meeting Early Head Start performance standards and ensures children in Wards 7 and 8 and dual language learners living in communities with concentrated poverty have access to high-quality early education.

- **Healthy Futures: $3.2 million:** Healthy Futures equips educators and families with strategies to support young children's mental health, address challenging behaviors, and create nurturing environments that foster healthy social-emotional development.

- **Home Visiting:** The District operates grant-based home visiting programs through three agencies: DC Health - **$1.7 million local dollars** (FY26 funding levels), Child and Family Services Agency - **$770K local dollars** (note this is reflective of FY24 funding levels), and Department of Health Care Finance - **$625K local dollars** (FY26 funding levels). Grantees provide essential, evidence-based, one-on-one support to DC families in meeting their parenting goals, effectively reducing the occurrence of developmental delays, neglect, and abuse. Note the District also receives federal dollars through the Maternal, Infant, and Early Childhood Home Visiting (MIECHV) program which is administered by DC Health as well as federal funding from Community-Based Child Abuse Prevention (CBCAP) program which is administered by CFSA.

- **HealthySteps: $1.34 million:** HealthySteps integrates behavioral and developmental support into pediatric primary care settings to ensure new parents can access personalized guidance on milestones, nutrition, and mental health, taking a two-generation approach to promoting healthy development and family well-being.