

Submitted to the Mayor and Council of the District of Columbia

March 23, 2022

Final Report of the Early Educator Equitable Compensation Task Force Submitted to the Mayor and Council of the District of Columbia

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^{*}Deliverables explicitly required by Task Force legislation

Key Terms and Abbreviations Used throughout this Report

CDC Child Development Center

CDH Child Development Home

CDX Child Development Expanded Home

CDF Child Development Facility (includes CDCs, CDHs, and CDXs)

FTE Full-time equivalent employee

PEF Pay Equity Fund

PKEEP PreK Enhancement and Expansion Program

SSBA Shared Services Business Alliance

Teacher

For purpose of the the proposed salary scale and the proposed CDF funding formulas, the term "Teacher" includes the following titles: child development center teachers, child development home caregivers, and expanded child development home caregivers

Assistant Teacher

For purpose of the the proposed salary scale and the proposed CDF funding formulas, the term "Assistant Teacher" includes the following titles: child development center assistant teachers, child development home associate caregivers, and expanded child development home associate caregivers

Compensation

The Task Force recognizes the term "compensation" to include both salary and benefits, as defined in the Birth-to-Three Act. Given the Task Force's specific charge, the primary focus of this report is on salary, with limited discussion regarding benefits.

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 its final 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 this report

This report is the second and final report the Task Force is submitting to the Mayor and Council, thereby completing our charge. Our first report, submitted on January 14th, 2022, focused particularly on the more time-sensitive recommendations related to the short-term mechanism for delivering Pay Equity Fund (PEF) resources to educators, starting in the current fiscal year. The Council used the recommendations from that initial report to provide OSSE with the necessary authorities to begin work on the short-term mechanism of direct-to-educator pay supplements. This report builds on our January submission, further fleshing out recommendations related to the long-term mechanism for implementing the Pay Equity Fund.

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.

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 role, credential, and experience. It also includes priorities for accountability and oversight, and anticipated program and administrative costs for the long-term mechanism. 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.

Summary of Recommendations for Two-Phase Strategy Fiscal Year 2022-23* Short-Term Mechanism: Supplemental Payments (direct-to-educator) Fiscal Year 2023 or 2024* and Beyond Long-Term Mechanism: New Salary Scale (via program-level funding)

 Supplemental payments, direct-to-educator through OSSE-granted intermediary, separate from salary

+ Infrastructure Development

- 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
- Data collection for purpose of spending accountability and to inform development of long-term payment mechanism

 Funds flow through child development facility (CDF)² and are reflected in educators' regular salaries

+ Infrastructure Maintenance

- OSSE-licensed child development homes and centers opt in (with extensive outreach)
- Salary scale implemented, with gradation based on role, credentials, and experience
- Program level funding formula accounting for a base amount reflecting number of Teacher and Assistant Teacher FTEs, along with an equity adjustment, disbursed through regular payments from OSSE to CDF
- Focus on infrastructure maintenance, including ongoing technical assistance for providers
- Data collection for purpose of spending accountability and to inform impact assessment of Pay Equity Fund

*The direct-to-educator payments will almost certainly extend into FY23 and likely until the end of FY23, as OSSE establishes the necessary systems for a smooth transition to the long-term mechanism. In particular this timeline depends on development of the new data system, along with the time required to transition providers to the new system.

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 Throughout this document, the term "child development facility" includes child development centers (CDCs), child development homes (CDHs), and child development expanded homes (CDXs).

Proposed Salary Scale

Our proposed salary scale is grounded in the notion that child care educators' salaries should be equivalent to those of DCPS educators with equivalent role, credentials, and experience The chart below provides a quick overview of our proposed <u>minimum</u> salaries, differentiated by role (teacher vs. assistant teacher) and by credential level. <u>Section V</u> of the report provides the rationale for these minimum salaries, along with our proposal for incorporating experience into the salary scale.

We want to highlight that, while the proposed salary scale *is* differentiated based on role, credential, and experience, it is *not* differentiated based on setting (i.e., center or home), 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.

Proposed minimum annual salaries by role and credential level				
Assistant Teacher			Teacher	
Credential Level ³	Minimum salary (hourly below)		Credential Level	Minimum salary (hourly below)
Less than a CDA	\$39,250 (\$19.00/hr)		CDA <i>or</i> 48 credit hours with ≥ 15 credit hours in ECE	\$48,216 (\$23.18/hr)
CDA	\$45,448 (\$21.85/hr)		AA in ECE <i>or</i> AA with ≥ 24 credit hours in ECE	\$56,725 (\$27.27/hr)
AA	\$48,216 (\$23.18/hr)		BA in ECE <i>or</i> BA with ≥ 24 credit hours in ECE	\$66,735 (\$32.08/hr)

NOTES:

The above annual salaries all assume full-time full-year employment (40 hours/ week, 52 weeks/year). Hourly equivalents are provided for staff paid on an hourly basis, rather than a salaried basis. The expectation is these staff would be paid at least the same hourly rate as full-time staff under a pay equity schedule.

³ Given our charge, the Task Force did not address the issue of credentialing other than to simply reflect existing policies. Should there be changes to credentialing requirements or systems moving forward, the PEF would need to incorporate them and adjust accordingly.

Note on Sustainability

While perhaps obvious, we think it important to specifically name the critical importance of sustaining the Pay Equity Fund over the long term, in support of the new and equitable pay scale. As ground-breaking as this move towards equitable compensation will be, it would be equally devastating to roll back salaries because of inadequate public funds. We applaud the Council and Mayor for their commitment to launching this new effort, and impress upon them the importance of maintaining that promise to educators ongoing.

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.⁴ (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," in 2008, D.C. began building the most comprehensive universal pre-kindergarten (pre-K) program in the United States (U.S.), 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," (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 investment 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, 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. Child care workers in the District earn less than people in a wide range of roles calling for similar skills and education. Depending on which state they are in, nearly half belong to families that rely on public assistance. And despite D.C.'s commitment to early childhood education, our early educators face high rates of poverty.

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

⁴ <u>Power to the Profession</u>, NAEYC https://www.naeyc.org/our-work/initiatives/profession/overview

⁵ D.C. Law 17-202, effective July 18, 2008.

⁶ https://www.vox.com/the-highlight/2019/8/5/20748833/washington-dc-pre-k-free-public-universal.

⁷ See D.C. Law 22-179, effective October 30, 2018.

⁸ For a summary of early childhood ROI, see https://heckmanequation.org/

⁹ See https://news.stanford.edu/news/2013/september/toddler-language-gap-091213.html.

¹⁰ https://www.nytimes.com/2018/01/09/magazine/why-are-our-most-important-teachers-paid-the-least.html

¹¹ https://www.bls.gov/oes/current/oes_dc.htm

¹² https://www.epi.org/publication/child-care-workers-arent-paid-enough-to-make-ends-meet/#epi-toc-5

¹³https://cscce.berkeley.edu/workforce-index-2020/the-early-educator-workforce/early-educator-pay-economic-ins ecurity-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.¹⁴ 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. 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 Charge 16

The Early Childhood Educator Equitable Compensation Task Force was named in October and held its first meeting on October 14th. Per the amended enacting legislation¹⁷, 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 Fund¹⁸ for Fiscal Year 2022; and

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

 $\frac{https://bainumfdn.org/publications/early-learning-supply-demand-district-columbia-using-data-identify-critical-gaps-2018/\ and\ https://www.urban.org/research/publication/nontraditional-hour-child-care-district-columbiants-columbi$

¹⁴ See:

¹⁵ See:

¹⁶ https://code.dccouncil.us/us/dc/council/code/titles/38/chapters/22B#

¹⁷ https://code.dccouncil.us/us/dc/council/code/sections/38-2242.html

¹⁸ 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 fourteen public meetings, one <u>public roundtable</u>, and eight small group committee meetings. Our <u>meeting materials</u> 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.¹⁹ 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.

¹⁹https://www.urban.org/urban-wire/policymakers-can-redesign-early-childhood-and-education-system-root-out-st ructural-racism

•	Ensure accountability. Build in strong monitoring and enforcement mechanisms 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

<u>Summary of Recommendation</u>

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.²⁰

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).²¹ 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.²²

Teachers' 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 facilities (CDFs) 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.

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

²⁰http://powertotheprofession.org/wp-content/uploads/2020/03/Power-to-Profession-Framework-03312020-web.

²¹ 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.

²² 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.

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.

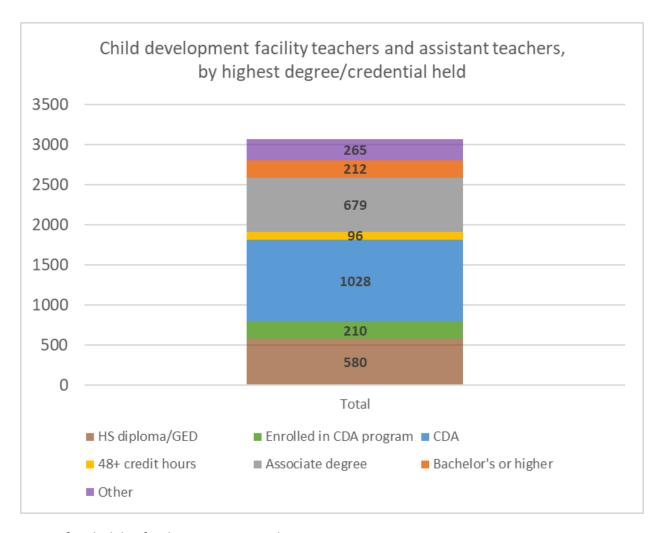
These gaps in existing information create challenges in fulfilling some elements of the Task Force's charge. For example, without more robust information on current child care wages and variation across child care employers, it is very challenging to accurately estimate the amount of additional funding 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 <u>D.C. Early Childhood Workforce Overview</u> 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.
- 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.

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



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 some alignment 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 DCPS²⁴. 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. ²⁵

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 teacher**²⁶ 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 PKEEP allows licensed CDFs to offer publicly funded pre-K. PKEEP providers receive through OSSE a total per-student funding amount equal to the public school Uniform Per Student Funding Formula (UPSFF) per enrolled child. Funds are meant to supplement not supplant other funding sources. PKEEP providers participate in an annual enrollment audit, report monthly attendance, and submit monthly reimbursement requests. PKEEP programs must pay teachers and assistant teachers equivalent to DCPS pre-K teachers/asst teachers based on years of experience.

²⁵ There are approximately sixty (60) PKEEP assistant teachers.

²⁶ 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. Practically speaking, OSSE will need to establish some minimum employment period as part of its basic criteria to apply for a supplement.

IV. Mechanism(s) for delivering funds*27

<u>Summary of Recommendation</u>

Short-Term: 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. 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 salaries²⁹, our assumption is that these levels would equate *on average* to something like a 25% annual income enhancement for educators³⁰. 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.

Long-Term: Simultaneous to the implementation of the short-term mechanism, the Task Force recommends that OSSE begin the work necessary to build the long-term mechanism that would provide program-level operating funds 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 the number of full-time equivalent (FTE) Teachers and Assistant Teachers, along with an equity adjustment to prioritize investment in CDFs serving historically marginalized communities and/or serving significant numbers of children receiving subsidies. 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

²⁷ This section and the one that follows on funding mechanisms draw heavily from the insights and examples in the Improving Child Care Compensation Backgrounder

²⁸ 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."

²⁹ See section V for further description of data sources for current salary levels.

³⁰ 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.

strong and stable child care market. That said, this mechanism requires multiple systems and processes that do not currently exist, and would require time to stand up effectively. It is for those reasons that the Task Force has recommended the interim step of supplemental payments, as the long-term mechanism is developed.

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 significant upfront sums of cash from programs, given their tight margins..
- Timeline. Given the critical importance of beginning to deliver funds in FY22, the Task Force opted to recommend one mechanism for the short term (that allows faster, if cruder, implementation of pay supplements) and another for the long-term (that will allow for the more nuanced and sustainable implementation of a new salary scale).
- 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 identify a grantee 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 grantee) 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
- Grantee would issue funds directly to the educator in the way they select (In selecting a grantee, 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.
- Grantee would issue tax documentation directly to the educator. The Task Force recommends that OSSE's expectations for a grantee 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 operating funds to child development facilities

The long-term mechanism we recommend would build a sustainable structure to provide ongoing operating support at scale to child development centers and homes, as the backbone for implementing the new salary scale. It requires multiple systems and processes that do not currently exist, and would require time to stand up effectively. Once established, however, it would be a sustainable and systemic solution to our objective of pay equity. The Task Force envisions the following approach:

- OSSE would build a new distribution mechanism that would issue regular payments to participating facilities.
- Individual operators³¹ would opt in to the program. The <u>amount of available funding</u> would provide a strong incentive to do so, and we anticipate that, based on current PEF funding projections, there would be adequate funding for all licensed early learning programs to participate. (See Section VIII. <u>Anticipated program costs</u>.)
- OSSE would develop an agreement, laying out salary and other CDF-level requirements for Pay Equity Fund participation (including documentation and reporting).
- Facilities would receive program level funding, based on a formula that accounts for the number of eligible Teacher and Assistant Teacher FTEs, along with additional factors that allow for an "equity adjustment" for CDFs meeting certain criteria.

³¹ Operators with multiple facilities could choose which would participate.

- Facilities would adjust eligible educators' salaries, as needed, to meet requirements of the new scale based on role, education, and experience, and incorporate PEF dollars accordingly into educators' regular paychecks.
- Facilities would report on compliance with program requirements; OSSE would monitor and enforce compliance.

The table below summarizes Task Force recommendations on core expectations of CDFs opting to participate in the PEF and core expectations of OSSE in administering the program.

CDFs opting to participate in the PEF would be expected to:

Pay all eligible educators according to the new salary scale requirements, based on role, education, and experience (see further information on salary scale <u>below</u>)

- Document their pay schedule, reflecting salaries by role, credential, and experience; and share that schedule transparently with their staff, along with the PEF's minimum pay requirements. This document should be posted where educators can see it, and should include information on where to report if the employer is not meeting PEF salary requirements.
- Conduct routine educator evaluations to document and improve educator effectiveness, using an evaluation tool of their choice. Does not apply to self-employed educators. (Note: CDFs will not be expected to submit data from this tool, or even the tool itself. This requirement serves to reinforce best practice of feedback and continuous improvement.)
- Use a formal payroll system that supports required documentation and reporting
- Submit required data to OSSE, for purposes of PEF planning, fiscal accountability, and evaluation of the PEF itself (see below for initial recommendation of data requirements.)

In administering the PEF, OSSE would be expected to:

- Streamline reporting requirements to the extent possible, including:
 - Leverage updated licensing and professional development data systems to support reporting and documentation of credential, salary, benefits, and experience
 - Leverage MyChildCare DC capacity to report enrollment, child vacancies, tuition
 - For subsidy providers, make PEF an addendum to subsidy agreement (or vice versa)
- Utilize relevant existing forums for regular, ongoing stakeholder engagement regarding design & implementation
- Provide formal, public progress reports to SECDCC at least two times each fiscal year for the first two years of the program and at least one time per year after that, including basic data about the status of PEF implementation
- Establish a dedicated, accessible, regular forum for stakeholder engagement regarding the design and implementation of PEF specifically.
- Establish a funding appeal process for CDFs
- Identify a mechanism for individual educators to report if their employer is not meeting PEF salary requirements
- In all above activities, ensure language access³² through simultaneous interpretation at events and timely translation of written materials for distribution.

³² At present, the primary language access needs for this population are Spanish and Amharic.

Funding Formula for Individual CDFs opting in to the PEF: Base funding plus equity adjustment

The Task Force considered our priorities of clarity, predictability, and equity – along with a desire to limit administrative burden - in developing recommendations for how OSSE should fund participating CDFs. The basic approach that the Task Force recommends is a relatively simple formula that is based primarily on the CDF's number of Teacher and Assistant Teacher FTEs, along with an "equity adjustment" for CDFs that meet certain criteria.³³

The recommended driver of **base funding** is very intentionally *not* child enrollment or licensed capacity, but instead is the number of eligible FTEs. Among other things this approach will mitigate systemic inequities for CDHs and other small programs, as well as those operating non-traditional hours or that have particular programmatic reasons for lower than standard ratios, including serving children with disabilities. CDF enrollment data would be collected periodically, but would serve as a back-end check, rather than as a basic input.³⁴

The purpose of the **equity adjustment** would be to prioritize investment in CDFs serving historically marginalized communities and/or serving significant numbers of children receiving subsidies. This additional boost in funding would help mitigate current and historic inequities that make these CDFs less likely to have the resources to meet the PEF's salary requirements, advancing our guiding principle of centering those furthest from opportunity.

The specific criteria of the equity adjustment will need to be tested against real scenarios and refined over time to ensure that it is advancing its equity objective. As an initial proxy, however, the Task Force offers two metrics to comprise the equity adjustment: 1) the % of a CDF's enrollment using subsidy, and 2) the Social Vulnerability Index of a CDF's location. The Social Vulnerability Index (SVI) takes into account 15 variables – organized into four themes – at the census tract level. (See appendix for overview of the SVI). While not perfect, it could serve as an initial proxy for identifying CDFs likely to be serving higher need communities. OSSE is planning a provider survey³⁵ this year that could help build a more precise measure of variation in provider costs and revenues across various provider characteristics, which could inform development of more refined equity adjustments than subsidy enrollment and SVI.

We also believe OSSE should consider tuition rates as part of the equity adjustment of the PEF funding formula for individual CDFs. The objective would be to take into account the widely varying tuition revenues that programs have and direct more supplemental revenue to programs serving families whose

³³ The proposed formula draws from the <u>approach of the Massachusetts Department of Early Education and Care</u> in administering their child care stabilization grants.

³⁴ A CDF whose educator/child ratios are significantly lower than ratio requirements could be flagged for further review, as a basic fiscal accountability measure.

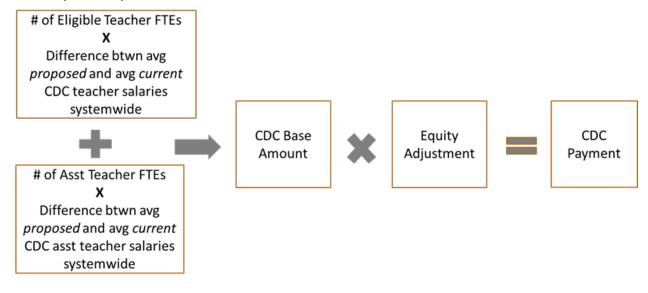
³⁵ The provider survey would include information on tuition charged to parents, including tuition supports offered (such as sliding scales or fee discounts); staff salaries and benefits; and other non-personnel cost drivers, including rent, supplies, materials, insurance, professional services, utilities, etc. This information will not only help to refine the funding formula, but also to inform future efforts around benefits, discussed in Section V.

ability to pay is lower.³⁶ The funding formula could adjust a CDF's PEF payment downward if their tuition rate exceeds a defined standard, such as a particular percentile of market rate (i.e., among the top X% of tuition rates). While this would not preclude those programs with outlier high tuition rates from participating in the PEF, it would help ensure that our limited resources are being targeted according to need, rather than further perpetuating inequity.

The two graphics below are conceptual illustrations of how a CDF's payment amount could be derived, using the FTE-driven base, and applying an equity adjustment. The two formulas are somewhat different in their approach, to ensure equity between center-based and home-based educators.³⁷ The details of these formulas will benefit from OSSE's engagement with a range of stakeholders to test assumptions and adjust accordingly. Given the current unknowns in terms of the gaps between existing and target salaries, budget planning (centrally) would be imprecise initially and will likely require adjustments over time. Initial assumptions appear in the cost estimates in the appendix.

CDC Sample Formula

To calculate the base for **CDCs**, this sample formula uses the difference between the average *current* teacher or assistant teacher salary at a system level (at the time of program launch), and the system-wide average *proposed* salary, using the new scale. By using system-wide average salary differences (rather than calculating averages for each CDC individually), this approach would not penalize CDCs that are already paying higher salaries, nor would it reward CDFs that are paying lower salaries than they currently have the means to.

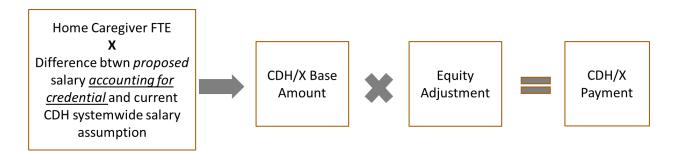


³⁶ A cursory look at published tuition costs in DC finds centers charging tuitions of upwards of \$35,000 annually for toddlers, with other providers charging full-paying clients less than half that amount. While the true cost of quality care may be high for all, the access to private resources varies widely.

³⁷ Given available data, our hypothesis is that existing CDH/Xs salaries (or the approximation of salaries, in cases where owners do not take a formal salary) are likely to be further away from the target salaries of the proposed scale than is the case for CDCs. As a result, CDH/Xs would see proportionally higher payments from the PEF. See cost estimates in <u>Appendix</u> for these differing assumptions.

CDH/X Sample Formula

As business owners, CDH and CDX caregivers do not necessarily take a formal salary, so the calculation for home-based providers in this sample formula would rely on an approximation of salary as part of their revenue ("salary assumption" in the graphic below). In addition, because CDHs generally have only a single educator, using system-wide averages for proposed salary would invariably lead to inequities. As a result, for CDH/Xs, this sample formula takes into account the credential levels of the individual home-based educators. Expanded child development homes would receive additional formula funds to support the costs of associate caregiver compensation.



Addressing CDF cash flow challenges

The Task Force noted a common concern from providers about their ability to meet new salary requirements before they receive their first payment of PEF funds. Given the narrow margins and limited cash reserves of many CDFs, it could be difficult or impossible for them to participate in the PEF without some initial accommodation. The Task Force urges OSSE to explore ways to mitigate this issue, within the legitimate budgetary, operational, and legal parameters the agency must operate. In particular, care should be given to how CDFs are onboarded, so that they are able to meet initial requirements, perhaps with some grace period. Beyond that, the continuity and frequency of payments should be structured to best support provider cash flow.

More broadly, our proposed approach envisions a relatively fluid formula in which funding amounts adjust periodically over the course of a year based on CDFs' staffing (responsive to changes in enrollment), as opposed to setting fixed grant amounts for each provider. This is more consistent with the actual operations of the child care sector, in which programs enter/leave/expand/adjust enrollment and staffing on a more fluid basis than public schools.

Technical Assistance for CDFs will be critical

The Task Force emphasizes the importance of providing support to ensure that CDFs 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. Similarly, facilities would benefit from technical assistance in devising sustainable budgets that meet the salary requirements with the new funding. A particular budgeting challenge the Task Force anticipates is the ripple effect of the new salaries, as teacher and assistant teacher pay becomes notably higher, creating pressure to raise other employee wages.

Ensuring appropriate and sufficient support and TA for participating facilities will require time to plan and will incur administrative costs. Current SSBA is limited to homes, small centers, and "Level II" providers participating in the child care subsidy program. Additional capacity may be required if additional facilities opted to participate in order to access administrative support for Pay Equity Fund implementation. (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 reasonable fees for outsourcing functions, such as payroll, should that become an available service.)

v. Employee compensation scale*

<u>Summary of Recommendation</u>

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 PK-12 (specifically DCPS), given equivalent role and credential. Ultimately, a provider's participation in the Pay Equity Fund would require adherence to this target 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.

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 <u>Compensation Scale for the D.C. Child Care Workforce</u>, 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 <u>Modeling the Cost of Child Care in the District of Columbia</u> 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 PK-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 large employer with a centralized HR function and substantial negotiating power for benefits , 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.³⁸ 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 caregivers³⁹
- 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 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.

³⁸http://powertotheprofession.org/wp-content/uploads/2020/03/Power-to-Profession-Framework-03312020-webpdf

³⁹ 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

- Three levels for each role⁴⁰ 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 of December 2023, early educators will be required to meet updated credential standards, noted in the notes column of the chart below. With the new requirements in place, the "less than CDA" level for Assistant Teacher would largely phase out, though practically speaking, there would likely be some small number of educators entering the field whose CDAs are in process, so it may be prudent to keep the "less than CDA" category for that purpose.

Minimum salary scale levels and rationale

The chart on the following page shows the **minimum** 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 for lead teachers with a BA at the same level as the
 minimum DCPS salary for a twelve (12) month teacher at the BA level.⁴¹
- The notes column provides the assumptions that went into setting the minimum salary for the additional credential levels for Teachers (at the AA and CDA levels) in relation to the BA level Teacher salary, with an AA Teacher's minimum set at 85% of the BA level, and a CDA Teacher set at 85% of the AA level
- 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 requirements⁴² kick in (currently set for December 2023 and noted in the notes column below), the "less than CDA" level for Assistant Teacher would largely phase out, increasing the minimum Assistant Teacher salary for practical purposes. The CDA level Assistant Teacher minimum is set at 15% above the less-than-CDA level.

The charts below reflect the **minimum** salaries for three credential levels in each eligible role. (As noted above, the "Assistant Teacher" role includes CDC assistant teachers and CDH/CDX associate caregivers, while the "Teacher" role includes CDC lead teachers and CDH/CDX caregivers, as defined in OSSE's licensing system.) The "Notes" column provides the assumptions for arriving at each level's minimum

⁴⁰ Individuals would only be compensated for the degrees that are accounted for here, given their role. Our recommendations provide for a level beyond the requirements for a given role, to both encourage and reward additional education.

⁴¹ https://dcps.dc.gov/sites/default/files/dc/sites/dcps/publication/attachments/ET-15%20FY%2019%20Pay%20Schedule.pdf

⁴² Several years ago, as part of its ongoing work to increase access to quality, affordable childcare, OSSE increased the <u>minimum education requirements for the early childhood workforce</u> in DC. This includes center directors, teachers, assistant teachers, and caregivers in licensed family child development homes. These requirements are scheduled to go into full effect in December of 2023.

salary, along with information about OSSE's credentialing requirements currently set to take effect in December of 2023.

Assistant Teacher (supporting educator)			
Credential Level	Minimum salary (hourly below)	Notes	
Less than a CDA	\$39,250 (\$19.00/hr)	Minimum salary set at 25% above DC's minimum wage	
CDA	\$45,448 (\$21.85/hr)	Minimum salary set at 15% above "Less than a CDA". Minimum credentialing requirement for CDC Assistant Teacher, CDH Assistant Caregiver as of 12/2023	
AA	\$48,216 (\$23.18/hr)	Minimum salary set at same level as Teacher with CDA	

Teacher (lead educator)			
Credential Level	Minimum salary (hourly below)	Notes	
CDA <i>or</i> 48 credit hours with ≥ 15 credit hours in ECE	\$48,216 (\$23.18/hr)	Minimum salary set at 85% of AA Teacher Minimum credentialing requirement for CDH Caregiver as of 12/2023	
AA in ECE <i>or</i> AA with ≥ 24 credit hours in ECE	\$56,725 (\$27.27/hr)	Minimum salary set at 85% of BA Teacher Minimum credentialing requirement for CDX Caregiver or CDC Teacher as of 12/2023	
BA in ECE <i>or</i> BA with ≥ 24 credit hours in ECE	\$66,735 (\$32.08/hr)	Min salary set at parity with DCPS 12 month BA teacher. Minimum credentialing requirement for PKEEP teachers (current)	

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.

Differentiation by experience

The Task Force recognizes our explicit charge to include experience in the proposed 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 creditable experience, and very limited centralized data on experience, the implementation of a fully standardized experience scale would carry significant administrative burden and the process for ensuring accountability would be complicated. The Task Force noted a values tension between, on the one hand, uniformity within and across CDFs and, on the other hand, autonomy at the CDF level.

The Task Force proposes to resolve this tension by allowing for individual CDFs to make decisions relevant to their specific context, within clear parameters that encourage consistency across CDFs. This would allow CDFs to consider, for example, particular recruitment or retention objectives in determining the timing and scope of step increases, and/or how much experience is credited upon initial hire. To support CDFs in building effective compensation systems, and to encourage consistency across CDFs, the Task Force recommends that OSSE work with stakeholders to develop and provide to CDFs a single suggested pay scale, along with model policies for implementing the pay scale (including how to assess creditable years experience, place new and existing employees on the scale, and provide pay increases ongoing). CDFs could use or adapt that scale and accompanying policies, within the defined parameters. We further recommend that CDFs have access to technical assistance to support them in developing their own internal policies. Whether they adopt the suggested scale and policies, or adapt them, CDFs should be required to document their pay schedule and accompanying policies and to share those transparently with their staff.

In support of this approach, the Task Force offers an illustration of a suggested <u>experience scale</u> in the Appendix. Again, we believe OSSE should engage with relevant stakeholders regarding the details of the suggested scale. Our <u>proposed scale</u> reflects the spirit of parity with DCPS, while recognizing that our different context may call for a different approach to step increases. At its foundation, the salary scale reflects parity with DCPS at the bottom and top of the BA level teacher salary scale. Between that floor and ceiling, CDFs would have the flexibility to progress educators at different rates, based on, for example, evaluation and recruitment or retention goals specific to each CDF, as well as availability of funds.

The "ceiling" numbers below are assumed to generally be the maximum for a particular role and credential combination in the context of PEF participation. In developing the specific guidelines for implementing the pay scale, however, OSSE should work with stakeholders to determine what flexibility CDFs could have to grant compensation increases to those educators who have hit the ceiling.

TEACHER	Minimum	Ceiling ^	^Ceiling refer
CDA <u>or</u> 48 Credit Hours with ≥ 15 Credit Hours in ECE	\$48,216 to -> (\$23.18/hr)	\$73,594 (\$35.38/hr)	parity with th 12-month BA (adjusted for
AA in ECE or AA with \geq 24 Credit Hours in ECE	\$56,725 to → (\$27.27/hr)	\$86,581 (\$41.63/hr)	In the DCPS co
BA in ECE or BA with \geq 24 Credit Hours in ECE	\$66,735 to → (32.08/hr)	\$101,860 (<i>\$48.97/hr</i>)	or more years

^Ceiling refers to the top salary for that credential, reflecting parity with the top of the DCPS 12-month BA teacher scale (adjusted for AA and CDA levels).

In the DCPS context, the top of the BA scale generally reflects 16 or more years of service

ASSISTANT TEACHER	Minimum	Ceiling ^
Less than a CDA ⁺	\$39,520 to → (\$19/hr)	\$50,310 (\$24.19/hr)
CDA	\$45,448 to → (\$21.85/hr)	\$57,857 (\$27.82/hr)
AA	\$48,216 (\$23.18/hr)	\$61,380 (\$29.51/hr)

^Ceiling refers to the top salary for that credential, within the Assistant Teacher role.

In the DCPS context, the top of the instructional aide scale generally reflects 10 or more years of service.

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. Notably, the Birth-to-Three Act includes "fringe benefits" in the definition of compensation parity, and the Task Force agrees that equitable compensation will ultimately be incomplete without ensuring access to affordable benefits for all early educators. While the Task Force has identified health insurance as the highest priority, Task Force members have specifically noted retirement and paid time off (PTO)⁴³ as important benefits to address, as well. 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 meet the full definition of parity in the Birth-to-Three Act and to overcome barriers in providing those benefits.

Health Benefits: Short-term strategies

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. That work should continue.

At the same time, we encourage OSSE to gather information from CDFs and educators about current status of employer-supported health benefits (along with retirement and PTO) to better assess the nature and scope of the problem. The upcoming provider survey (see footnote 35), as well as direct-to-educator supplemental payment process, are good opportunities to gather that information. These data can also serve to inform OSSE's next Cost of Care Model, in an effort to more accurately and comprehensively incorporate health insurance, retirement, and PTO into that model. OSSE should work with partners to identify the data needed to make decisions about provision of health benefits and make the resulting aggregated data available for use by the relevant policymakers.

Health Benefits: Longer-term strategies

Longer term, we recommend exploring a range of strategies to more systemically address the identified gaps in benefits. Potential strategies include:

- Outreach from DC Health Link to CDFs that would benefit from the Small Business program
- Explore creation of targeted marketplace subsidies for CDFs and for individual child-care staff. This would likely require additional public funding to implement.

⁴³ Child care staff, like other private sector employees working in the District of Columbia, are entitled to D.C.'s Universal Paid Leave (UPL)) benefit, which recently expanded in its degree of coverage for parental, family, and medical leave. Self-employed child care providers are also entitled to opt in to the UPL program. The specific benefits provided by UPL are governed by District law and regulation. UPL does not address other areas of paid time off (PTO), such as paid vacation or paid sick days.

- Explore 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.
- Build in baseline expectations for employer-provided benefits as a condition of participating in the PEF's CDF-level funding. This relies on adequate funds to meet the estimated resource gap, which would most likely require increased appropriations for the PEF.

Each of these options has advantages and disadvantages that require additional exploration. The DC Health Exchange has expressed interest in analyzing these kinds of ideas, and we encourage the Mayor and Council to support these efforts.

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 <u>X. Mitigating risks and protecting against unintended</u> <u>consequences</u>, 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 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)
- 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

OSSE should work with grantee to design, with stakeholder input, a distribution process that:

- 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.⁴⁴ While the Task Force places the highest priority on getting the authorized FY22 funds to educators, ideally payments would be spread over multiple installments. This approach would support the priority of educator retention, as well as better approximate the long-term goal of building this income increase into educators' regular salaries.

Key steps to standing up the short-term and long-term pay equity mechanisms

Work on the long-term mechanism should run parallel to the planning and implementation of the short-term mechanism. Below is a timeline with key milestones.

Timeline of Key Implementation Activities for Pay Equity Fund

Spring 2022 (Activities now underway)

- Identify additional data system functionalities needed to support long-term pay equity implementation (completed)
- Update future state data system scope of work and timeline to reflect functions needed to support Pay Equity Fund (in process)
- Identify statutory and regulatory changes needed to support Pay Equity Implementation, if any (in process)
- Hire/onboard additional OSSE staff needed to support both short and long-term pay equity implementation (in process)
- Launch Pay Equity Communications Campaign (in planning)

Short-Term Pay Supplement:

Award grant for pay supplement distribution (April 2022)

Summer 2022

- Anticipated Council consideration and passage of FY23 Budget Support Act of 2022
- Establish longer-term advisory body to monitor and provide input on Pay Equity implementation; first meeting conducted, with quarterly meetings thereafter
- Continue development of future state data system, including Pay Equity Fund
- Hire/onboard additional OSSE staff needed to support both short and long-term pay equity implementation (in process)

Short-Term Pay Equity (Pay Supplement):

• Launch short-term Pay Supplement Distribution (anticipated)

⁴⁴ 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.

Fall 2022—Winter 2023

- Finalize planned timeline for launch of future state data system, Long-Term
 Implementation of Pay Equity Fund and FY23 implementation approach, taking into
 expected data system development timelines and information from short-term
 distribution process
- Communicate planned long-term implementation and FY23 implementation approach with providers
- Develop policies, procedures, business rules, funding formula and regulations (if needed) to support long-term Pay Equity Implementation
 - Will include touchpoints with advisory/oversight body and other channels for stakeholder input
- Collect and analyze additional information to support Long-Term Pay Equity Fund Implementation
 - Needs assessment of child care provider TA needs
 - Provider survey
 - o Analysis of data collected from Pay Supplement Implementation
- Provide more detailed communication, outreach, training and TA to providers as data systems, policies, procedures and business rules are developed
- Conduct outreach to non-subsidy providers on steps to become registered to receive funds from District of Columbia Government
- Hire/onboard additional OSSE staff needed to support long-term Pay Equity Implementation (Late Winter/Spring 2023)

Short-Term Pay Equity (Pay Supplement):

• Continue distribution activities for FY23 if needed.

Spring-Summer 2023

- Implement Pay Equity Agreement Process*
- Provide orientation, onboarding, training and TA to child development programs choosing to participate in Pay Equity Fund for policies, procedures and data systems

Short-Term Pay Equity (Pay Supplement):

• Continue distribution activities for FY23 if needed.

Fall 2023

Launch Long-Term Pay Equity Implementation Approach

*As reference, the annual subsidy agreement renewal process for child care providers participating in the District's child care subsidy program typically begins in June to be completed by October 1 of the following fiscal year. Ideally the PEF agreement would be implemented on a parallel timeline to allow it to be attached to the subsidy agreement for subsidy programs, limit duplication of paperwork/processes

Ongoing Activities

Pay Equity
Advisory Body
meets quarterly

Pay Equity communications

Provide TA to CDFs for Pay Equity Planning and provide sufficient time for providers to complete the process. We anticipate needing at least a similar timeline to roll out the agreement process, onboarding and training for PEF providers.

Note: The above timeline does not include milestones regarding evaluation of the PEF, as there is not currently funding allocated for that purpose. That said, the Task Force notes the urgency of pursuing possible avenues regarding evaluation, before it is too late to gather important baseline data. We encourage the Mayor, Council, and OSSE to be mindful of that time pressure.

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 cannot 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. This includes leveraging updated licensing and professional development data systems to support reporting and documentation of credential, salary, and experience, leveraging MyChildCare DC capacity to report enrollment, vacancies, tuition, and for subsidy providers, making PEF an addendum to subsidy agreement (or vice versa) to limit duplication of effort.

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. In addition to these existing forums, the Task Force recommends that OSSE create a dedicated forum for stakeholder engagement regarding the design and implementation of the Pay Equity Fund specifically. Given the breadth and complexity of this work, The Task Force believes this stand alone forum will provide OSSE a critical avenue by which they will share progress, solicit feedback, and update stakeholders on how they responded to that feedback.

Overview of foundational PEF data and reporting needs by purpose

Data Need	PEF Planning and Budgeting	CDF Accountability	OSSE Accountability	Evaluation of PEF*
# of eligible teacher and asst teacher FTEs in each CDF	х	х		
Documented actual pay rates for eligible educators	x	x	x	X
Benefit packages info (annual)	x	X (longer term)		x
Educator credential (initial and upon change)	х	х		х
Educator experience	x	x		
Educator turnover				х
Enrollment and child vacancies (periodic)	х			х
Private pay tuition (annual)	x			×
Progress reports to the SECDCC (semi-annual)			х	
Council oversight (various documentation requests)			x	

*NOTE on evaluation:

The TF notes the importance of evaluating the PEF - both for financial stewardship purposes, for identification of opportunities to evolve and strengthen the program over time, and given its importance for the broader early care and education field and for other localities pursuing similar efforts. It will also be valuable to guide the District's continued effort to operationalize the goals of the Birth-to-Three Act.

At the same time, there are open and complex questions about the specific scope of an evaluation, given the range of possible program objectives. The TF recommends, therefore, that OSSE engage in a more focused evaluation discussion further along in the planning process, with a final evaluation plan to be approved by the SECDCC. The PEF does not currently account for evaluation, beyond basic administrative data collection, so additional resources for evaluation would be needed.

At such a time as an evaluation is conducted, results should be shared publicly and transparently.

VIII. Anticipated program costs*

<u>Short-term mechanism (direct-to-educator payments)</u>

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. 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."

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

In the longer term, the Pay Equity Fund has allocated \$72,889,092 in FY23 funds, increasing by approximately one million dollars in each of the following two years and by CPI beyond that. Legislative requirements dictate that no more than 5% of funds shall be used for administrative costs annually. The Task Force reviewed two different approaches to estimating total systemwide program costs of implementing the proposed salary scale - one built on an updated cost of care model at the per child level, and one built on estimated salary differences between current and proposed educator salaries. More details of these analyses can be found in the <u>Appendix</u>, but their basic outcomes are summarized here. The two analyses generated similar incremental systemwide program costs of \$52.6 million and \$54.8 million.

The Task Force is cautiously optimistic about these cost estimates on several fronts. To begin with, these numbers fall comfortably within the parameters of the Pay Equity Fund for FY23 and beyond, suggesting that the available funds will be adequate to meet the estimated need, even if all eligible programs opt to participate. Specifically, the FY23 PEF provides for \$69.2 million in program funds after backing out allowable administrative costs - which leaves a \$14-17 million "cushion" above our initial cost estimate. In addition, these numbers assume an *average* educator experience level at the equivalent of a Step 5 on our proposed salary scale, suggesting that employers will be able to implement a pay scale that accounts for salaries beyond the minimum, recognizing varied experience levels of educators. Finally, these estimates incorporate increased costs of mandatory employer-paid payroll taxes (i.e, FICA-SS, Medicare, UI, WC), better reflecting the real cost of increased salaries.

Our optimism notwithstanding, the Task Force notes several important caveats in interpreting these numbers, leading to a more cautious fiscal assessment. First, these are "back of the envelope" theoretical estimates. While they are useful in informing our thinking about the adequacy of available

⁴⁵ 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.

⁴⁶ https://code.dccouncil.us/us/dc/council/code/titles/1/chapters/3/subchapters/XI/parts/RR

resources, they include multiple assumptions that will need to be tested over time and with more precise "real world" data. For example, as noted above, the new salary assumptions are based on an average experience level approximating five years. While this reflects the national trends in terms of early childhood educators, we don't have a precise picture of what DC's experience curve looks like. Should that curve be further to the right (reflecting higher average level of experience), cost estimates would go up. More generally speaking, these cost estimates assume a perfect targeting of resources, whereas real world conditions will inevitably result in some overlap that will increase cost.⁴⁷

In addition, long-term costs are likely to trend higher. We expect enrollment and staffing - currently depressed due to the pandemic⁴⁸ - will rebound to and hopefully grow beyond pre-pandemic levels. We also anticipate that, as educators see the promised monetary benefit of pursuing more advanced credentials, they will pursue further education, and the resulting higher salaries will increase the cost of the PEF program. Hopefully, too, these increased salaries will result in more educators choosing to stay in their roles longer. While this is overall a desirable outcome, it will increase costs, as the experience curve moves to the right. Finally, while these estimates do incorporate mandatory employer-paid payroll taxes as noted above, other program and system-level costs associated with increased salaries are not reflected. For all of those reasons, maintaining an initial cushion will be beneficial and likely necessary.

As these numbers are refined with additional data, OSSE should be able to better predict the total program costs. Should the updated estimates suggest "excess" funds beyond what is needed to meet the salary scale, we would urge OSSE to begin looking at putting those additional funds towards supporting other elements of our equitable compensation agenda, including health benefits, retirement, and PTO.

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⁴⁷ Some of that overlap may result from applying the equity adjustments, where we would rather err on the side of additional supports for high need programs in order to ensure they have the resources to successfully participate in the PEF.

⁴⁸ The pandemic-related effects on enrollment and staffing were significant and multi-faceted, relating to parental labor force participation, as well as staffing shortages and health-driven capacity restrictions.

IX. Anticipated administration costs*

<u>Short-term mechanism (direct-to-educator payments)</u>

The short-term mechanism requires OSSE to establish a grant agreement with an outside entity that 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. Additional administrative costs for the short-term mechanism include OSSE staff to manage the PEF grant and the ongoing planning process, and a communications contract to support clear, timely, effective dissemination of information to child care staff.

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

Administrative costs for the long-term funding mechanism will include OSSE FTEs, who will be responsible for onboarding CDFs into the PEF program, distributing funds, and monitoring ongoing to ensure CDFs are meeting program expectations. Additional costs include enhancements to and maintenance of data systems to support and streamline this work and technical assistance for providers, particularly early on as the program ramps up.

As noted above, the Task Force sees significant potential benefits in an evaluation of the PEF, both for purposes of fiscal stewardship and because of the PEF's potential to contribute significantly to the broader field. As of now, there is no funding allocated for an evaluation. It is possible that private philanthropy may have an interest in supporting such an effort, and/or the Mayor and Council may opt to appropriate additional funds for that purpose.

Overview of Estimated Administrative Costs

The Pay Equity Fund allows for up to \$5.39 million in administrative costs for FY22. Beyond FY22, the Pay Equity Fund allows for 5% of annual funds to go towards the administration of the program. That number will be approximately \$3.64 million in FY23 and \$3.69 in FY24. The chart below summarizes the anticipated administration costs over that time period.

The authorizing language for the PEF did not anticipate a short-term and long-term mechanism, nor the timing for a transition from one to another. As a result, the availability of administrative funds does not align with the timing of when those funds will be needed. While we currently anticipate that just under half of the available \$5.39 million administrative funds will be spent in FY22, in FY23 we anticipate needing an additional \$2.9 million above the available amount, as the start-up costs for the long-term mechanism accrue. Because the PEF is a non-lapsing fund, we recommend that the unspent administrative funds from FY22 be applied to that difference in FY23. In addition, this may require changing the authorizing language to allow for expenditure of these funds beyond the 5% currently allowable in FY23. By FY24, the ongoing costs should settle into their steady state, falling within the 5% allowable.

Pay Equity Fund Implementation: Estimated Costs

	FY22	FY23	FY24
Short-Term Costs			
Grantee Administration	\$2,000,000	\$2,000,000	
OSSE Staff	\$450,000	\$467,000	
Communications	\$150,000		
Subtotal	\$2,600,000	\$2,467,000	
Long-Term Costs			
DEL Data Infrastructure Upgrades,		\$2,800,000	\$1,000,000
Maintenance, and Operations			
OSSE Staff		\$358,000	\$1,300,000
Technical Assistance*		\$1,000,000	\$1,200,000
Subtotal		\$4,158,000	
Total Costs	\$2,600,000	\$6,625,000	\$3,500,000
Administrative Funds Available	\$5,390,878	\$3,644,454	\$3,694,193
Total Pay Equity Fund	\$53,920,878	\$72,889,092	\$73,883,860

Notes:

All costs involve some assumptions about the future and potential risks, particularly those related to technology development. Staff and contractor costs are assumed to increase over time.

^{*} While, as the above chart indicates, there are no PEF funds allocated for technical assistance in FY22, TA will be provided using existing OSSE funds and a portion of the grantee line.

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. In addition, the Task Force has recommended that the "equity adjustment" to an individual CDF's funding formula include a criterion of percent of enrolled children using subsidy. We expect that this will, at a minimum, reinforce continued participation of existing subsidy providers, and potentially serve to incentivize additional subsidy participation.

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 SNAP⁴⁹, 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.

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.

⁴⁹ 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.

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 the 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). This information should be in varied formats to increase
 accessibility.
- Related to the above, OSSE should work with partners to identify existing potential benefits-counseling resources that educators could access on their own - for example through local CBOs that provide this service.
- 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 child care 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. ⁵⁰ 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.

⁵⁰ 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. We believe the same is true with respect to the long-term mechanism. The basic input of the recommended funding formula for the long-term mechanism is the number of teacher and assistant teacher FTEs, which take into account the lower child:adult ratios required in infant/toddler classrooms.

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 already cash strapped families, in the spirit of 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. If anything, we would hope PEF would serve to lower (or slow the increase of) private tuition rates. Ultimately, however, funding this element of the Birth-to-Three Act will be the systemic fix for this issue.

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 grantee) 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.

With respect to the long-term mechanism, as noted above, 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. This includes leveraging updated licensing and professional development data systems to support reporting and documentation of credential, salary, and experience, leveraging MyChildCare DC capacity to report enrollment, vacancies, tuition, and for subsidy providers, making PEF an addendum to subsidy agreement (or vice versa) to limit duplication of effort.

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 proposed approach to the CDF funding formula for the long-term mechanism is designed with an eye towards not penalizing providers who have already increased compensation. (The possible exception would be providers identified as significant outliers regarding private tuition costs, noted above in the discussion on cost to families.)

Potential (disparate) impact on key groups, including:

- 1. Subsidy providers versus non or limited 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.
- Similarly, all CDFs will have the opportunity to opt in to the PEF long-term mechanism, regardless of subsidy participation. Their experience may differ, however, in a couple of ways. CDFs who currently hold a subsidy contract, will have lower incremental administrative burden in terms of documentation and reporting, as they will be able to leverage some of their existing requirements as subsidy participants. In addition, subsidy providers may benefit from the equity adjustment to a degree that non-subsidy providers do not.
- 2. 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 recommended long-term funding formula is intentionally not based on enrollment or licensed capacity, but rather on number of Teacher and Assistant Teacher FTEs, which should help ensure that smaller providers are not at a disadvantage. That said, OSSE should model a variety of scenarios to take into account different revenue and cost structures of providers at varying sizes and incorporate these considerations into the equity adjustment formula as appropriate
- 3. 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.
 - With respect to the long-term funding mechanism, the Task Force notes that the funding formula requires special attention to CDH and CDX settings, in order to ensure that home-based educators achieve parity with their center-based peers, given differences in financial and operating structures. See footnote 37 and pages 23-24 for discussion of this issue.

4. 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.

In terms of the long-term mechanism, there are two potential limitations on participation of new providers entering the market. The first relates to available funding: Essentially, will the PEF have adequate reserves to accommodate new providers? As noted in Section VIII above, our initial cost estimates assume that every eligible CDF opts in to the program, and allow for some unallocated funds that would be available for new providers and/or for expansion of existing providers. That said, these estimates are preliminary and will need to be reviewed and revised as additional information is gathered.

The second potential limitation relates to timing of when a new provider enters the market. OSSE will need to develop a process for onboarding interested CDFs to the PEF program. For operational and fiscal purposes, that process may include limited windows during which CDFs can opt in.

- 5. 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.
- 6. 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 audio-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:

- Ruqiyyah 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
- Raleigh Lancaster, Task Force Staff, Senior Legislative Counsel, Office of D.C. Council Chairman Phil Mendelson

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 <u>public Roundtable</u> 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
- Harriet Dichter, BUILD
- 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
- Judy Solomon, Center on Budget and Policy Priorities
- Louise Stoney, Opportunities Exchange
- Armando Zapote, San Francisco Office of Early Care and Education

The Task Force also wishes to acknowledge a number of individuals who have contributed in various important ways to this Task Force's work. We know this list is incomplete, and we extend our deepest gratitude to the many educators, advocates, policy makers, parents, and others who have advanced this critical work.

Christina Benjamin	Beverly Jackson	Anthea Seymour
Miriam Calderon	Sia Barbara Kamara	Christina Setlow
Brian Campbell	Geoff King	Maurice Sykes
Jeffrey Credit	Tracy Knight	Carrie Thornhill
Mandi Coba	Tazra Mitchell	Alexa Verme
Pyper Davis	BB Otero	Albert Wat

Kim Ford Myrna Peralta Dee Dee Parker Wright

Danielle Hamer Brittany Pope

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)
- o Early Childhood Educator Compensation in the Washington Region (Urban Institute)
- o D.C. Commission on Early Childhood Teacher Compensation (2013)
- Modeling the Cost of Child Care in the District of Columbia 2021 (OSSE)
- <u>Early Childhood Workforce Index 2020: District of Columbia (Center for the Study of Child Care Employment, UC Berkeley)</u>
- 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 <u>Must-Have (Center for the Study of Child Care Employment, UC Berkeley)</u>
- CDC Social Vulnerability Index overview

Social Vulnerability Index⁵¹

The Social Vulnerability Index was created by the Centers for Disease Control to assess the overall vulnerability of a community. It pulls together fifteen data points across four themes, and assigns an overall index for each census tract. The SVI is a potential tool to identify child development facilities that are most likely to be serving historically marginalized communities, and therefore should be prioritized for equity adjustments.

	Below Poverty			
Socioeconomic	Unemployed			
Status	Income			
	No High School Diploma			
	Aged 65 or Older			
Household	Aged 17 or Younger			
Composition & Disability	Older than Age 5 with a Disabilit			
Disability	Single-Parent Households			
Minority Status	Minority			
& Language	Speaks English "Less than Well"			
	Multi-Unit Structures			
Harris Toron O	Mobile Homes			
Housing Type &	Crowding			
Transportation	No Vehicle			
	Group Quarters			

 $^{^{51}}$ For more on the SVI, see here: $\underline{\text{https://www.atsdr.cdc.gov/placeandhealth/svi/documentation/pdf/SVI2018Documentation}\underline{\text{01192022_1.pd}}$

Illustration of Suggested Step Scales for Teachers and Assistant Teachers

Teacher																
Credential Level	Minimum salary (hourly below)	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10	Step 11	Step 12	Step 13	Step 14	Step 15	Step 16
CDA or 48 Credit Hours	\$48,216	\$49,595	\$51,013	\$52,471	\$53,972	\$55,515	\$57,102	\$58,735	\$60,414	\$62,141	\$63,918	\$65,746	\$67,626	\$69,559	\$71,548	\$73,594
with ≥ 15 Credit Hrs in ECE	\$23.18	\$23.84	\$24.53	\$25.23	\$25.95	\$26.69	\$27.45	\$28.24	\$29.05	\$29.88	\$30.73	\$31.61	\$32.51	\$33.44	\$34.40	\$35.38
AA in ECE or AA with ≥ 24	\$56,725	\$58,347	\$60,015	\$61,731	\$63,496	\$65,311	\$67,179	\$69,100	\$71,075	\$73,108	\$75,198	\$77,348	\$79,560	\$81,834	\$84,174	\$86,581
Credit Hours in ECE	\$27.27	\$28.05	\$28.85	\$29.68	\$30.53	\$31.40	\$32.30	\$33.22	\$34.17	\$35.15	\$36.15	\$37.19	\$38.25	\$39.34	\$40.47	\$41.63
BA in ECE or BA with ≥ 24	\$66,735	\$68,643	\$70,606	\$72,625	\$74,701	\$76,837	\$79,034	\$81,294	\$83,618	\$86,009	\$88,468	\$90,998	\$93,600	\$96,276	\$99,029	\$101,860
Credit Hours in ECE	\$32.08	\$33.00	\$33.95	\$34.92	\$35.91	\$36.94	\$38.00	\$39.08	\$40.20	\$41.35	\$42.53	\$43.75	\$45.00	\$46.29	\$47.61	\$48.97

Notes on the above Teacher salary scale:

- The BA level above reflects the same Step 1 (minimum) and Step 16 (ceiling) as the existing DCPS 12 month salary scale for BA level teachers. Numbers are adjusted for the AA and CDA levels.
- Between that floor and ceiling, this scale adopts a standardized 2.86% increase between each step. This differs from the DCPS teacher scale, which has different degrees of increases between steps, with smaller increases at the lower end of the pay scale.⁵²

Assistant Teacher										
Credential Level	Minimum starting salary (hourly below)	Step 2	Step 3	Step 4	Step 5	Step 6	Step 7	Step 8	Step 9	Step 10
Loss than a CDA	\$39,520	\$40,599	\$41,707	\$42,846	\$44,016	\$45,217	\$46,452	\$47,720	\$49,022	\$50,361
Less than a CDA	\$19.00	\$19.52	\$20.05	\$20.60	\$21.16	\$21.74	\$22.33	\$22.94	\$23.57	\$24.21
CDA	\$45,448	\$46,689	\$47,963	\$49,273	\$50,618	\$52,000	\$53,419	\$54,878	\$56,376	\$57,915
CDA	\$21.85	\$22.45	\$23.06	\$23.69	\$24.34	\$25.00	\$25.68	\$26.38	\$27.10	\$27.84
	\$48,216	\$49,532	\$50,885	\$52,274	\$53,701	\$55,167	\$56,673	\$58,220	\$59,809	\$61,442
AA	\$23.18	\$23.81	\$24.46	\$25.13	\$25.82	\$26.52	\$27.25	\$27.99	\$28.75	\$29.54

Notes on the above Assistant Teacher salary scale:

- As noted above, the Task Force recommends a notably higher minimum salary for Assistant Teachers than the current minimum for DCPS 12 month Instructional Aides, so none of the actual salary numbers from the "comparable" DCPS scale are reflected here.
- This scale adopts a similar approach to the DCPS instructional aide scale in terms of the number and the rate of step increases, using a standardized 2.73% increase between each of the 10 steps.
- The "less than a CDA" level is due to phase out by December 2023, as new requirements take effect.

 $^{^{52} \} The \ DCPS \ teacher \ and \ aide \ scales \ can \ be \ found \ here: \ \underline{https://dcps.dc.gov/page/washington-teachers\%E2\%80\%99-union-wtu}$

Program Cost Estimates (Initial)

The charts below summarize the two different approaches used to estimate the initial fiscal impact of the new salary scale. See <u>Section VII</u> above for discussion of these estimates.

Approach A: OSSE's cost model can be used to estimate impact of new pay scale on **per child costs** to deliver care

Estimated Average Per-Child Cost of Care for Centers & Homes at Current & Proposed Salary Assumptions

	Cost Model Salary Assumptions (Quality)	Proposed Salary Assumptions	Difference
Child Development Center	\$21,288	\$23,737	\$2,349
Child Development Home/Expanded Home	\$14,221	\$17,672	\$3,451

Estimated System-Wide Cost

	Difference
Child Development Center	\$52 million
Child Development Home/Expanded Home	\$2.8 million
TOTAL IMPACT OF NEW SCALE	\$54.8 million

Approach B: Estimating difference between current and proposed salaries can inform projected systemwide costs

CDC Teacher	Count*	Current Assumption	Proposed Assumption	Difference	System Cost
Bachelor's degree in ECE	69	\$45,312	\$74,851	\$29,539	\$2,038,191
Associate's degree in ECE	596	\$43,424	\$63,708	\$20,284	\$12,089,264
CDA	809	\$41,536	\$54,146	\$12,610	\$10,201,490
CDC Assistant Teacher					
Associate's degree	179	\$41,536	\$53,946	\$12,410	\$2,221,390
CDA	516	\$36,576	\$50,849	\$14,273	\$7,364,868
No CDA	696	\$31,616	\$44,216	\$12,600	\$8,769,600
CDH/X Caregiver					
Bachelor's degree in ECE	21	\$31,616	\$74,851	\$43,335	\$910,035
Associate's degree in ECE	26	\$31,616	\$63,708	\$32,092	\$834,392
CDA	96	\$31,616	\$54,146	\$22,530	\$2,162,880
No CDA	62	\$31,616	\$44,216	\$12,600	\$781,200
Total Salary Difference					\$47,313,310
TOTAL (with 11% Employ	yer-Paid Pa	ayroll Taxes)			\$52,584,37 4

^{*}Educator numbers draw from October data pull

Note: "Current salary" assumptions differ by setting. For centers they are based on OSSE's existing cost model assumptions, with some modifications—in general modifications make the estimates more conservative (i.e., higher projected costs). For homes they assume minimum wage for all current salaries, in recognition that homes may need more funding to reach parity