



OFFICE OF THE STATE SUPERINTENDENT OF EDUCATION

TO: Licensed Child Development Facilities Caring for Infants, Toddlers and/or Preschoolers

FROM: Sara Mead
Deputy Superintendent of Early Learning

RE: Changes to the Fiscal Year 2024 (FY24) Early Childhood Educator Pay Equity Fund

DATE: Sept. 7, 2023

I. Summary

The Office of the State Superintendent of Education (OSSE) is increasing child development facility (CDF) payroll funding formula awards for child development facilities that participate in the FY24 Early Childhood Educator Pay Equity Fund. For FY24, all CDF payroll funding formula awards will increase by 30 percent. Facilities that enroll children who receive child care subsidies will receive an additional increase. OSSE is also establishing a waiver process for FY24 for child development facilities that lack sufficient revenues to meet FY24 minimum salary requirements of the Early Childhood Educator Pay Equity Fund for all eligible staff.

II. Background

Over the last two fiscal years, OSSE has disbursed nearly \$80 million in Early Childhood Educator Pay Equity Funds to DC early childhood educators through a partnership with AidKit, a social impact company specializing in administering efficient and secure direct cash aid programs at scale. In accordance with DC Official Code § 4–402, beginning in FY24, OSSE must cease making direct payments to early childhood educators through AidKit and shift to distributing funds to child development facilities through a CDF payroll funding formula. To receive a CDF payroll funding formula award, a child development provider must agree to pay eligible early childhood educators, by position and degree, salaries that meet or exceed FY24 minimum salaries established by OSSE.¹

¹ OSSE, *FY24 Minimum Salaries and Salary Schedule for Early Childhood Educators*, osse.dc.gov/sites/default/files/dc/sites/osse/page_content/attachments/FY24%20Minimum%20Salaries%20and%20Salary%20Schedule%20for%20Early%20Childhood%20Educators.pdf, 2023.

In April 2023, OSSE published the FY24 CDF payroll funding formula², in accordance with § 4-402(b)(1), for the purpose of distributing Early Childhood Educator Pay Equity Funds to facilities. Since that time, OSSE has heard from facility leaders and early learning stakeholders that facilities may need additional monetary support to meet the minimum salary requirements for their staff, particularly as the new program is being implemented in FY24.

As a result of this feedback, OSSE is increasing CDF payroll funding formula awards for child development facilities that participate in the FY24 Early Childhood Educator Pay Equity Fund. The enhancements outlined in this memo will be in place for FY24. Going forward, OSSE will determine whether changes to the CDF payroll funding formula and/or minimum salaries are necessary, in accordance with § 4-402(b)(1) and § 4-410.02(c)(1). This determination will be informed by analysis of data collected during the FY24 implementation of the program and robust consultation with stakeholders (including child development facility operators and early childhood educators), as well as consideration of the District of Columbia Public Schools (DCPS) salary schedule and the anticipated funding levels for the program in FY25 and future years. OSSE will provide advance notice to stakeholders of any proposed changes to the CDF payroll formula or minimum salaries for future years.

III. FY24 Changes to the Early Childhood Educator Pay Equity Fund

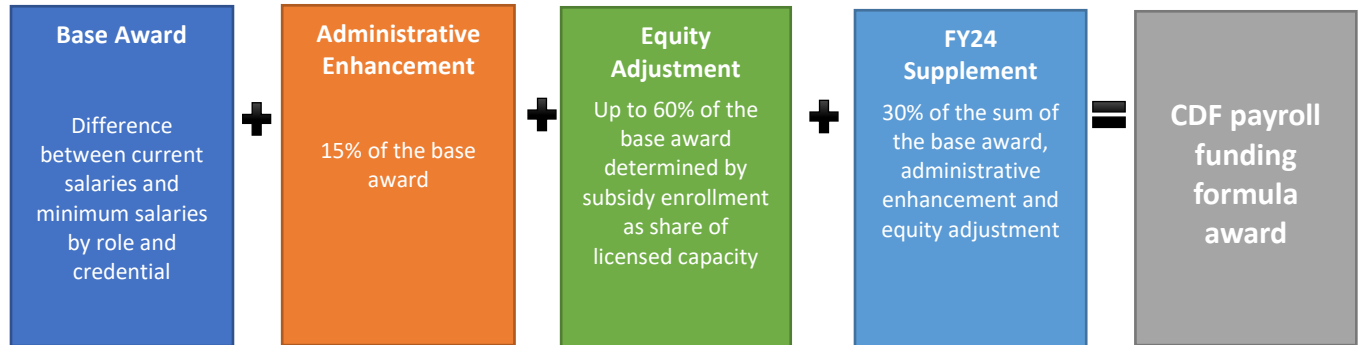
The following changes will be in effect for FY24 of the Early Childhood Educator Pay Equity Fund. OSSE intends these changes to be temporary to support facilities in meeting minimum salary requirements in the first year of the program's implementation.

- 1. Increased CDF payroll funding formula award.** OSSE will increase awards to all facilities through the following FY24 enhancements:
 - **OSSE will increase the “Equity Adjustment”** of the CDF payroll funding formula to equal up to 60 percent of a child development facility's base award. The exact percentage of each facility's equity adjustment will continue to be determined by the facility's subsidy enrollment as a share of its licensed capacity. OSSE is increasing the Equity Adjustment in recognition that facilities serving higher concentrations of economically disadvantaged children need additional support to meet the minimum salary requirements.
 - **OSSE will add a “FY24 Supplement”** to the CDF payroll funding formula. The “FY24 Supplement” will be equal to 30 percent of the sum of a facility's base award, administrative enhancement, and equity adjustment. OSSE is increasing all CDF payroll funding formula awards by 30 percent to help facilities meet the minimum salary requirements.

² OSSE, *Child Development Facility (CDF) Payroll Funding Formula*, osse.dc.gov/sites/default/files/dc/sites/osse/page_content/attachments/FY24%20Child%20Development%20Funding%20Payroll%20Funding%20Formula.pdf, 2023.

OSSE has updated the CDF payroll funding formula to reflect these changes (see Figure 1). These changes do not alter a facility’s base award or administrative enhancement components of the formula, or the FY24 minimum salaries.

Figure 1. FY24 Enhanced CDF Payroll Funding Formula



For further detail on the CDF payroll funding formula, please see “Child Development Facility (CDF) Payroll Funding Formula, September 2023 Update”.

- 2. Implementation of a waiver process for FY24.** OSSE will create a waiver process for FY24 for child development facilities that are unable to meet the minimum salary requirements for all eligible educators. OSSE will share information about how to apply for a waiver, the specific criteria that must be met to be granted a waiver, and the requirements programs granted a waiver must adhere to later in the fall. Facilities requesting a waiver will be required to share financial information with OSSE to document their inability to meet the minimum salary requirements without operating at an unsustainable budget deficit, among other requirements. Facilities that are granted a waiver will be required to use FY24 Early Childhood Educator Pay Equity Fund monies to raise salaries for eligible educators even if they cannot raise them enough to meet the FY24 minimum salaries.

IV. Questions

For questions related to changes to the CDF payroll funding formula and/or waiver process, please email OSSE.ECEPayEquity@dc.gov. More information about the FY24 Early Childhood Educator Pay Equity Fund is available at osse.dc.gov/fy24ecepayequity.