

Report of the Early Childhood Educator Equitable Compensation Task Force

Submitted to the Mayor and Council of the District of Columbia

January 14, 2022

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Executive Summary

The Early Educator Equitable Compensation Task Force (referred to throughout as the Task Force) had its first meeting on October 14, 2021 and is pleased to provide an initial set of recommendations in this report. These recommendations reflect the expert input of the fourteen Task Force members, each of whom also brought the perspectives of their respective networks of interested stakeholders. The report also benefits from public testimony provided as part of a December 11th Roundtable hosted by the Task Force and from conversations with and the written work of a wide range of researchers and practitioners.

Note regarding Phase I and Phase II recommendations

The Task Force requested and the D.C. Council granted permission to separate its recommendations into two reports - the first due on the original January 15 date and the second no later than April 15. The Task Force recognized that the kind of systemic long-term solution we aspire to has some important and complex design questions that require more time to think through. At the same time, we want to ensure that educators benefit from the available resources of the Pay Equity Fund in the current fiscal year. So rather than wait until we have the full recommendations for the long-term mechanism, we are hoping Council will use the recommendations from our January 15th report to provide OSSE with the necessary authorities to begin work on the short-term mechanism. As soon as that authority is granted, OSSE is prepared to move forward expeditiously with the process to get funds out to educators in FY22.

In addition to addressing the most time-sensitive recommendations related to the short-term payment mechanism, this first report provides an initial set of recommendations for the longer-term work, including a proposed salary scale, priorities for accountability and oversight, and mitigation of identified risks. Throughout the document, we have noted where we will further flesh out our recommendations through our second report, in order to fully meet the Task Force's charge.

Background and guiding principles

The Task Force sought to put in context the bold objectives of the Pay Equity Fund, which builds on D.C.'s national leadership on universal Pre-K, and has its legislative foundation in the Birth-to-Three Act. What the District is embarking on with the Pay Equity Fund, with its focus on compensation equity for early educators working with infants and toddlers (along with PK aged children) in child development homes and centers, is once again groundbreaking. It is also a complex endeavor. Understanding that it will be necessary to make dozens of consequential decisions about the design and implementation of this compensation effort, the Task Force established a set of principles to guide not only our own work, but also the ongoing work of OSSE and its partners well beyond the life of the Task Force.

Topline recommendations regarding administering the Pay Equity Fund

The Task Force recommends one relatively simple short-term funding delivery mechanism that gets supplemental payments to eligible early educators in the current fiscal year, and a more complex and robust long-term mechanism, which would include implementation of a new salary scale. The chart on the following page summarizes this two-phase strategy.

Summary of Recommendations for Two-Phase Strategy	
<u>Fiscal Year 2022*</u> Short-Term Mechanism: Supplemental Payments (direct-to-educator) + Infrastructure Development	<u>Fiscal Year 2023* and Beyond</u> Long-Term Mechanism: New Salary Scale (via program-level funding) + Infrastructure Maintenance
<ul style="list-style-type: none"> • Supplemental payments, direct-to-educator through OSSE-contracted intermediary, separate from salary • Individual eligible educators opt in (with extensive outreach) • Supplemental payment gradation based on role only (lead teacher vs. assistant teacher) • Fixed annual stipends to all eligible educators opting in (\$10,000 for assistant teachers; \$14,000 for lead teachers), spread over multiple installments to the extent feasible¹ • Focus on infrastructure development, including updating OSSE data systems & financial planning TA for providers, in prep for long-term mechanism • Credential regulations focus on clarification of expectations and guidance and support towards meeting them • Data collection for purpose of spending accountability and to inform development of long-term payment mechanism 	<ul style="list-style-type: none"> • Funds flow through child development facility (center or home) and are reflected in educators' regular salary • OSSE-licensed child development homes and centers opt in (with extensive outreach) • Salary scale implemented, with gradation based on role, credentials, and experience² • Program level funding formula accounting for such possible factors as enrollment and other revenue sources, disbursed through regular payments from OSSE to facility • Focus on infrastructure maintenance, including ongoing technical assistance for providers • Credential regulations focus on enforcement and financial benefits of additional credential attainment • Data collection for purpose of spending accountability and to inform impact assessment of Pay Equity Fund

**The direct-to-educator payments may extend into part of FY23, depending on when the long-term mechanism is fully operational. The Task Force will update this timeline projection in our second report.*

The report that follows provides additional detail about these two recommended funding mechanisms, including a definition of educator eligibility for compensation funds, and a proposed salary scale that takes into account credential and role. Also of particular note is the section identifying potential risks and unintended consequences, along with potential mitigation strategies. We hope that going in with eyes open about these potential risks will make for wiser design decisions along the way.

¹ Ideally these supplemental payments would be spread out over multiple installments, in support of our retention goals and to better approximate the long-term approach to building these increases into regular salaries. We recognize, however, that logistical realities and the FY22 timeline may limit the degree to which this can happen.

² The salary scale presented later in this report differentiates salary by role and credential. The Task Force will turn its attention to the factor of experience in our second report.

I. Background and Task Force Charge

*One of the best things our country can do to support and improve outcomes for children and their families is to make significant, substantial, and sustained investments in high-quality early childhood education. And because positive relationships are at the core of quality, investing specifically in early childhood educators is the best thing we can do to improve early childhood education.*³ (From NAEYC's *Power to the Profession*)

For well over a decade, the District of Columbia (D.C.) has stood at the forefront of early childhood education. With the passage of D.C. Law 17-202, the “Pre-K Enhancement and Expansion Amendment Act of 2008,”⁴ in 2008, D.C. began building the most comprehensive universal pre-kindergarten (pre-K) program in the United States (U.S.),⁵ offering free pre-K to every three and four year old in the District. Moreover in 2018, the District went even further with the passage of D.C. Law 22-179, the “Birth-to-Three for All D.C. Act of 2018,”⁶ (Birth to Three) which is designed to ensure that every child, beginning from birth, receives an equitable and high-quality education. It is well-documented that high quality early childhood education produces impressive returns on investment⁷ with respect to a range of measures from academic achievement, to future earnings, to reduced negative social outcomes. Because of this and because research shows that opportunity and outcome gaps can begin in infancy,⁸ the District has broadened its policy focus to explicitly recognize early education and care as a central player in the broader early childhood system. And just like K-12 education, high quality early childhood education programs depend on a stable and effective workforce.

However, it is no secret that early childhood educators – particularly those serving infants and toddlers – are under-valued financially.⁹ Child care workers in the District earn less than people in a wide range of roles calling for similar skills and education.¹⁰ Depending on which state they are in, nearly half belong to families that rely on public assistance.¹¹ And despite D.C.’s commitment to early childhood education, our early educators face high rates of poverty.¹²

Early educator compensation is an issue of economics, of child development, and of racial and gender equity. Early childhood education is central to a functioning, let alone thriving, economy. The pandemic has underscored what we already know about the impact of child care on the broader labor market, and particularly for women. Without accessible, reliable, affordable, high quality child care, the labor market is hamstrung. Without qualified early educators, child care cannot operate. Attracting and retaining

³ [Power to the Profession](https://www.naeyc.org/our-work/initiatives/profession/overview), NAEYC <https://www.naeyc.org/our-work/initiatives/profession/overview>

⁴ D.C. Law 17-202, effective July 18, 2008.

⁵ <https://www.vox.com/the-highlight/2019/8/5/20748833/washington-dc-pre-k-free-public-universal>.

⁶ See D.C. Law 22-179, effective October 30, 2018.

⁷ For a summary of early childhood ROI, see <https://heckmanequation.org/>

⁸ See <https://news.stanford.edu/news/2013/september/toddler-language-gap-091213.html>.

⁹ <https://www.nytimes.com/2018/01/09/magazine/why-are-our-most-important-teachers-paid-the-least.html>

¹⁰ https://www.bls.gov/oes/current/oes_dc.htm

¹¹ <https://www.epi.org/publication/child-care-workers-arent-paid-enough-to-make-ends-meet/#epi-toc-5>

¹² <https://cscce.berkeley.edu/workforce-index-2020/the-early-educator-workforce/early-educator-pay-economic-insecurity-across-the-states/>. (See 34% poverty rate for D.C. early educators in Figure 2.11).

these educators requires compensating them well, in addition to healthy and positive working conditions.¹³ And given that the District's early childhood educators are overwhelmingly women of color, this is also an issue of racial and gender equity.

Furthermore, the child care market has long suffered from shortages in terms of availability of care options for families, as well as labor shortages. Even before COVID we knew the District had a shortage of child care in some geographies and for certain populations, including infants, toddlers, children with special needs, and families needing care outside traditional work hours.¹⁴ This knowledge informed a variety of investments to increase the supply of care, particularly for infants and toddlers and children in the District's child care subsidy program. Due to resilience of child care educators and leaders, as well as local and federal relief funding, the District has preserved supply of child care through the pandemic, but many child care providers are struggling to attract and retain staff in an unusually tight labor market. An adequate workforce is crucial to retain supply of child care, return to pre-pandemic levels of access (and beyond), and realize the benefits of all the District's other investments in preserving and creating supply.

Perhaps most importantly, investing in a qualified and stable workforce will benefit the children whose healthy development and learning relies so heavily on these educators - all the more important in the wake of the pandemic. The District of Columbia has set forth an ambitious vision through the Birth-to-Three For All Act, and has an opportunity to be a national leader in ensuring that all young children have access to well prepared and adequately compensated and supported early educators, just as we have with respect to pre-K.

Task Force Official Charge¹⁵

The Early Childhood Educator Equitable Compensation Task Force was named in October and held its first meeting on October 14th. Per the amended enacting legislation¹⁶, the overall charge of the Task Force is as follows:

(1) Review the findings and recommendations of the Early Childhood Educator Compensation in the Washington Region study completed by the Urban Institute and any completed employee compensations scale and other relevant materials provided by the Office of the State Superintendent of Education;

(1A) Submit a report to the Mayor and Council by January 15, 2022 that proposes a mechanism for distributing the \$53,920,878 in local funding that is set aside in the Early Childhood Educator Pay Equity Fund¹⁷ for Fiscal Year 2022; and

¹³ See:

<https://www.brookings.edu/blog/brown-center-chalkboard/2022/01/05/how-can-we-improve-early-childhood-education-use-public-dollars-to-pay-teachers-more/>

¹⁴ See:

<https://bainumfdn.org/publications/early-learning-supply-demand-district-columbia-using-data-identify-critical-gaps-2018/> and <https://www.urban.org/research/publication/nontraditional-hour-child-care-district-columbia>

¹⁵ <https://code.dccouncil.us/us/dc/council/code/titles/38/chapters/22B#>

¹⁶ <https://code.dccouncil.us/us/dc/council/code/sections/38-2242.html>

¹⁷ <https://code.dccouncil.us/us/dc/council/code/sections/1-325.431>

(2) Submit a report to the Mayor and Council by April 15, 2022, that:

(A) Assesses the potential impact of implementing an employee compensation scale on early childhood development providers that:

(i) Do not provide child care services to children eligible for subsidy; or

(ii) Serve a minimum number of children who receive subsidy;

(B) Proposes an employee compensation scale for early childhood development providers that accounts for employee role, credentials, and experience; and

(C) Provides recommendations for implementing the employee compensation scale, which at a minimum considers:

(i) Equitable implementation that accounts for different staffing models, types, and sizes of early childhood development facilities;

(ii) Long-term implications of the District providing funds to early childhood providers to implement the pay scale, including how to allocate funds for new early childhood development facilities that open after legislation is enacted; provided, that recommendations do not exceed the \$70 million appropriated in the Early Childhood Educator Pay Equity Fund, plus any amounts adjusted for inflation in years beyond Fiscal Year 2023; and

(iii) Oversight, reporting, and accountability mechanisms for the use of funds allocated to early childhood development providers from the Early Childhood Educator Pay Equity Fund.

The Task Force has held eight public meetings, one [public roundtable](#), and six small group committee meetings. Our [meeting materials](#) are all publicly available.

II. Guiding principles

Within the context of our charge, the Task Force has sought to base our work on a few guiding principles, briefly outlined below. In turn, the Task Force urges OSSE to heed these principles, as the work of design and implementation moves forward.

- **Build on work to date.** This work comes out of decades of work on the part of early childhood advocates inside and outside of D.C. government, including the tireless work of a wide range of stakeholders regarding the passage and implementation of the Birth-to-Three Act.
- **Where possible, ground our analysis in data.** What D.C. is poised to do is unprecedented nationally. At the same time, data are available that can help us anticipate impact, predict implementation challenges, and otherwise plan effectively.
- **Center those furthest from opportunity and disrupt systemic inequities, including the structural racism endemic to the child care system.**¹⁸ In developing our recommendations, the Task Force must consider impacts on those educators who tend to be furthest from opportunity within our current system, with a deep commitment to advancing equity.
- **Enable FY22 distribution of funding to early educators.** Even as we recognize that it will take time to stand up the kind of systemic long-term solution we aspire to, we want to ensure that available funding gets to educators in the current fiscal year, to recognize the crucial work of these educators and address the urgent workforce pressures facing the child care sector, even if a less ideal short-term mechanism is necessary.
- **Share the implementation hat.** While we do not want to limit our ultimate aspirations for DC's early learning and development, we also do not want to set a new system up to fail. In that spirit, our recommendations seek to recognize the real life constraints that will impact the pace, scope, and nature of implementation.
- **Consider unintended consequences.** Implementing something as significant as the Pay Equity Fund will inevitably have impacts beyond its core intent. The Task Force has worked to identify these potential impacts and possible ways to mitigate them. OSSE should continually identify and address unintended consequences that arise as it develops and implements the program.
- **Advocate for all early educators within our diverse delivery model.** In making our recommendations, the Task Force is committed to respecting and valuing all early educators, regardless of the age of children they serve or the setting in which they work.
- **Prioritize stability for staff and providers.** The goal of the Pay Equity Fund is to nurture a strong and stable child care market in which educators can rely on increased wages and programs can effectively plan their budgets. This kind of stability will attract and retain more qualified educators in the child care field and enhance the sustainability of child care businesses.
- **Minimize administrative burden on educators and programs.** It will, of course, be necessary to establish systems and processes for educators to receive increased compensation and to collect and report relevant data. The design of any program, however, should seek to minimize bureaucratic burdens.

¹⁸<https://www.urban.org/urban-wire/policymakers-can-redesign-early-childhood-and-education-system-root-out-structural-racism>

- **Ensure accountability.** Build in strong monitoring and enforcement mechanism to ensure dollars get to educators as intended. This principle may sometimes feel in conflict with the above commitment to minimizing administrative burden. It will be important to strike a thoughtful balance between the two.

III. Defining the universe of eligible educators

Summary of Recommendation

Early educators whose primary and daily focus is direct work with children are the target for the Pay Equity Fund and should be the primary and immediate focus of this compensation effort. The details that follow - regarding exactly which roles are included on a proposed salary scale and who would be eligible for initial direct-to-educator supplemental payments - reflect that focus on frontline educators. In establishing the specific definition below, the Task Force sought guidance from legislative language (including the Pay Equity Fund itself and the Birth-to-Three Act), as well as from the broader work of Power to the Profession, which has defined the various distinct roles of *early childhood educators* within the broader early childhood field.¹⁹

Background on DC's early educator workforce

Early childhood educators in the District's child care system include workers in a variety of roles in child development centers (CDCs) and child development homes (CDHs) and expanded homes (CDXs).²⁰ Early educator roles in CDHs and CDXs include home or expanded home provider or caregivers, who are typically self-employed small business owners and reside in the child development home and home or expanded home associate caregivers, who are employed by the child development home or expanded home provider. Early educator roles in CDCs include teachers and assistant teachers. Because of the unique developmental needs of young children, child development center classrooms have at least two adults (and sometimes more) in a classroom, which may include two teachers or a teacher and an assistant teacher.²¹

Teacher's responsibilities include providing supervision and appropriate care for children in their class or group, planning and initiating daily activities for children that promote development and learning, communicating with parents, and supervising assistant teachers, aides and volunteers. Assistant teachers provide supervision and appropriate care under the teacher's supervision and support teachers in planning and initiating children's daily activities and communicating with families. Child development facilities²² also employ staff in other roles including Center Directors, instructional coaches or family engagement specialists, and aides or volunteers. While these staff also play important roles in supporting children's development and learning, and Directors and coaches may sometimes also fill teaching responsibilities, the primary responsibilities of these roles are either administrative or in support of teachers and teaching assistants.

¹⁹<http://powertotheprofession.org/wp-content/uploads/2020/03/Power-to-Profession-Framework-03312020-web.pdf> p. 15

²⁰ Early educators also include teachers of pre-k, kindergarten, and first through third grade students in elementary schools; however, school-based early educators are outside the Task Force's scope, as school-based early educators in the District already receive compensation on par with other public school teachers.

²¹ The job titles in this paragraph reflect the official language in OSSE's licensing data system, which uses different terms for CDC and CDH/CDX educators.

²² Throughout this document, the term "child development facility" includes CDCs, CDHs, and CDXs.

OSSE collects data on child care staff through the agency's licensing data system, as well as the professional development information system. OSSE's licensing system collects staff information related to compliance with licensing requirements, including staff roles, credentials or qualifications, suitability,²³ and health requirements for all staff employed by each licensed facility. The professional development information system allows individual staff to track credentials, participation in professional development, experience and other information. Neither system currently collects information on key indicators that are of interest to the Task Force's charge, such as staff compensation, benefits or whether staff are employed on a full or part-time basis. Although the professional development system does allow staff to provide information on professional experience, this information is not available for all staff.

These gaps in existing information create challenges in fulfilling some elements of the Task Force's charge. For example, without more robust information on current child care wages and variation across child care employers, it is very challenging to accurately estimate the amount of additional funding that would be needed to increase staff pay to new levels. Similarly, without authoritative and comprehensive data on staff experience levels, it is difficult to project how current staff would be distributed on a salary schedule that takes into account years of experience. These gaps highlight the need for improved data collection on child care workforce compensation, experience and other factors to be a priority in the design and implementation of the Pay Equity Fund, as well as the likely need to refine and revise implementation over time in response to improved data.

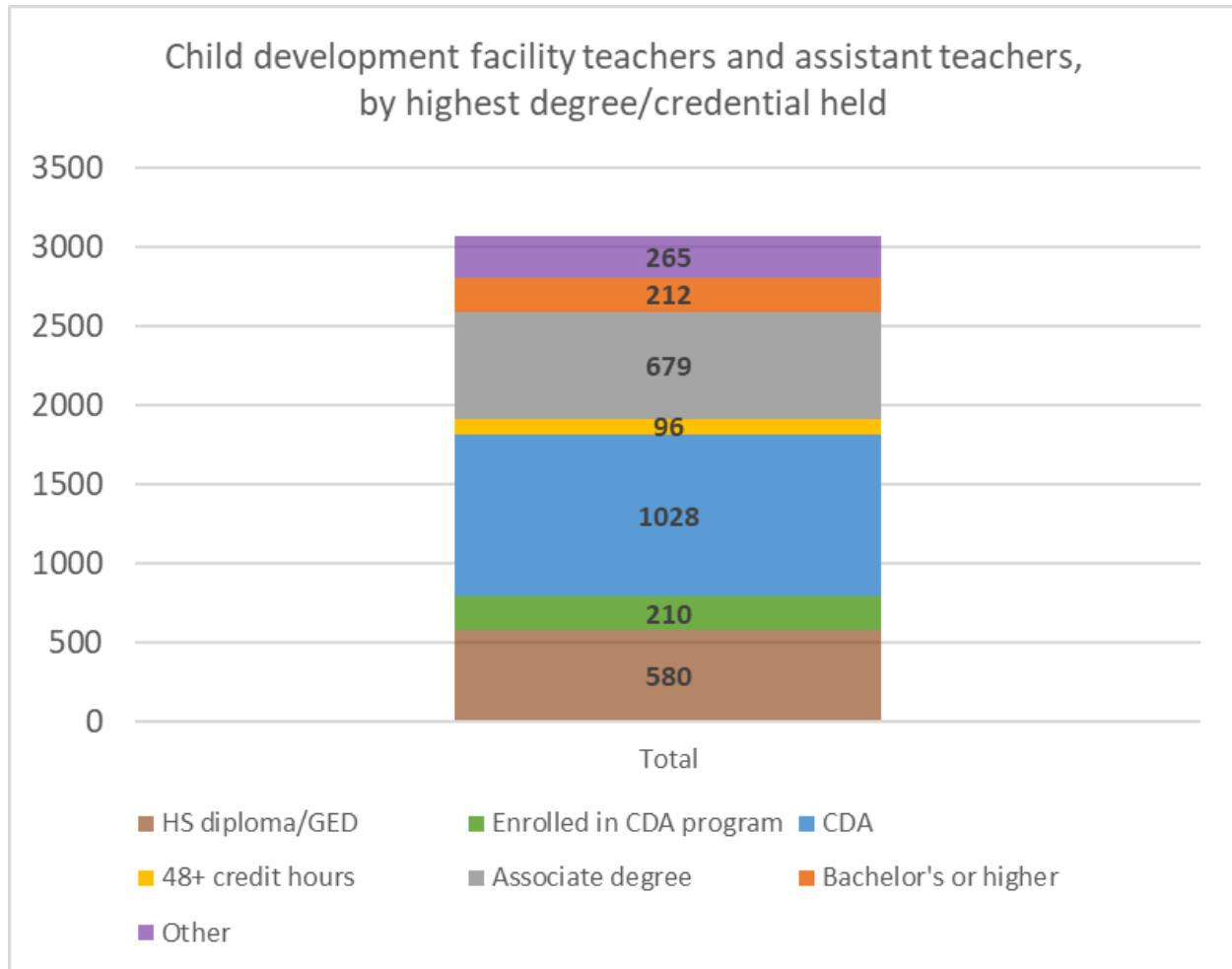
To inform the Task Force's work, OSSE provided a snapshot of DC's early childhood workforce, using data available from OSSE's licensing data system as of October 5, 2021. It should be noted that, because of the impact of the COVID-19 pandemic on child care enrollments and staff recruitment and retention, these numbers likely understate the "typical" number of early educators employed in child development facilities pre-pandemic, and to which the District hopes to return through the pandemic recovery.

This [D.C. Early Childhood Workforce Overview](#) provides more complete information from which the following highlights are drawn:

- More than 470 licensed child development facilities serve children birth-to-five in the district.
- Of these 470 facilities, 366 are child development centers and 105 are child development homes or expanded homes.
- As of October 5, 2021 nearly 3,100 early educators held roles as teachers, assistant teachers, child development home or expanded home providers, or home or expanded home associate caregivers or assistants:
 - Over 90% of these early educators work in CDCs, and are split roughly fifty-fifty between teachers and assistant teachers
 - Just over 200 staff work in CDH or CDX, with roughly equal numbers of home caregivers, expanded home caregivers, expanded home associate caregivers and assistants or substitutes .

²³ Suitability relates to criminal background checks and child protective register checks required for staff working with children in child development facilities.

- Just over half of child care early educators, including 52 percent of CDC staff and 42 percent of CDH and CDX staff, work in facilities that accept payment from the District’s child care subsidy program
- Child development facility staff hold a variety of credentials, as illustrated below.



Criteria for eligibility for the Pay Equity Fund

The criteria below apply to who would be eligible for initial “direct-to-educator” supplemental payments, as well as which roles are included on the proposed salary scale.

- Must be employed by an OSSE-licensed child development facility
- In line with the Power to the Profession definition of “early childhood educators” ([ECE I](#), [ECE II](#), [ECE III](#)), the following titles, as coded in OSSE’s licensing system, would be considered eligible:
 - Child development center teachers,
 - Child development center assistant teachers,
 - Child development home caregivers,
 - Child development home associate caregivers,
 - Expanded child development home caregivers, and

- Expanded child development home associate caregivers, **EXCEPT:**
- Those educators in **lead teacher roles** who provide PK education services pursuant to PKEEP would **not** be eligible

Clarifications:

- Criteria do not include group leaders in school-aged before- and after-care programs (OST providers).
- Educators who meet the above criteria would be eligible without regard to whether their program has an existing subsidy contract, is Head Start/Early Head Start, or participates in QIN.
- Educators who meet the above criteria would be eligible without regard to documentation status. (Specifically, educators with ITINs, but no SSNs, would be eligible for both the short-term supplemental payment and the longer-term salary scale.)
- The legislative language creating the Pay Equity Fund specifically notes that “staff members eligible for pay equity fund shall not include staff members who provide pre-K education services pursuant to the Pre-K Enhancement and Expansion Amendment Act of 2008”. The rationale for this exclusion is that PKEEP educators already have access to (a different source of) public funding that sets a standard for salary parity with DCPS. However, in devising the proposed new salary scale, while this rationale holds true for Teachers, the Task Force recommendations for Assistant Teacher minimum salaries are notably higher than the assumed equivalent DCPS salaries for instructional aides. As a result, the Task Force is recommending that PKEEP Assistant Teachers be eligible for the Pay Equity Fund.

Overall considerations and parameters that led to the above eligibility definition

- For identification purposes at the front end, and accountability at the backend, eligible individuals must be identifiable through OSSE’s licensing data system, or another standardized and comprehensive data source.
- The intent of this Pay Equity Fund is to increase compensation for “early childhood educators” whose primary focus is direct work with children in the classroom (as opposed to other individuals working in child care facilities who provide operational or administrative support and non-educational services).
- The Birth-to-Three Act establishes that “OSSE shall develop a competitive **lead teacher²⁴ and teacher assistant** compensation scale,” also supporting the particular focus on those roles.
- Where there are categories of employees who already have access to alternative *public* funding sources that support equitable compensation, we would exclude them from eligibility for this fund. PKEEP is specifically called out to this effect in the legislation.

²⁴ While the language in the licensing regulations uses the term “teachers” and “assistant teachers” to refer to center-based educators, we use the term here to refer to both center-based and home-based educators.

Additional guidance for eligibility related to part-time status and tenure in the role and field

The Task Force's recommended long-term mechanism of increased salaries through program-level funding would make it easy to pro-rate eligible individuals by ensuring their hourly pay meets the salary scale. As a result, there is no need to establish eligibility guidelines based on part-time status or tenure in the field or role. In the short-term, however, it will be necessary to determine the degree to which part-time workers are eligible for the direct-to-educator supplemental payments, as well as any minimum expectations for how long an educator has been in their role or the field. For example, while the task force is recommending a \$14,000 annual supplemental payment for lead teachers in FY22, should educators working less than 40 hours a week be eligible for the full payment? What about educators who began working in a D.C. facility partway through the fiscal year? These questions are all the more challenging given very limited centralized data on these factors.

Given this scenario, the Task Force recommends that OSSE focus on a few core principles as it works to design a direct-to-educator supplemental payment process that accommodates individuals working less than full-time or who have only recently entered DC's early childhood workforce:

- *Inclusivity.* As a general prospect, the Task Force supports erring on the side of inclusivity, given that these supplemental payments are intended as: 1) a recognition of the significant historic financial undervaluing of early educators' work, and 2) a preview of the District's commitment to the sustained salary increase planned through the long-term mechanism. As such, they are an investment in educators' ongoing future commitment to the field. Including as many educators in eligible roles will help support the critical need to attract and retain educators, both to address the labor crisis noted above and the increased quality that comes from a more stable workforce. Furthermore, over the course of the pandemic, many educators have experienced unusual instability in their work schedules, as providers have had to close for periods of time or reduce capacity (and therefore staffing) and educators themselves have needed to take time off due to sickness (their own or other family members') or exposure. We do not want to penalize them for these factors out of their control.
- *Clarity of rationale.* As is addressed further in the section below on payment mechanisms, clarity of communication will be an important part of the success of the supplemental payment program. As a result, any distinctions in terms of payment levels will need to be easy to explain and to understand. Similarly, any distinctions must reflect a commitment to fairness, with clear rationales for the differences.
- *Effective implementation.* While it might feel ideal for every otherwise eligible educator to receive a prorated payment, based on hours and months worked, that ideal should be weighed against the goal of smooth and efficient implementation. The more complicated the formula for determining individual payments, the more challenging the implementation process will become - with increased documentation, more complex employer verification, and the need for judgment calls.

IV. Mechanism(s) for delivering funds*²⁵

Summary of Recommendation

The Task Force recommends one relatively simple short-term delivery mechanism, followed by a more complex and robust long-term mechanism. The “direct-to-educator” short-term mechanism would get dollars out to eligible educators relatively quickly and easily, with relatively low burden on providers.²⁶ We recommend that OSSE procure an experienced intermediary to manage the payment process, from intake and verification to payment and documentation. Funds would go directly to eligible educators in the form of payments that would be differentiated by role only (specifically, lead teachers vs. assistant teacher), but not by credential, years experience, or current salary. For FY22, the Task Force recommends a total annual payment of \$14,000 for teachers and \$10,000 for assistant teachers. Based on limited available data on current salaries²⁷, our assumption is that these levels would equate *on average* to something like a 25% annual income enhancement for educators²⁸. These supplemental payments are intended as 1) a recognition of the significant historic financial undervaluing of early educators’ work, and 2) a preview of the District’s commitment to the sustained salary increase planned through the long-term mechanism.

Simultaneous to the implementation of the short-term mechanism, OSSE would work with stakeholders to build the long-term mechanism that would provide program-level funding to centers and homes. Facilities opting into the Pay Equity Fund would enter into an agreement with OSSE and receive program-level operating funds in return for a commitment to meet the new salary scale for all eligible educators, along with requirements for documentation and reporting. Individual program funding levels would reflect a formula that accounts for a number of factors, potentially including enrollment and other sources of revenue. This approach would build a sustainable structure for ongoing operating support at scale to child development providers, in pursuit of the larger goal of a strong and stable child care market. That said, this mechanism requires multiple systems and processes that do not currently exist,

²⁵ This section and the one that follows on funding mechanisms draw heavily from the insights and examples in the [Improving Child Care Compensation Backgrounder](#)

²⁶ The [Improving Child Care Compensation Backgrounder 2021](#) makes this case compellingly: “Program design also differs in the method of payment. There are generally two approaches: funding flows from the state to the program to educators, or funding flows from the state to an intermediary to educators. There are advantages and risks to both approaches. In the former situation, programs can set their own criteria and timeline for disbursing awards, with or without guardrails from the state or municipality. Administrators might award a large one-time bonus tiered based on education level, increase the minimum hourly wage for all roles, fund retirement benefits or paid time off, or offer hiring bonuses to new staff. In this approach, administrators can tailor compensation increases to their program’s context and their staff’s needs. At the same time, programs must provide documentation, such as payroll reports, to show that funds were spent within the allowed parameters, creating an administrative burden for both the state and programs. **Awards that flow from intermediaries directly to educators involve fewer decisions and less attestation, allowing educators to receive awards more quickly.**”

²⁷ See section V for further description of data sources for current salary levels.

²⁸ It is important to note that, given the wide range of existing salaries among educators, the % increase this supplement would represent will be similarly wide ranging. In some cases, this supplement will get educators to an annual income comparable to what is called for in the proposed salary scale; in others it will be above or below that.

and would require time to stand up effectively. The Task Force's Phase II report will address this long-term mechanism in more detail.

Background

In weighing the various models for delivering Pay Equity Fund dollars to educators, the Task Force focused on a few factors.

- *Stability.* Educators should be able to rely on increased wages; and programs should be able to plan their budgets sustainably to meet wage expectations and ensure program quality, without passing on cost to families or requiring upfront sums of cash from programs, given their tight margins..
- *Timeline.* A mechanism must be operational to deliver funds in FY22, even if that means recommending one mechanism for the short term and another for the long-term.
- *Administrative burden.* At the application, disbursement, and reporting stages, the burden of educators and programs should be the lowest necessary to ensure that funds are spent according to expectations.

Overview of Short and Long-Term Payment Mechanisms

Short-term Mechanism: Direct to Educator Supplemental Payments

This system would get additional dollars to educators relatively quickly, in the form of set payments, distinguished by role (teacher and assistant teacher). It does not serve to build a sustainable structure to provide ongoing operating support at scale to child development providers.

- OSSE would procure a vendor to manage the intake, verification, payment, and documentation process (including tax documentation). Multiple vendors exist that have done comparable work in various other jurisdictions.
- Eligible educators would be invited to access the funding (employers could refer them; OSSE would generate a list of eligible staff in its licensing data system). See Section VI for specific recommendations about communication and outreach, including the need for language access at every step of the process.
- Educators would provide some basic information to verify their identity and employment status and facilitate payment distribution (e.g., bank information, home address)
- Employers, OSSE grantees, OSSE itself, and existing community organizations should all play a role in supporting the outreach and information submission process – especially to particular sub-groups of educators, including those whose primary language is not English. OSSE should provide guidance and TA for employers (directly and/or through its vendor) so they can effectively support educators through the process.
- Employers would verify employment info through the professional development information system, licensing data system, or vendor interface
- Contractor would issue funds directly to the educator in the way they select (In selecting a vendor, OSSE should prioritize capacity to accommodate both banked and unbanked individuals)

- Ideally, these payments would be spread over multiple installments, for purposes of incentivizing retention, as well as better approximating the long-term mechanism that will incorporate the new salary scale.
- Contractor would issue tax documentation directly to the educator. The Task Force recommends that OSSE's expectations for a contractor include tax withholding to minimize tax risks for staff.
- Because these would be fixed payment amounts (based on role), District budget planning (centrally) would be relatively simple and predictable. That said, the design of these payments would not support specific implementation of the new pay scale.
- This approach would require up-to-date staff information in the licensing data system and/or professional development information system. OSSE licensing already requires this, and the virtual licensing put in place during the pandemic supports it. OSSE has been working already to strengthen these data and systems in advance of this program. Moving forward, they would need to give clear notice and TA to facilities around it.
- It will be important for OSSE to leverage this process to get additional information on individual staff (e.g., benefits, salary, state of residence) that would help to design the long-term mechanism appropriately.

Long-term Mechanism: Program Level Funding to Facilities

This system would serve to build a sustainable structure to provide ongoing operating support at scale to child development centers and homes, as the backbone for implementing a new salary scale. It requires multiple systems and processes that do not currently exist, and would require time to stand up effectively.

- OSSE would build a new distribution mechanism that would issue regular payments to participating facilities.
- Individual facilities would opt in to the program. The amount of available funding would provide a strong incentive to do so.
- OSSE would develop an agreement, laying out salary and other requirements for Pay Equity Fund participation (including documentation and reporting).
- Facilities would receive program level funding, based on a formula that accounts for a number of factors including, for example, enrollment, ratio requirements, and other revenue sources.
- Facilities would adjust eligible educators' salaries to meet or exceed requirements of the new scale.
- Support would be required to ensure that programs have the administrative capacity to meet the requirements of the Pay Equity Fund. For example, OSSE should explore expanding the Shared Services Business Alliance (SSBA) to provide an additional service option for providers to opt into HR management supports, including payroll processing and potentially benefits. In such a model, the SSBA could manage HR, reporting and other administrative requirements of the Pay Equity fund for those facilities that opt into this service, minimizing the administrative burden on them and streamlining compliance monitoring.
- Facilities would report on compliance with program requirements; OSSE would monitor,

- Facilities should have access to technical assistance in devising sustainable budgets that meet the salary requirements with the new funding, and account for ripple effects of the new salaries.
- Given the current unknowns in terms of the gaps between existing and target salaries, budget planning (centrally) would be imprecise initially and may require adjustments.
- Ensuring appropriate and sufficient support and TA for participating facilities will be critical, and will require time to plan. Current SSBA is limited to homes and a small number of small centers, so additional capacity would likely be required. (Note: Participation in the SSBA is currently free of charge to homes and centers that opt in. Any TA in support of the Pay Equity Fund should continue to be free, though facilities may opt to pay for outsourcing functions, such as payroll, should that become an available service.)

V. Employee compensation scale*

Summary of Recommendation

This section addresses the Task Force's charge to "propose an employee compensation scale for early childhood development providers that accounts for employee role, credentials, and experience." The salary scale outlined below proposes minimum compensation levels differentiated by two distinct employee roles and three credential levels for each role. It is also grounded in the concept of parity with K-12 (specifically DCPS), given equivalent role and credential. *(NOTE: The scale below does not, at this point, account for experience. The Task Force's Phase II recommendations will address that part of the charge.)* Ultimately, a provider's participation in the Pay Equity Fund would require adherence to this aspirational scale.

As explained in the preceding section (V. Funding mechanisms), the Task Force recommends a more simplified direct to educator supplemental payment as the near-term mechanism for disbursing Pay Equity Fund dollars, with an expectation that the salary scale would kick in as part of the longer term funding mechanism. We will present projected costs of implementing the proposed pay scale in our Phase II recommendations. That said, the data collected as part of implementing the short-term payments will help determine more precisely the attainability of the new salary scale, given the funding levels of the Pay Equity Fund.

Approach to salary scale development

As noted above, the Task Force did not have access to comprehensive data on existing salaries in the D.C. child care sector. That said, in developing the proposed salary scale, the Task Force drew from several key inputs:

- In October 2021, OSSE released a [Compensation Scale for the D.C. Child Care Workforce](#), meeting a requirement of the Birth to Three for All D.C. Act. That scale provided a strong foundation for discussion and reflected several key Task Force priorities, including minimum salaries differentiated by role and credential, and an approach to parity with DCPS.
- In addition, OSSE's 2021 report [Modeling the Cost of Child Care in the District of Columbia](#) provided baseline salary assumptions that, in turn, drew from data from the U.S. Bureau of Labor Statistics (BLS) and from local market research.
- The [Improving Child Care Compensation Backgrounder](#) along with the [Minnesota Early Care and Education Wage Scale](#) provided various conceptual models for structuring a pay scale, drawing from the work of a number of other jurisdictions.
- Several operators from D.C. child care facilities also provided confidential information about their existing salary ranges, which helped to pressure test the proposed scale.

The Task Force emphasized in our discussions that, while the proposed salary scale *is* differentiated based on role and credential (see note above about experience), it is *not* differentiated based on setting (i.e., center, home, or school), age of children served (i.e., infant, toddler, PK), or whether the CDH, CDX or CDC participates in subsidy. We want this scale to send a clear message that whether an educator serves four month-olds or four year-olds, their work is equally valued. Similarly, whether they work in a

family child care that serves six children or a community based organization that serves 106 children, their work is equally valued.

In addition, the salary scale seeks to attach financial incentives to progressing along a career ladder in the early childhood profession. Currently in the early childhood field, moving roles or gaining credentials or experience is not always rewarded with increased compensation. Finally, while not explicit in the Task Force's charge, the Task Force considered the parity standard described in the Birth-to-Three Act, which calls for compensation equivalent to "an elementary school teacher employed by District of Columbia Public Schools with the equivalent role, credentials, and experience."

Before presenting the proposed salary scale and how we came to it, it is important to note the complexities of applying the above parity standard to early care and education settings, which differ in multiple ways from the DCPS K-12 environment. While there is a relatively clear example of "equivalent role, credentials, and experience" when comparing a CDC teacher CDH provider at the BA level, with a DCPS 12 month teacher at the BA level, other comparisons are less clear, given different credential requirements between the two systems. Furthermore, DCPS is a single employer with a centralized HR function, whose teachers and aides are represented by a single union. On the other hand, child care staff work for over 300 distinct employers in the District, each with their own HR systems and practices. All of that makes the creation of a consistent and comparable salary scale somewhat complicated. That said, we have worked to develop a proposed scale that meets the spirit of comparability with DCPS, with the following characteristics.

Differentiation by role

The salary scale defines two distinct roles of Teacher and Assistant Teacher, recognizing the different levels of responsibility and preparation they demand.²⁹ The eligibility definition above notes the specific titles, as coded in OSSE's licensing system, that would be governed by the new salary scale. Those titles each correspond to one of the two roles defined in the salary scale, as follows:

- Titles under the "Teacher" role include: child development center teachers, child development home caregivers, and expanded child development home caregivers³⁰
- Titles under the "Assistant Teacher" role include: and child development center assistant teachers, child development home associate caregivers, and expanded child development home associate caregivers

Differentiation by credential

In determining the credential levels that would be associated with salary levels, the Task Force considered the current minimum credential requirements for each role, as well as the new requirements that will be in place as of December 2023. We also wanted a salary scale that incentivizes additional

²⁹<http://powertotheprofession.org/wp-content/uploads/2020/03/Power-to-Profession-Framework-03312020-web.pdf>

³⁰ The Task Force recognizes that a home or expanded home caregiver's work includes additional business and administrative responsibilities beyond those included in a center teacher's role, which may merit increased compensation. For the purpose of proposing an equitable salary schedule, the Task Force believes that a child development home or expanded home provider's compensation should be at least comparable to that of a center-based teacher

education, and recognizes an educator’s progression in the career ladder. As a general prospect, the Task Force also valued simplicity in the salary scale, for ease of implementation, communication, and accountability. The result of all of these considerations is three credential levels for each of the two roles.

- Three levels for each role provides room for growth beyond the basic requirement for a given role, but doesn’t require tracking degrees in process (for greater clarity and simplicity of implementation).
- As the new credential requirements kick in (noted in red in the chart below), the “less than CDA” level for Assistant Teacher would phase out, leaving only two levels for the Assistant Teacher scale.

Base salary scale levels and rationale

The chart on the following page shows the minimum or starting salary levels for each of the six role and credential combinations described above.

- With respect to the parity standard laid out in the Birth to Three Act, the clearest example of “equivalent role, credentials, and experience” is a Teacher at the BA level. As a result, the proposed scale sets a minimum salary at the same level as the minimum DCPS salary for a 12 month teacher.³¹
- The green text in the chart provides the assumptions that went into setting the base salary for the additional credential levels for Teachers (at the AA and CDA levels) in relation to the BA level teacher salary.
- The AA credential level for Assistant Teachers is set at the CDA level salary for Teachers, which prioritizes the significance of differing responsibilities by role, while also acknowledging the value of increased preparation that this additional degree brings to their current role.
- The bottom of the Assistant Teacher scale (less than a CDA) is pegged to 25% above DC’s minimum wage. As the new credential requirements kick in (currently set for December 2023 and noted in red in the chart below), the “less than CDA” level for Assistant Teacher would phase out.

³¹<https://dcps.dc.gov/sites/default/files/dc/sites/dcps/publication/attachments/ET-15%20FY%2019%20Pay%20Schedule.pdf>

This chart reflects the minimum salaries for three credential levels in each eligible role.
Red text notes OSSE credentialing requirements as of December 2023
 Assumptions for arriving at each level's dollar amount are noted in green.

ELIGIBLE ROLES			
Assistant Teacher (supporting educator in classroom - ECE I/II)		Teacher (lead educator in the classroom - ECE II/III)	
Credential Level	Minimum salary (hourly below)	Credential Level	Minimum salary (hourly below)
Less than a CDA (25% above DC's minimum/living wage)	\$39,520	CDA OR 48 Credit Hours with at Least 15 Credit Hours in ECE (<i>minimum credentialing requirement for CDH Caregiver</i>) (85% of AA lead teacher)	\$48,216
	\$19.00		\$23.18
CDA (<i>minimum credentialing requirement for CDC Assistant Teacher, CDH Assistant Caregiver</i>) (15% above Less than a CDA)	\$45,448	Associate Degree in ECE OR AA with at Least 24 Credit Hours in ECE (<i>minimum credentialing requirement for Expanded CDH Caregiver or CDC Teacher</i>) (85% of BA lead teacher)	\$56,725
	\$21.85		\$27.27
Associate Degree in ECE OR AA with at Least 24 Credit Hours in ECE (equivalent to teacher with CDA)	\$48,216	Bachelor's Degree in ECE OR BA with at Least 24 Credit Hours in ECE (<i>minimum credentialing requirement for PKEEP teachers</i>) (Parity with DCPS 12 month	\$66,735
	\$23.18		\$32.08

NOTE: The above annual salaries all assume full-time full-year employment (40 hours/ week, 52 weeks/year). Hourly equivalents are provided for staff that work part time or non-standard schedules. The expectation is these staff would be paid at least the same hourly rate as full-time staff under a pay equity schedule.

Accounting for experience

The Task Force recognizes our charge to include experience in the pay scale, as well as the critical importance of financially valuing experience from a talent management perspective. That said, the inclusion of experience as a factor in the salary scale is more complicated than the factors of role and credential. With over 300 employers operating as independent businesses and nonprofits, no standard way of defining relevant experience, and very limited centralized data on experience, the administrative burden on providers would be extensive and the process for ensuring accountability complicated. Furthermore, the costs to implement this schedule, while difficult to predict with current data, would almost certainly be more than existing funds can support. *The Task Force will take some additional time to consider this issue as part of our Phase II recommendations.*

Employer Provided Benefits

The above scale focuses on salary, exclusive of benefits. While the Task Force charge does not explicitly direct us to address benefits as part of our work, we wish to explicitly acknowledge the critical importance of benefits as part of a comprehensive approach to compensation. We believe additional work is called for to assess the current landscape in terms of employer provided health insurance and other benefits and determine possible avenues to address gaps.

OSSE is already working to support early childhood employers in seeking out health benefits options through the D.C. Health Exchange, where enhanced subsidies for health insurance currently available through the American Rescue Plan make participation more affordable for some individuals and businesses.

Longer term, we recommend exploring health benefits consortiums among child care providers, which would allow smaller programs to pool together for buying power. There is the potential that the Shared Services Business Alliance (SSBA) could play a role in this kind of consortium.

VI. Implementation timing and sequencing considerations

Key considerations for implementation of direct to educator supplemental payments

While less complicated and more expedient than the program level funding recommended for the long-term, the “direct to educator” supplemental payment model would require robust, intentional outreach and clear communication in order to ensure its successful implementation. In particular, Task Force members noted the importance of clearly communicating:

- That these supplemental payments are the first step in a phased process that will ultimately provide sustained salary increases for ECE teachers, based on role, credential, and experience
- That these payments are a recognition of the important and undervalued work of early educators, and an investment in their ongoing future commitment to the field
- How payments were calculated (including the differing amounts by role)
- The tax implications for supplemental payments
- The possibility of impact on eligibility for or amount of public benefits, depending on their specific situation, so that educators can make an informed choice about whether to pursue their supplemental payment (see section X. Mitigating risks and protecting against unintended consequences, for further discussion of public benefits cliffs)

Ensuring that every eligible educator has the information and support to access the funding will require dedicated outreach and support capacity. OSSE plans should include:

- Proactive communication directly to educators, in addition to through facilities
- Leveraging existing networks within the ECE community and other trusted community organizations to get the word out to educators directly
- Providing proactive targeted support for educators whose primary language is not English, as well as those that require additional documentation for tax or other purposes, including TA and outreach staff fluent in Spanish and Amharic at minimum, and interpretation options for other languages

Key steps to standing up direct-to-educator payments

- Issue a solicitation to select a vendor to administer direct-to-educator payments (February 2022)³²
- Implement any enhancements to OSSE’s licensing or professional development data systems needed to generate an accurate list of staff eligible for payments and/or collect staff information through the distribution process that can inform design of long-term strategy (e.g. current salary, participation in benefits, etc.) (Starting in February 2022)
- Work with vendor to design, with stakeholder input, a distribution process that (Spring/Summer 2022):

³² The Task Force urges the Council to provide OSSE with enhanced procurement authority in order to deliver these funds to educators as soon as possible.

- Leverages existing OSSE data
- Enables employers and staff to verify information with minimal burden
- Collects additional information from verified staff necessary to issue payments (e.g. banking information, address)
- Allows multiple options for eligible staff to receive funds (including for unbanked individuals)
- Ensures language access at every step of the process for those educators whose primary language is not English (including the ability complete the required applications and documentation in their preferred language)
- Allows for multiple installments to the extent feasible
- Conduct outreach and provide technical assistance to eligible staff to access funds (Spring-Fall 2022):
 - Engage community partners and employers to support outreach to potentially eligible staff and assist in completing applications
 - Leverage existing OSSE and partner communications vehicles (e.g. Division of Early Learning Newsletter, professional development information system, social media)
- Launch fund distribution process (Late Summer 2022)
- Distribute funds to eligible educators on a rolling basis

Note: While the Task Force places the highest priority on getting the authorized FY22 funds to educators, we would ideally have the supplemental payments spread over multiple installments (as much as monthly or bi-weekly). This approach would support the important priority of educator retention³³, as well as better approximate the long-term goal of building this income increase into educators' regular salaries.

Key considerations for implementation of long-term mechanism

Work on the long-term mechanism would run parallel to the planning and implementation of the short-term mechanism, and would in fact leverage the data OSSE is able to gather through the direct-to-educator payment process.

The Task Force's Phase II recommendations will address key steps to finalizing the design and launching implementation of the long-term mechanism.

³³ A number of providers have raised the concern that lump sum or large payments could have a negative impact on educator retention, with some educators opting to leave as soon as they receive their payment. While the evidence from other jurisdictions is that supplemental payments have not resulted in significant exits, the scale of the payments we are proposing is dramatically higher than other jurisdictions we have seen - by a factor of five to ten times - making comparison difficult. It is also possible that the anticipation of these payments will encourage some educators to stay in their roles longer than they might have been planning, or to return to the field after having left during the pandemic. So the impact on the flow in and out of the workforce is difficult to predict.

VII. Oversight, reporting, and accountability mechanisms*

The Task Force has recommendations with respect to several aspects of oversight, reporting, and accountability. Most fundamentally, there must be controls to ensure that dollars from the Pay Equity Fund end up in the form of early educator compensation, as intended by the law. Beyond that core objective, we recommend attention to 1) limiting administrative burden for participation in the pay equity fund, to the extent possible, 2) leveraging implementation of the short-term mechanism to collect data to inform the long-term mechanism, 3) ensuring mechanisms for meaningful ongoing stakeholder engagement throughout. Below are some more specific recommendations towards these ends.

Ensure accountability for funds.

Specific to the short-term supplemental payments, it will be necessary to build in an employer verification process, as a part of the intake process for eligible educators. In addition, it would be prudent to build in basic fraud controls to the vendor intake process, prohibiting ineligible individuals from receiving payments, and flagging any efforts to double dip. Specific to long-term program level funding, it will be necessary to establish a mechanism for auditing participating facilities to ensure they are hewing to the salary scale requirements. For both phases, OSSE should establish a simple appeal process if an educator believes they were wrongly denied a supplemental payment (short-term) or that they are not receiving the pay level to which they are entitled from a participating program (long-term)

Limit administrative burden throughout.

The need to ensure accountability for funds notwithstanding, the Task Force emphasizes the value of limiting administrative burden, particularly for individual educators and child care facilities. One way to do this is to leverage existing and future data systems to streamline necessary reporting and documentation. To the extent that new reporting requirements can not be avoided, OSSE should provide technical assistance to child development facilities - directly or through partner organizations - regarding how to create and use systems for documentation and reporting. With respect to the short-term mechanism, OSSE's criteria for identifying a vendor should include a priority on a user-friendly interface.

With respect to the long-term mechanism, OSSE should find opportunities to streamline and combine reporting for the Pay Equity Fund program with other funding programs administered by OSSE to reduce reporting burden on providers accessing multiple sources of OSSE funding.

Leverage short-term payment process to gather data to inform long-term funding mechanism.

Successful implementation of the new salary scale through the long-term approach to program level funding depends in part on data that OSSE does not currently have. The direct-to-educator supplemental payment process will provide a critical opportunity to gather these data, with a strong incentive for educators - and potentially their employers - to share it. Per the discussion above, any requests for data should be simple for educators to execute and necessary to support the further implementation of the Pay Equity Fund.

Provide for meaningful ongoing stakeholder engagement

Task Force members have highlighted the interest among stakeholders in ongoing engagement by OSSE,

as the Pay Equity Fund rolls out. We know that there will be numerous design and implementation decisions along the way that will benefit from the insight of stakeholders. Existing forums, like the State Early Childhood Development Coordinating Council (SECDCC), the SECDCC's Quality Programming Subcommittee, and OSSE's Recovery Working Group, are a good starting point for that engagement. The Task Force recommends that OSSE identify the process by which they will share progress, solicit feedback, and update stakeholders on how they responded to that feedback.

VIII. Anticipated program costs*

Short-term mechanism (direct-to-educator payments)

The Early Childhood Educator Pay Equity Fund has allocated \$53,920,878 in FY22 funds, of which no more than \$5 million may go towards administrative costs. The Task Force recommends FY22 supplemental payment levels of \$14,000 for lead teachers and \$10,000 for assistant teachers, with the guidelines noted above for part-time workers.³⁴ Using these supplemental payment amounts, and an estimate of eligible workers, our projection is to disburse \$47,390,200 in FY22 funds through the initial direct-to-educator payment mechanism. Note that the Pay Equity Fund is a non-lapsing fund, such that “any funds appropriated in the Fund shall be continually available without regard to fiscal year limitation.”³⁵

Long-term mechanism (through child care facilities, via program level funding)

The Task Force’s Phase II recommendations will address anticipated program costs for the long-term mechanism.

³⁴ Our assumptions for the number of eligible educators draw from the October data pull described in Section III of this report. As noted there, we believe that number is an undercount, given the depressed staff levels during the pandemic. As a result, we have factored a contingency of 30% to allow for additional eligible recipients, as well as the potential for a benefits fund to address emergent benefits cliff issues.

³⁵ <https://code.dccouncil.us/us/dc/council/code/titles/1/chapters/3/subchapters/XI/parts/RR>

IX. Anticipated administration costs*

Short-term mechanism (direct-to-educator payments)

OSSE anticipates that the full \$5 million allocated in the Pay Equity Fund for FY22 administrative costs will be needed to cover costs for the vendor to administer the short-term mechanism and enhancements to OSSE data systems that will support both the short- and long-term mechanisms.

The short-term mechanism will require OSSE procuring an outside entity. Ideally, a single contractor will manage the invitation and intake process for eligible educators (including collecting necessary information for tax purposes), employer verification, delivery of funds (for both banked and unbanked individuals), and the issuing of backend tax documentation. Based on preliminary market research, OSSE estimates that contract would draw in the range of 7-9% of the total program funds, plus an additional development fee, for a total cost of somewhere around \$4MM. The remainder of allocated administrative funds would be used by OSSE for data system enhancements in service of both the long- and short-term mechanisms.

In addition to the above, OSSE will leverage existing OSSE grantees and partners in the ECE community to assist in outreach to educators and potentially in supporting the intake process. It is possible that there would be some associated costs, if it lies outside the scope of the organizations' current work.

Long-term mechanism (through child care facilities, via program level funding)

The Tasks Force's Phase II recommendations will address anticipated administrative costs for the long-term mechanism.

X. Mitigating risks and protecting against unintended consequences

The Task Force has been sensitive to the potential for unintended consequences of implementing these recommendations for the Pay Equity Fund. The Council specifically named a number of these potential risks in the Task Force’s formal charge, and the Task Force identified a number of others. This section notes these potential risks and potential mitigation strategies.

Impact on subsidy participation

In the short-term, there is no expected impact on facilities’ decisions about subsidy participation as a result of the direct-to-educator payments.

In the longer-term, it seems possible that the Pay Equity Fund may serve to increase the number of providers participating in subsidy. There will be strong incentive to participate in the Pay Equity Fund, and for providers not currently participating in subsidy, this broadened relationship with OSSE might serve as an on-ramp to considering a subsidy contract. *The Task Force’s Phase II recommendations will further address any anticipated impacts from the long-term mechanism.*

Benefits cliffs

Given where teachers and assistant teachers fall in the overall income curve, and the degree to which their wages will increase, benefits cliffs (where workers lose eligibility for a public benefit program due to their increased income) are a legitimate concern. It is SNAP, Medicaid, Health Care Alliance, and child care subsidy that appear to be the biggest risks in terms of loss of benefits, though it will vary widely depending on individual scenarios (making generalized solutions challenging). Subsidized housing may also be a concern for some. The examples below illustrate both how a potential cliff could play out, as well as how scenario-specific the issue is.

Assistant teacher with less than a CDA currently making \$32,000 (min wage) & living in DC: If a single adult with one child increases her income from \$32,000 to \$41,000, she risks losing Medicaid and SNAP. While the health insurance marketplace subsidy makes up for some of that loss, she is (on paper at least) in a worse financial situation than she started. She does not break even until she gets to \$45,000.	Teacher with an AA currently making \$43,000 & living in DC: If a single adult with two children increases her income from \$43,000 to \$55,000, she risks losing Medicaid and SNAP. While the health insurance marketplace subsidy makes up for some of that loss, she is (on paper at least) in a worse financial situation than she started. She does not break even until she gets to \$61,000.
<i>In both of the above cases, the outlook reverses if you swap the number of children in the two scenarios, with both individuals ending up with a clear net increase in resources.</i>	

Further complicating the issue is the fact that we have limited data on existing educator salaries and benefits. In addition, as a general prospect, D.C. has limited control over many benefits programs, given

Federal requirements and restrictions. And residents of Maryland and Virginia will have different scenarios than DC, and D.C. has even less control there.

All of that said, there are a number of potential mitigation factors and strategies that could help address the concerns around loss of public benefits.

- For the short-term direct-to-educator mechanism, it will be important to ensure educators have access to good information about potential of benefits cliffs, so they can make informed individual decisions about whether to pursue a supplemental payment. (E.g., the intake system for requesting supplemental payments could include a link to a [benefits calculator](#), with access to support for interpreting it).
- While SNAP appears to be a likely contender for loss of benefits, the net change to income for educators receiving the supplemental payment (short-term) and the salary increase (long-term) is likely to significantly eclipse the value of the benefit they are losing. In addition, SNAP allows income exclusion of one-time payments, which should allow them to receive the short-term direct-to-educator supplemental payment without affecting benefits.
- The child care subsidy program similarly has an exclusion for one-time or anomalous income, which may allow educators to receive the short-term supplemental payment, without losing their subsidy. (See below for a potential longer-term fix).
- OSSE could support an outreach effort to ensure employees are aware of healthcare marketplace subsidies to which they would be entitled, should they lose Medicaid. Loss of Medicaid is considered a qualifying event for enrollment through the Health Exchange outside of annual enrollment periods.
- OSSE should review subsidy eligibility policies and continue to work with DHS and DHCF to proactively mitigate the effects of increased compensation on early educator eligibility for child care subsidies, SNAP, Medicaid, Health Care Alliance and other means tested programs.

Wage compression

It is important to note the ripple effects of increasing classroom teacher salaries. Any significant changes in classroom teacher and assistant teacher salaries will have a ripple effect across the facility - including but not limited to center directors, with wage compression being a risk. So while we are not proposing here a specific salary scale for directors or other roles, it will be important to consider how centers and homes can address follow-on effects of increased teacher compensation on their whole budgets.³⁶ In some cases, providers may be able to redirect some of their existing funds to increasing other salaries.

In the immediate term, child development facilities may opt to direct some portion of their Child Care Stabilization Grants (federal funds OSSE is distributing as part of the American Rescue Plan) towards staff members who are not eligible for the direct-to-educator supplemental payments.

³⁶ Given the wage compression concerns regarding center directors in particular, providers could benefit from OSSE gathering and sharing information regarding the range of job descriptions for directors, along with market salary rates, as useful (optional) guidance for setting appropriate pay scales for directors. That information could also inform OSSE's updated cost of care model.

Reducing infant/toddler seats

In the short-term, there is no expected negative impact on availability of infant and toddler seats as a result of the direct-to-educator supplemental payments. *The Task Force's Phase II recommendations will address any anticipated impacts from the long-term mechanism.*

Increased cost to families

In the short-term, there is no expected impact on cost to families as a result of the direct-to-educator supplemental payments. With respect to the long-term mechanism, the Task Force has highlighted the importance of not passing along increased salary costs to families. OSSE would need to build that expectation into the Pay Equity Fund agreements with providers. This priority is linked to the stated (but as yet unfunded) goal in the Birth-to-Three Act that no more than 10% of a family's income be spent on child care.

The Task Force's Phase II recommendations will address any anticipated impacts from the long-term mechanism.

Excessive administrative burden

The Task Force has been attentive to the issue of administrative burden throughout its work, including burden on individual educators, providers, and OSSE. For the short-term mechanism, the Task Force anticipates a relatively low burden on providers, who would need to verify employment and ensure they have provided up-to-date staffing data in OSSE's licensing system. It will be important for OSSE to provide (directly or through its vendor) clear guidance on how providers can support their employees in accessing their payments.

The burden on individual educators would be somewhat higher, given the need for them to share information for verification and tax purposes. In addition, there should be a priority on leveraging the supplemental payment process to gather additional crucial data that will inform the long-term program level funding, which may require additional data collection from both employers and staff. As noted above, OSSE's criteria for identifying a vendor should include a priority on a user-friendly interface, which will make application, verification, and documentation as simple as possible for educators and employers.

The Task Force's Phase II recommendations will address administrative burden with respect to the long-term mechanism.

Penalizing providers who have already increased compensation

In the short-term, staff members whose employers have already increased compensation would see the same dollar increase in income as their peers receiving lower pay elsewhere. There is no obvious impact on their employers in the short-term as a result of the direct-to-educator supplemental payments. *The Task Force's Phase II recommendations will address any anticipated impacts from the long-term mechanism.*

Potential (disparate) impact on key groups, including:

1. *Subsidy providers.* In the short-term mechanism, there is no difference between subsidy and non-subsidy providers, in that all otherwise eligible educators would have access to the supplemental payments, irrespective of their program's subsidy status. *The Task Force's Phase II recommendations will address any potential differences in how the implementation of the long-term funding mechanism may impact providers differently based on subsidy participation.*
2. *Non or limited subsidy providers*.* See above
3. *By provider size (enrollment).* In the short-term mechanism, there is no difference between larger and smaller providers, in that all otherwise eligible educators would have access to the supplemental payments, irrespective of their program's enrollment. *The Task Force's Phase II recommendations will address any potential differences in how the implementation of the long-term funding mechanism may impact providers differently based on enrollment.*
4. *By provider type (i.e., CDC vs. CDH).* Both the short-term and long-term mechanisms make no distinction in eligibility based on setting or provider type (CDH vs. CDH and CDX.) In both cases, however, there may be the need for additional outreach and support to CDH and CDX providers to ensure they are aware of these new resources and are able to meet the requirements to access them. Our Phase II recommendations will address any potential differences in how the implementation of the long-term funding mechanism may impact providers differently based on setting.
5. *New providers (i.e., centers or homes) entering the market.** In theory, if new providers are operating with a license, otherwise eligible educators would have access to the short-term supplemental payments. That said, the need to establish cutoff dates for eligibility for a particular payment could mean that facilities that open for the first time in late FY22 would not qualify. *The Task Force's Phase II recommendations will address this issue with respect to the long-term mechanism.*
6. *Undocumented educators.* The Task Force has been explicit that having a Social Security Number (SSN) is *not* a requirement for eligibility. Educators with ITINs would be eligible for both the short-term supplemental payment and the longer-term salary scale. The Task Force also encourages OSSE to seek a vendor to administer direct-to-educator payments that has capability to issue payments via multiple mechanisms and experience working with diverse populations similar to the District's child care sector (including undocumented individuals). Those workers who qualify for DC's Health Care Alliance would potentially face benefits cliffs issues similar to those of workers who qualify for Medicaid.
7. *Individuals with limited literacy and/or tech-literacy.* The short-term mechanism will require providing information in an online system. We have noted throughout this document the importance of having that system - and related communication and outreach - available in multiple languages. It will also be important to have supports available for those with limited literacy or tech-literacy skills. That can happen through vendor provided TA and through existing OSSE grantees and partner organizations. As one example, the vendor interface could include a video option that walks through the process aurally and visually.

XI. Task Force membership and experts consulted

The Task Force comprises a range of stakeholders and experts who have brought their deep knowledge and experience to this work. They have also been able to bring into our discussions the perspectives of the broader networks of stakeholders with whom they interact. Task Force members include:

- Ruqiyah Anbar-Shaheen, Director of Early Childhood Policy and Programs, DC Action; Coalition Director, Under 3 DC
- Cynthia Davis, Director, Kings & Queens Child Care Center; President, DC Family Child Care Association
- Marla Dean, Ward 7 Education Council
- Sally D'Italia, Co-chair, DC Directors Exchange; Co-chair, Program Funding & Compensation Committee for Under3 DC
- Maria Cristina Encinas, Board President, Multicultural Spanish Speaking Providers Association (MSSPA)
- Michael Madowitz, Economist and DC Resident
- Kathy Hollowell-Makle, Executive Director, District of Columbia Association for the Education of Young Children
- Sara Mead, Assistant Superintendent of Early Learning, OSSE
- Taryn Morrissey, Associate Professor, American University School of Public Affairs
- Marica Cox Mitchell, Senior Director, Early Childhood, Bainum Family Foundation
- Anne Robinson, Executive Director, Building Pathways
- Kellie D. Salley, Coordinator and Teacher, Senate Employees' Child Care Center
- Abigail Smith (Chair), Owner, BlueSkyEd Consulting
- Wallrick Williams, Parent; Partner, Boston Consulting Group

In addition to benefiting from Task Force members themselves, and a wide range of written materials (catalogued below), the Task Force drew from the knowledge and experience of a range of stakeholders, including over twenty individuals who testified at a [public Roundtable](#) on December 11th, along with a number of national experts. Each Task Force member drew on their own network of local experts - from practitioners to policy makers.

National Experts Consulted:

- Gina Adams, Urban Institute
- Danielle Ewen, Education Counsel
- Julia Isaacs, Urban Institute
- Caitlin McLean, Center for the Study of Child Care Employment, UC Berkeley
- Licette Montejano, San Francisco Office of Early Care and Education
- Courtney Parkerson, Bank Street College of Education
- Natalie Renew, Home Grown
- Emily Sharrock, Bankstreet College of Education
- Louise Stoney, Opportunities Exchange
- Armando Zapote, San Francisco Office of Early Care and Education

XII. Data appendices and reference materials

The work of this Task Force draws from the written work of a wide range of researchers and practitioners.

- [DC's Early Childhood Workforce Overview \(OSSE\)](#)
- [Improving Child Care Compensation Backgrounder 2021 \(The BUILD Initiative and National Collaborative for Infants & Toddlers \(NCIT\)\)](#)
- [Minnesota Early Care and Education Wage Scale](#)
- [A Look at Salary/Wage Scales for the Early Childhood Educator Workforce](#)
- [Strategies in Pursuit of Pre-K Teacher Compensation Parity \(Center for the Study of Child Care Employment, UC Berkeley and National Institute for Early Education Research\)](#)
- [CARES 2.0 \(Compensation and Retention Early Educator Stipend\) Fact Sheet \(San Francisco Office of Early Care and Education\)](#)
- [Compensation Scale for the D.C. Child Care Workforce: As required by Birth-to-Three for All D.C. Act \(OSSE\)](#)
- [Using Contracts to Support the Child Care Workforce \(Urban Institute\)](#)
- [FY22 Subsidy Reimbursement Rates \(OSSE\)](#)
- [Early Childhood Educator Compensation in the Washington Region \(Urban Institute\)](#)
- [D.C. Commission on Early Childhood Teacher Compensation \(2013\)](#)
- [Modeling the Cost of Child Care in the District of Columbia 2021 \(OSSE\)](#)
- [Early Childhood Workforce Index 2020: District of Columbia \(Center for the Study of Child Care Employment, UC Berkeley\)](#)
- [Equitable Compensation for the Child Care Workforce: Within Reach and Worth the Investment \(Bank Street College of Education\)](#)
- [Increased Compensation for Early Educators: It's Not Just "Nice to Have" — It's a Must-Have \(Center for the Study of Child Care Employment, UC Berkeley\)](#)