



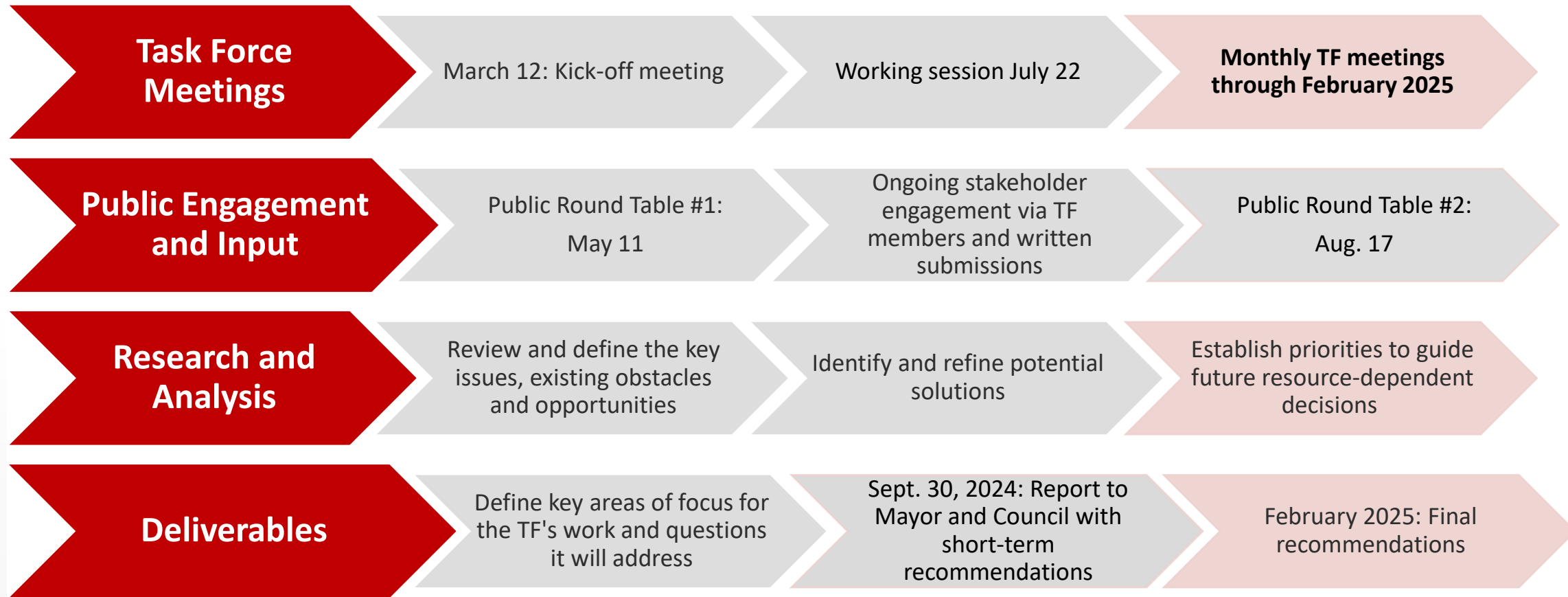
# Early Childhood Educator Pay Equity Fund Task Force

*Jan. 7, 2025*

# Tonight's Agenda

- Welcome and review of Task Force progress
- Update on HealthCare4ChildCare (HC4CC)
- Research update
  - *Implementation study (The Urban Institute)*
- Update on quarter one (Q1) child care provider payments under new formula
- Next steps

# This iteration of the Task Force is slated to sunset at the end of February



# Outstanding Issues for Task Force Discussion

- Review additional data regarding implementation and impact (OSSE monitoring data, Urban Institute evaluation of implementation). *\*On tonight's agenda*
- Explore potential additional strategies/data points for better assessing and aligning provider awards with actual need to meet minimum salary requirements in the future.
  - Other provider characteristics (e.g., Pre-K Enhancement and Expansion Program [PKEEP] participation, employer sponsorship)
  - Specific needs of growing programs
- Outline long-term vision and prioritization if additional funds are available in the future.
  - Guidance for reviewing salary scale
  - Review of other potential spending priorities





**Early Childhood Educator Compensation Task Force Meeting**

**Jan. 7, 2025**

**HealthCare4ChildCare (HC4CC) Through DC Health Link**

*Mila Kofman, J.D.*

*Executive Director, DC Health Benefit Exchange Authority*



## Agenda

- Participation in HC4CC
- HC4CC Wait List
- Federal Landscape



## HC4CC To-Date: HBX with its partners more than doubled HC4CC enrollment.

### Small Group Enrollment

- **Enrolled licensed facilities more than doubled** from 94 to **222**
- **Enrolled employers more than doubled** from 61 to **159**
- **Enrolled employees more than doubled** from 516 to **1,229**
- **Enrolled employees and their dependents more than doubled** from 594 to **1,404**

### Individual and Family Marketplace Enrollment

- **Enrolled residents more than quadrupled** from 41 to **295**
- **Enrolled residents and their dependents more than quadrupled** from 62 to **445**

**HC4CC covers  
1,849 people\***

*Note: Historically, HC4CC has helped 2,414 people and 231 facilities.*

*\*December 2024 currently enrolled compared to enrolled on January 2023*



## HC4CC Has High Participation

- ✓ **79 percent of likely eligible facilities are enrolled in HC4CC.** HBX identified 280 facilities that are eligible for group coverage and to date have enrolled **222** into HC4CC group coverage (79 percent).
- Background data: There are 437 currently licensed early child development facilities but not all are eligible for HC4CC group coverage. Some have more than 100 employees (FTEs) and do not qualify due to their size. Some do not have any employees and to qualify for group coverage a facility must have an employee (e.g., employ contractors). Also, some facilities have employees but those workers have other coverage such as Medicare, Medicaid or group coverage through a spouse.





## HC4CC Currently Enrolled By Ward (Dec. 1, 2024)

Ward	# of District Businesses Enrolled in HC4CC	People covered through their employer or directly*
Ward 1	20	157
Ward 2	20	197
Ward 3	28	336
Ward 4	40	339
Ward 5	29	208
Ward 6	33	429
Ward 7	16	55
Ward 8	26	128
<b>Total</b>	<b>222</b>	<b>1,849</b>

*\*A DC resident may work in one ward but live in a different ward. This reflects resident's work location if they are covered by their employer. If a resident is covered directly, it reflects the ward where they live.*

*NOTE: Since the start of HC4CC, HBX has assisted 362 child development facility workers with Medicaid. This includes assisting 41 workers (50 people total, including dependents) who have lost Medicaid to enroll in HC4CC.*



# HC4CC Local \$1 Spending = \$1+ in Premium Benefit

## 100 percent of HC4CC funding pays for premiums

The cost of administering HC4CC is absorbed by HBX

### GROUP COVERAGE

For every HC4CC \$1 spent on group coverage, the District gets **\$1.31** in premium value due to contributions from employers.

Employers contribute what they are able toward premium. These employers can't afford full price and if it wasn't for HC4CC funding paying a portion of the premium, the employers wouldn't be contributing and employer dollars would not be part of financing health insurance.

### INDIVIDUAL & FAMILY COVERAGE

For every HC4CC \$1 spent on individual coverage, the District gets **\$1.29** in premium value due to advance premium tax credits (APTCs) from the federal government.

Federal monthly lower premium (with premium tax credits) is available for residents and families covered in individual and family plans.



## **HC4CC FY2025 FUNDING \$12 MILLION**

- Workers, dependents and facilities currently covered can stay covered and won't lose their HC4CC health insurance
- DC “first” approach – Workers and their dependents who are DC residents can continue to enroll in HC4CC individual and family plans



## HC4CC Wait List

- Developed a policy for a wait list (fall 2024).
- HC4CC Advisory Council and OSSE provided valuable feedback (fall 2024).
- Sent emails to HC4CC-enrolled facilities and facilities not yet enrolled in HC4CC to inform them about the wait list (fall 2024).
  - HC4CC Advisory Council advised that currently covered facilities should hear from DC Health Link how they are impacted, and in this case, they are not as long as they stay covered.
- Wait list in effect starting Jan. 1, 2025.



## How the Wait List Works: Who is Not Subject to the HC4CC Wait List

- Qualified workers who are DC residents, including workers losing Medicaid.
- New or existing employees of currently enrolled facilities:
  1. New hires; and
  2. Current employees who didn't enroll before but now want to enroll.
- Currently enrolled employers opening a new location. Employees in the new location are eligible to be added to the existing group coverage.





## How the Wait List Works: Wait List Applies to Facilities Not Currently Enrolled in HC4CC

Priority status on wait list:

1. New ownership of a facility that is currently enrolled (*fact-based analysis*).
2. Facilities licensed as a home or expanded home.
3. Facilities located in wards 1, 4, 5, 7 or 8.
4. Facilities that participate in the DC Child Care Subsidy Program.
5. Facilities that deliver full-day care to children ages 0-5.
6. All other facilities that deliver full-day care and do not fall into any of the above categories.
7. All other facilities that do not fall into any of the above categories.

\*A scoring system may be developed depending on demand.



## Federal Landscape

- Inflation Reduction Act enhanced premium tax credits expire December 2025. Congressional action is necessary.
- ACA premium tax credits risk
- Federal policy affecting other public insurance programs



Tuesday, January 7, 2025

# Learning from the FY24 Implementation of the DC Early Childhood Educator Pay Equity Fund

Presentation for the Task Force January 2025 Meeting

# Project team and partners



## Urban Institute

Heather Sandstrom, PI  
Erica Greenberg, Co-PI  
Justin Doromal, Task Lead  
Laura Jimenez Parra, Task Lead

Eve Mefferd, Project Manager  
Elli Nikolopoulos  
Alicia González  
Rachel Lamb  
Victoria Nelson

## District of Columbia Office of the State Superintendent of Education (OSSE), Division of Early Learning (DEL)

Kathryn Kigera, Director of Quality Initiatives  
Sara Mead, Deputy Superintendent of Early Learning  
Hannah Matthews, Director of Policy, Planning, and Research

This project is supported by grant funding from the Administration for Children and Families (ACF) of the US Department of Health and Human Services (HHS) (Grant No. 90YE0284) for the District of Columbia Child Care Policy Research Partnership Study, totaling \$1.6 million with 100 percent funded by ACF/HHS. The contents and views expressed are those of the authors and do not necessarily represent the official views of, nor an endorsement by, ACF/HHS or the US Government. The views should not be attributed to the Urban Institute, its trustees, or its funders. Further information on the Urban Institute's funding principles is available at [urban.org/fundingprinciples](https://urban.org/fundingprinciples)



# Child Care Policy Research Partnership

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## 2019 and 2022 Child Care Policy Research Partnership Grants

### Phase 1 (2019-2024)

- Pandemic shifted focus to issues of workforce turnover and well-being
- Launch of DC's Early Childhood Educator Pay Equity Fund in 2022 offered opportunity to gather parents' and providers' perspectives during planned data collections

### Phase 2 (2022-2026)

- Implementation study of Pay Equity Fund
- Mixed-methods, community-engaged approach



# Project overview: From April 2024

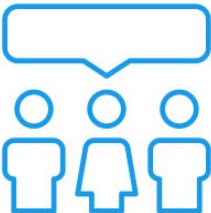
## Key Informant interviews

Winter 2022 and Spring 2023



## Early childhood educator focus groups

Fall 2023



## Focus groups of parents (39) and directors (29)

Fall and Winter 2022 (from Phase 1)



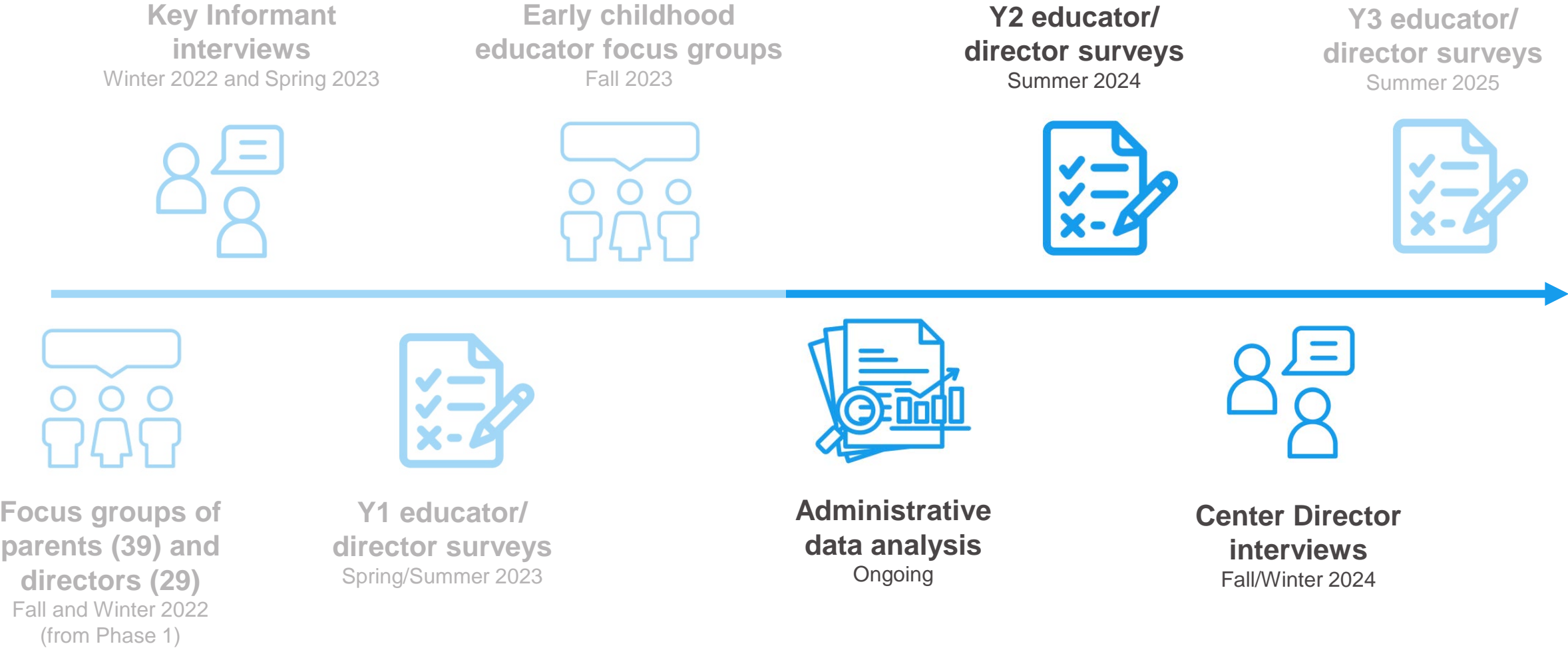
## Y1 educator/director surveys

Spring/Summer 2023

Our findings to date are published at our project's webpage:



# Project overview: Today's meeting and beyond



# Today's goals

- Share new findings from the FY24 implementation of the Pay Equity Fund:
  - **Opportunities** and **benefits** from receiving funding from the FY24 Pay Equity Fund
  - **Challenges**, **concerns**, and potential **unintended consequences** of participating in the FY24 Pay Equity Fund
- Learn about ongoing and future evidence needs

# Opportunities in Participating in the FY24 Pay Equity Fund

# Directors believed the Pay Equity Fund was an opportunity to **support teacher compensation, recruitment, and retention**

“We want to be able to offer competitive pay and hire qualified teachers, and this was a huge factor.”

“The goal was to help recruit better staff, reduce turnover, and become competitive for high-performing staff.”

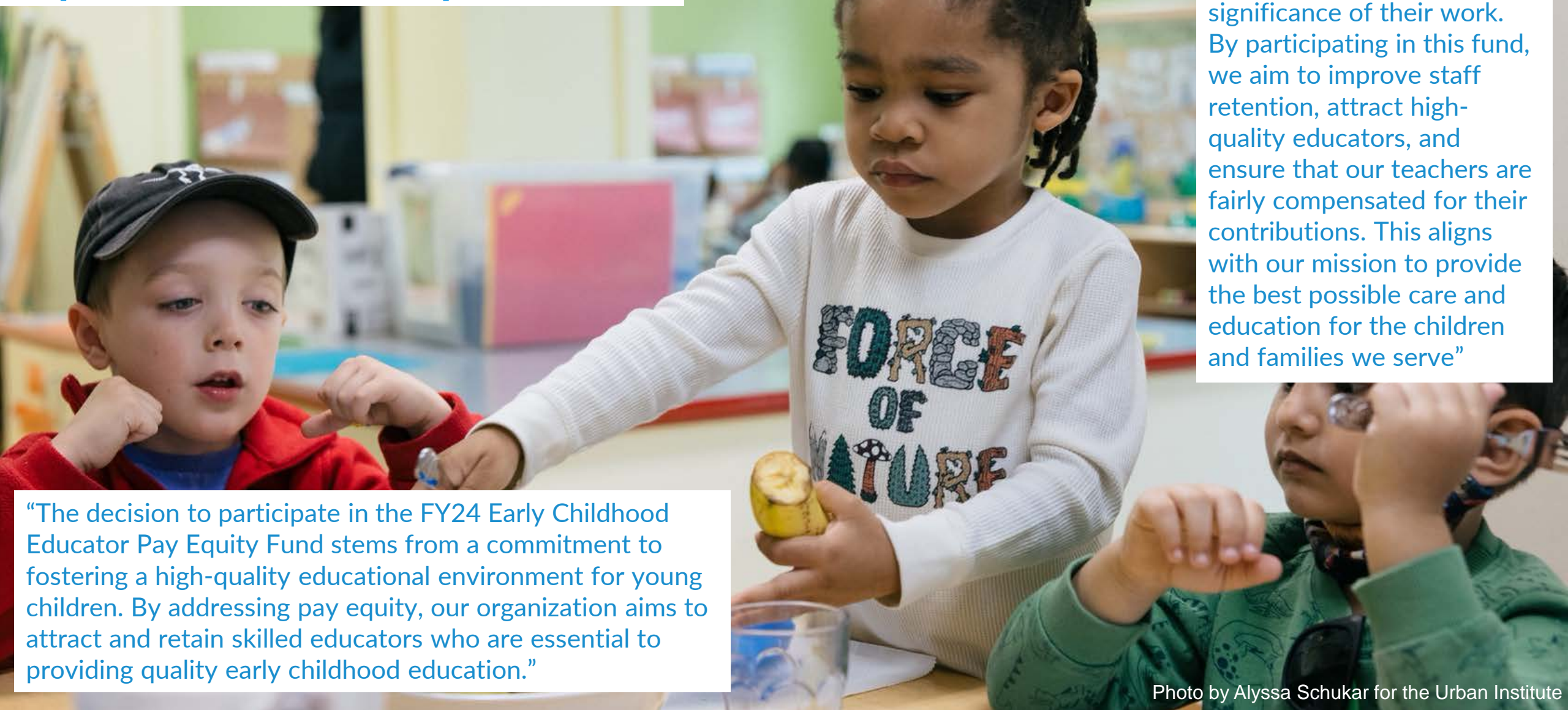
“The Early Childhood Educator Pay Equity Fund has created significant opportunities for our facility by allowing us to offer competitive salaries to our educators, which has improved staff retention and morale. It has also enhanced our ability to attract qualified, passionate teachers who are committed to providing high-quality care and education.”



Photo by Alyssa Schukar for the Urban Institute



# Directors also described the Pay Equity Fund as an opportunity to **improve children's experiences**



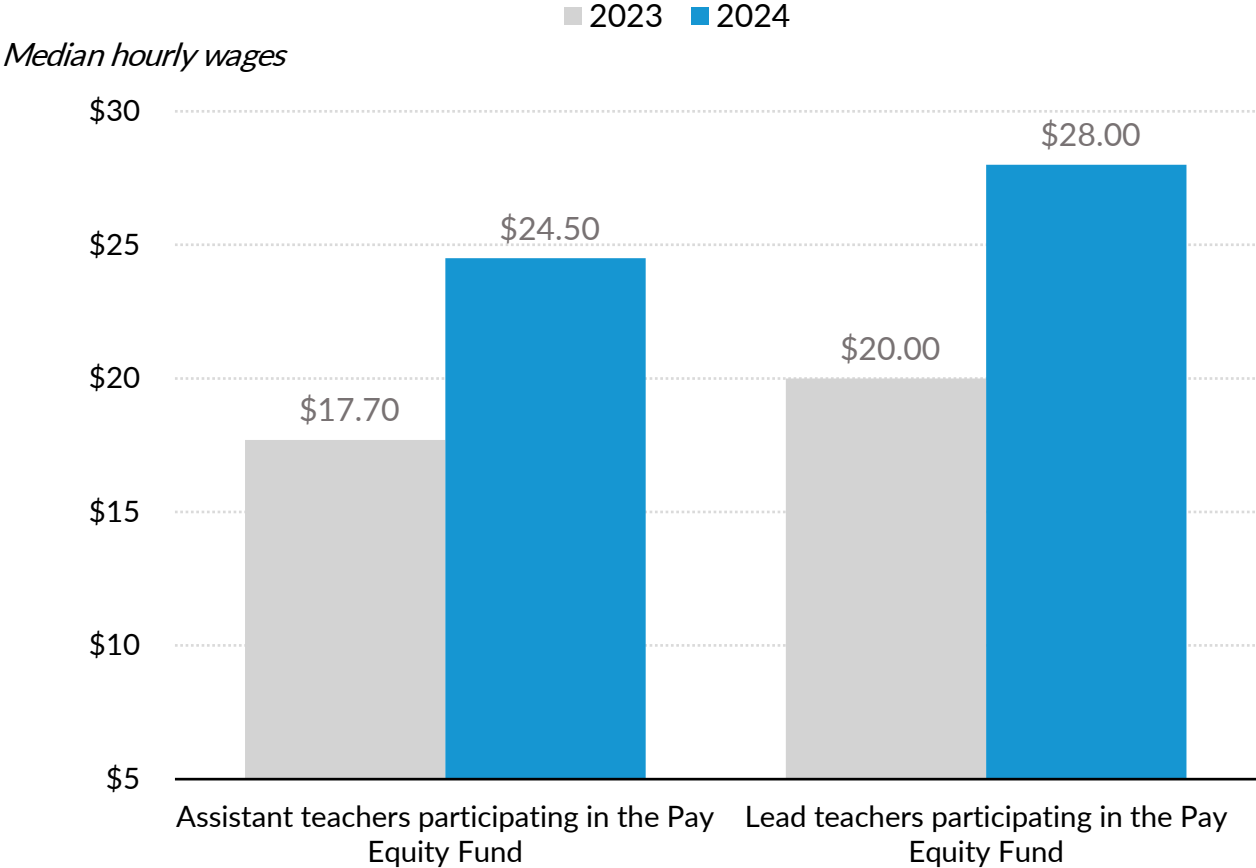
“Early childhood educators play a vital role in shaping young minds, and their pay should reflect the significance of their work. By participating in this fund, we aim to improve staff retention, attract high-quality educators, and ensure that our teachers are fairly compensated for their contributions. This aligns with our mission to provide the best possible care and education for the children and families we serve”

“The decision to participate in the FY24 Early Childhood Educator Pay Equity Fund stems from a commitment to fostering a high-quality educational environment for young children. By addressing pay equity, our organization aims to attract and retain skilled educators who are essential to providing quality early childhood education.”

Photo by Alyssa Schukar for the Urban Institute

# Early Educator Compensation

# Median wages offered to early educators, Fall 2023 to Fall 2024



**Note:** FY23 quarterly payments effectively increased hourly wages by as much as \$4.81 (for full-time assistant teachers) and as much as \$6.73 (for full-time lead teachers), above and beyond hourly wage rates offered by facilities.

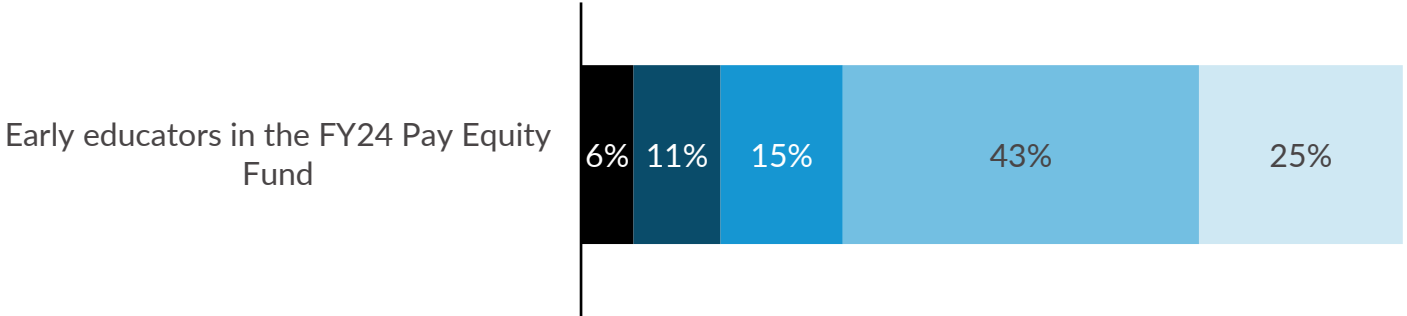
That said, the increases shown in this graph are larger than both these amounts.

Source: Urban Institute analysis of workforce survey data.

Notes: Based on responses from 1901 educators in 2023 and 1115 educators in 2023. Analysis weights applied to account for survey non-response.

# Early educators participating in the Pay Equity Fund were more satisfied with their pay

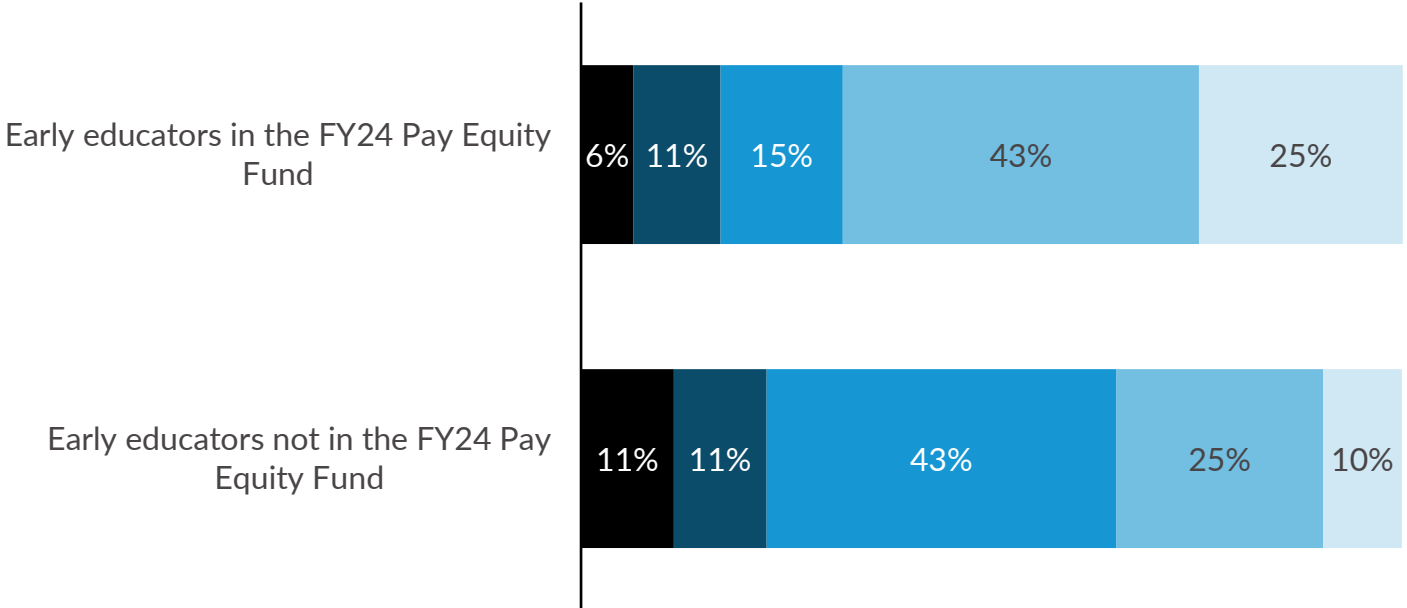
■ Very dissatisfied ■ Dissatisfied ■ Neither satisfied nor dissatisfied ■ Satisfied ■ Very satisfied



**Note:** In fall 2023, only 39% of educators were satisfied or very satisfied with their pay.

# Early educators participating in the Pay Equity Fund were more satisfied with their pay

■ Very dissatisfied ■ Dissatisfied ■ Neither satisfied nor dissatisfied ■ Satisfied ■ Very satisfied



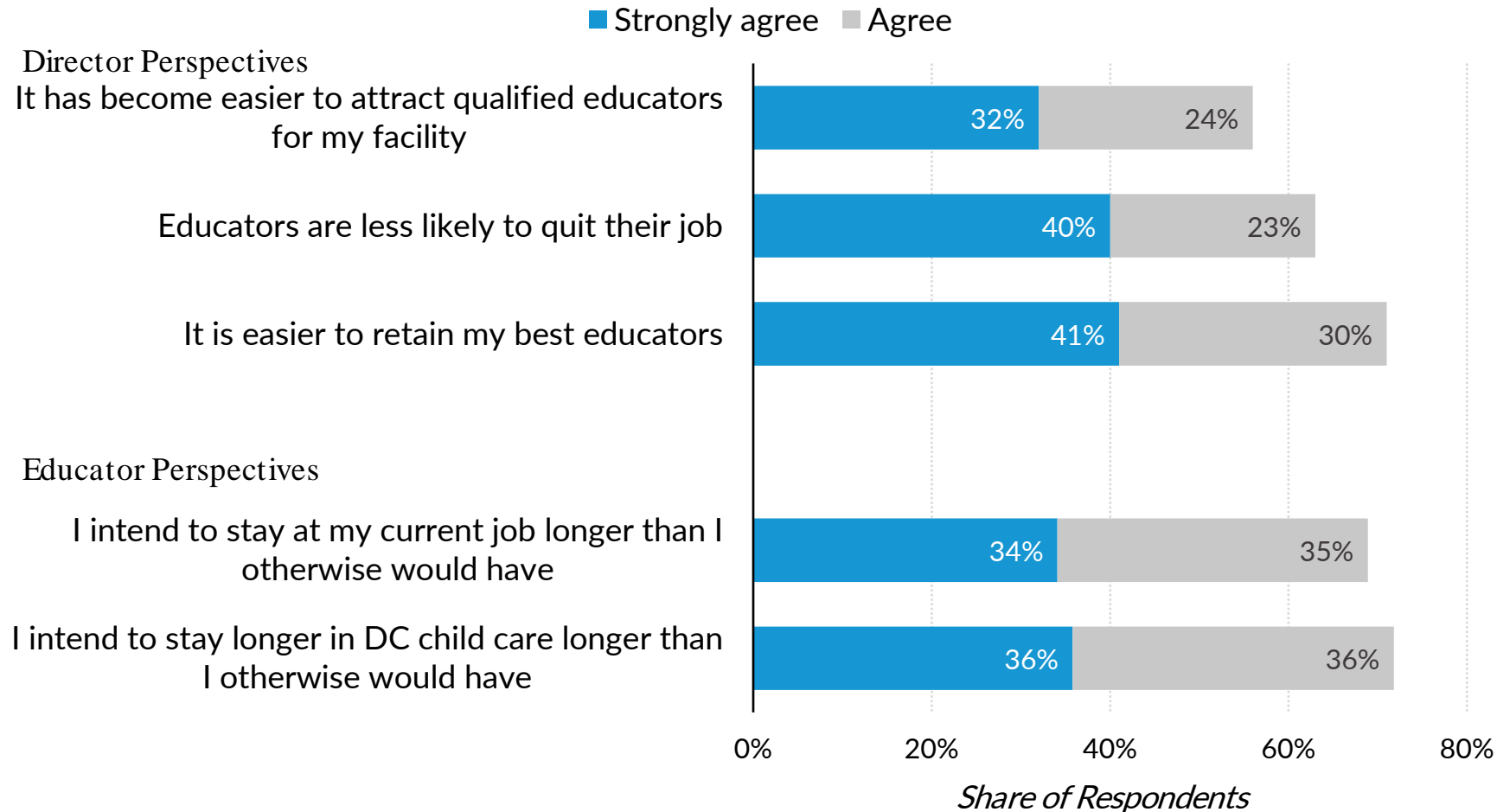
*“They offer opportunities for professional growth and a competitive salary. This seems to me personally to be what motivates us the most and it is a very satisfying profession in every sense.”*

*“I didn't know they were giving this help, but I'm thankful, it helps me a lot.”*

# Hiring and Retention



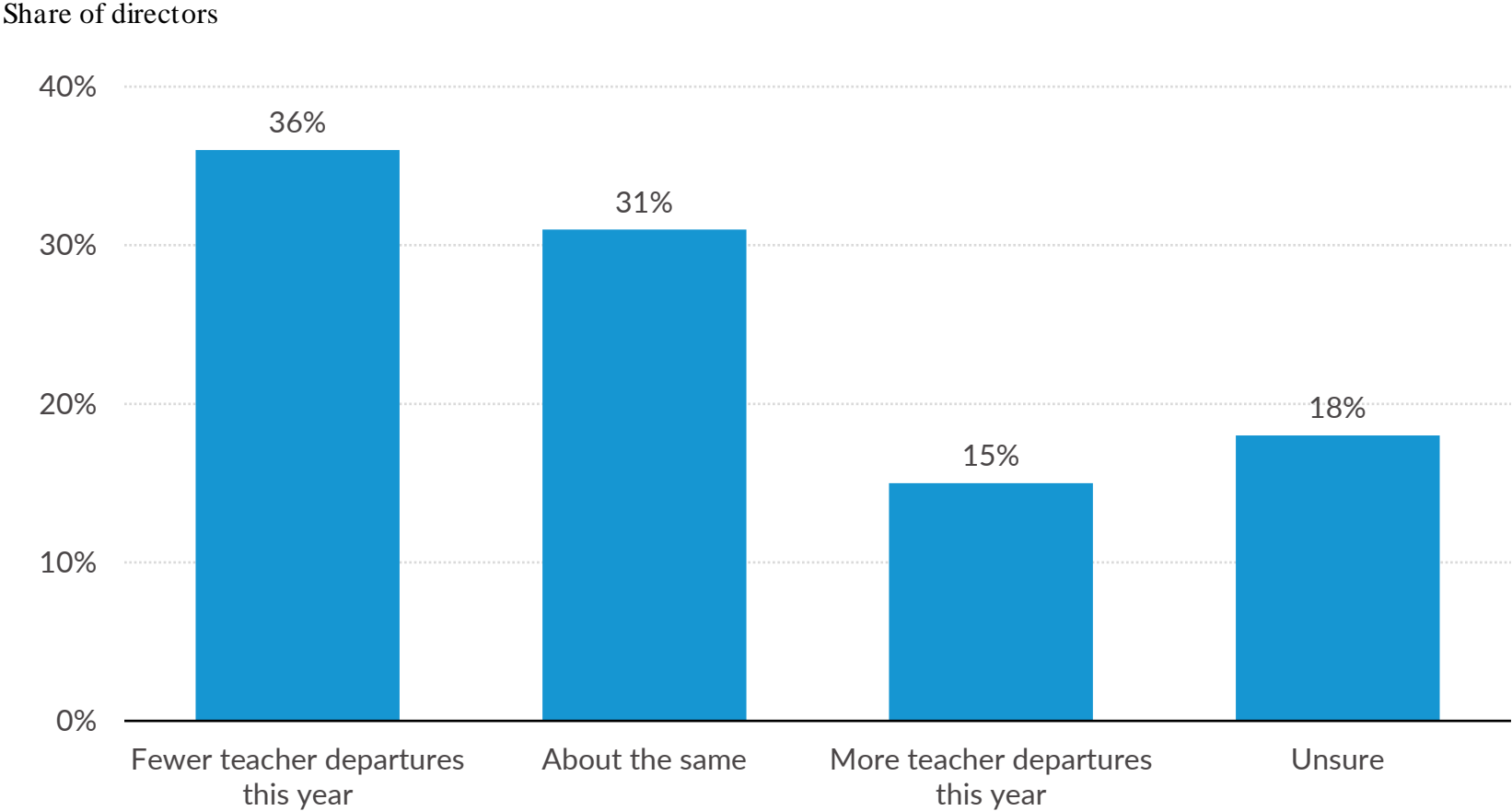
# The Pay Equity Fund continues to support hiring and retention in FY24



Source: Urban Institute analysis of workforce survey data.

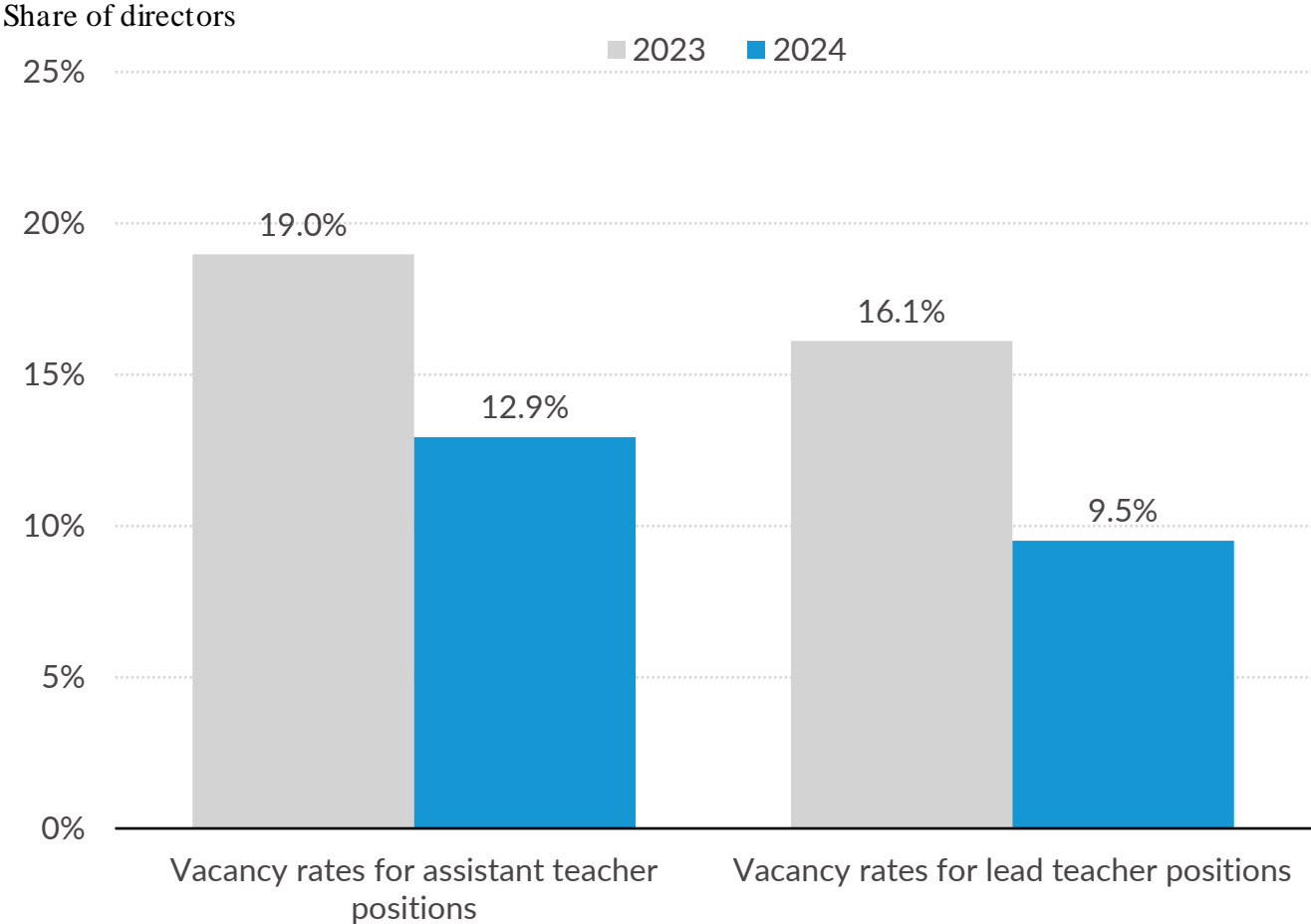
Notes: Based on responses from 88 directors and 930 educators. Analysis weights applied to account for survey non-response.

# Directors reported experiencing fewer teacher departures relative to the prior year



*“Benefits to this programs are endless, the retention I’ve kept went up to 98% in the past 6 months.”*

# Directors also reported lower vacancy rates relative to the prior year



**Note:** We defined vacancy rates as:

$$\frac{\# \text{ unfilled positions}}{\# \text{ currently filled positions} + \# \text{ unfilled positions}}$$

# The Pay Equity Fund continues to support educators' personal and professional wellbeing

Pay equity demonstrates financially that daycare staff are valued. It also, demonstrates a savings account, vacations, adequate down payment for a vehicle or a home is now in reach.

- Center director

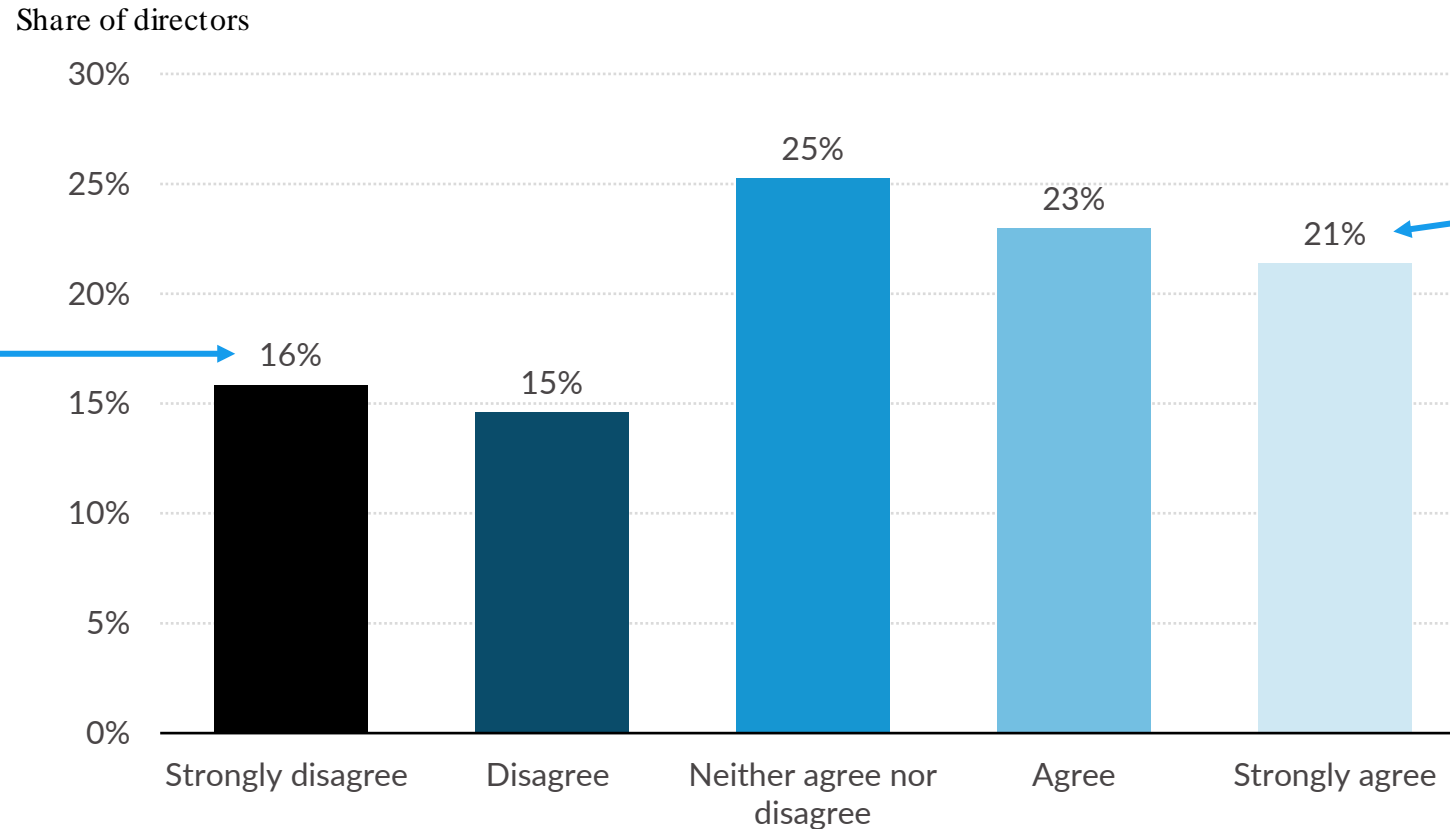
The Pay Equity Fund has greatly increased our ability to recruit and retain wonderful educators. They feel more valued and are better able to care for their families and perform their jobs effectively.

- Center director

it is more of providing what is best for the teachers to help them to become more effective and less stressed when working. They can provide for their families and not be worried about how to make ends meet.

- Center director

# Many directors link the FY24 Pay Equity Fund to fewer teacher absences



*“The challenges with staff absences has not changed, especially with the increased salaries.”*

*“We did initially experience more absences during the period in which pay equity payments were provided quarterly. The absences coincided with the payments. That’s improved markedly now that the funds are included in their hourly pay.”*

*Because of my center’s participation in the FY24 Pay Equity Fund, there have been fewer unexpected educator absences at my facility.*

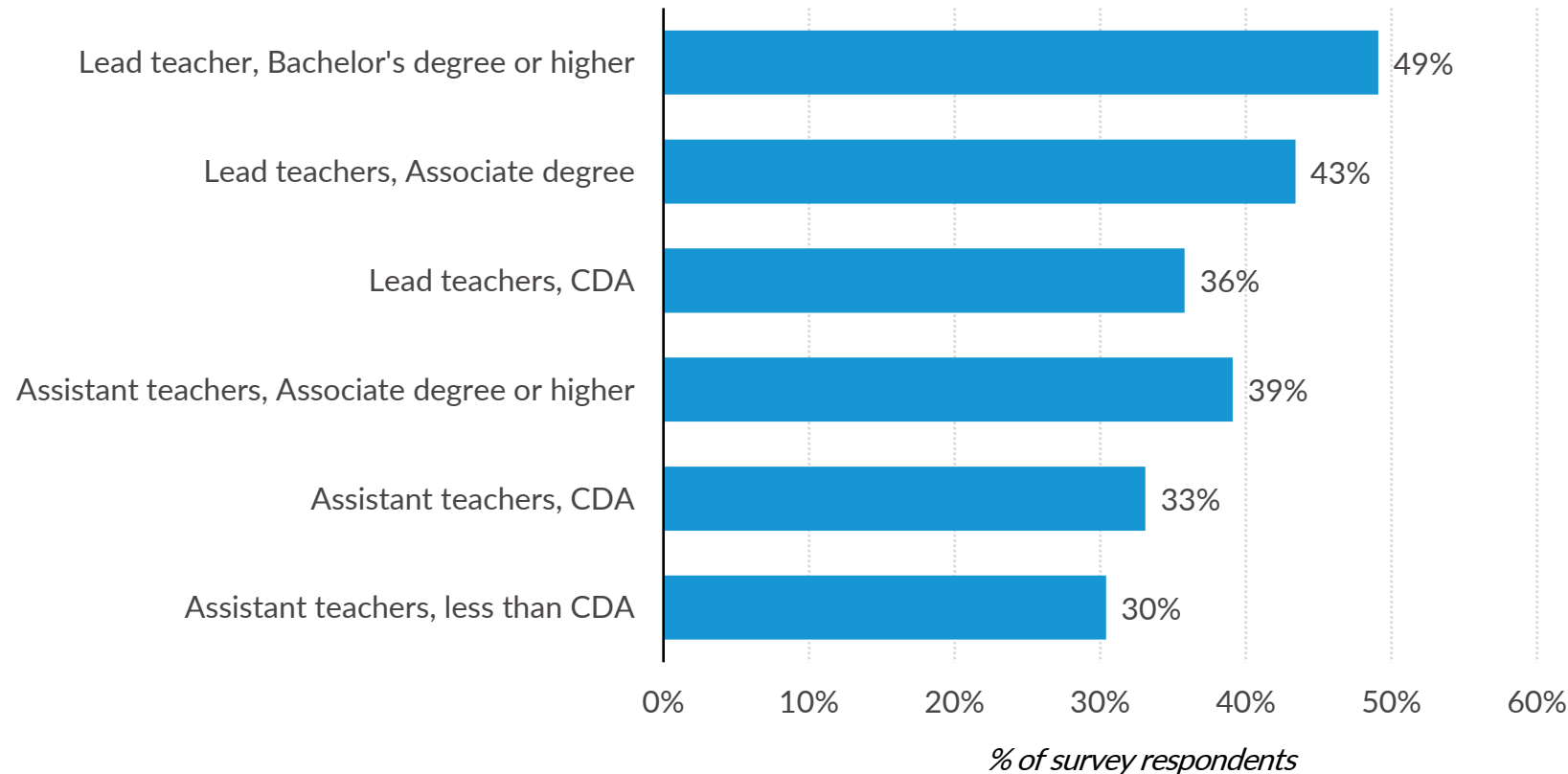


# Quality and Impacts on Children and Families



# The Pay Equity Fund supports educators pursuing professional development

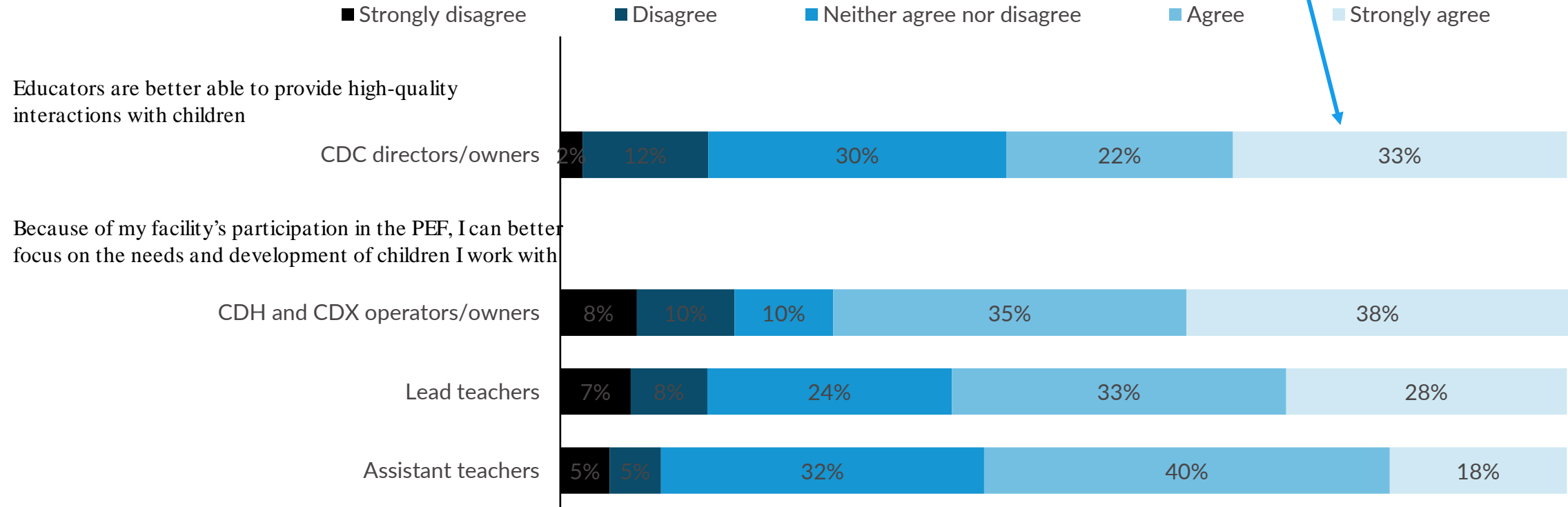
Educators' reports of using Pay Equity Fund payments to pay for training, education, or PD (% reporting "Yes")



*"I had always wanted to work with children, so I took the CDA, I fell in love with my job and now I have my Montessori certificate."*  
– Early educator

# The Pay Equity Fund supports program quality and educators' interactions with children

*"I think there has been an increase in quality of care, improved sense of confidence and validation of the teachers."*  
 – Center director



Source: Urban Institute analysis of workforce survey data.

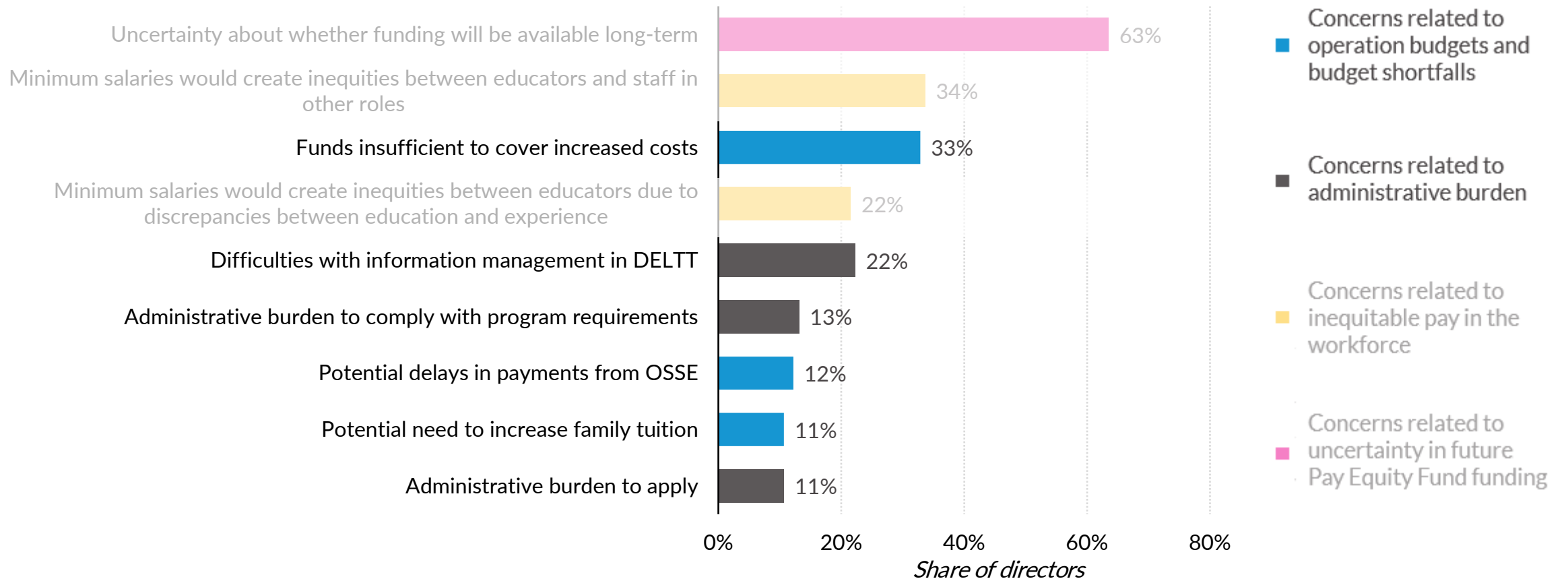
Notes: Based on responses from 87 directors, 31 home educators, and 854 educators. Analysis weights applied to account for survey non-response.

# FY24 Implementation Lessons

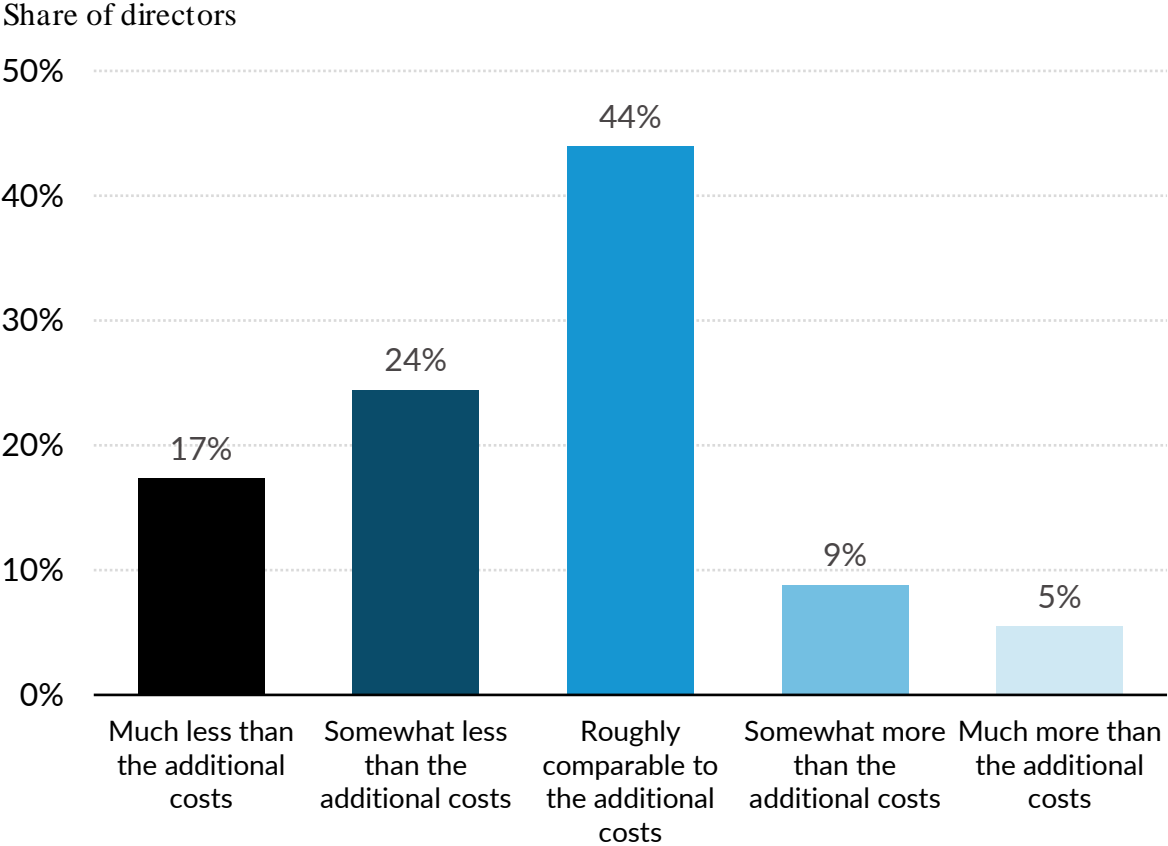
## *Challenges, Concerns, and Unintended Consequences*

# Concerns specific to FY24 implementation...

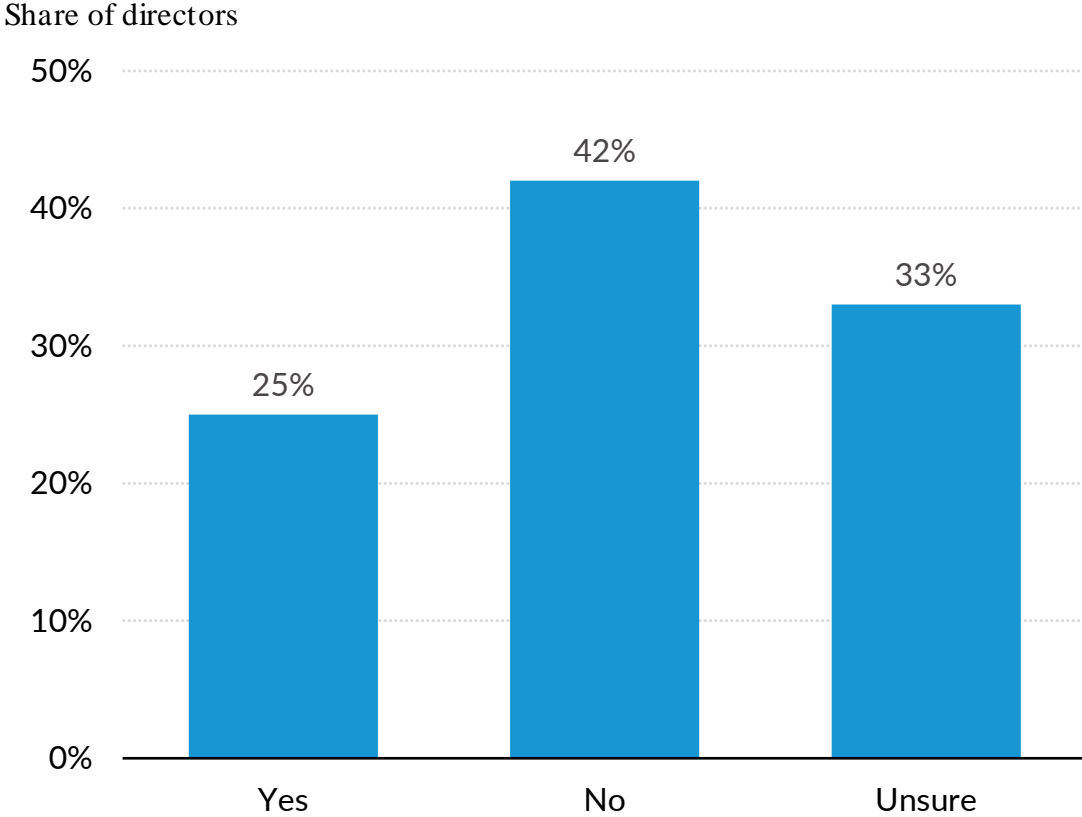
Now that your facility is receiving funds through FY24 Pay Equity Fund, what concerns if any do you now have?



# Some directors experienced budget shortfalls, with payments insufficient to meet increased operating costs



*How have the payments your center(s) received compared to additional costs required to implement minimum salaries?*



*Has participation in the FY24 Pay Equity Fund resulted in a budget shortfall or financial deficit, even after OSSE increased the funding formula?*

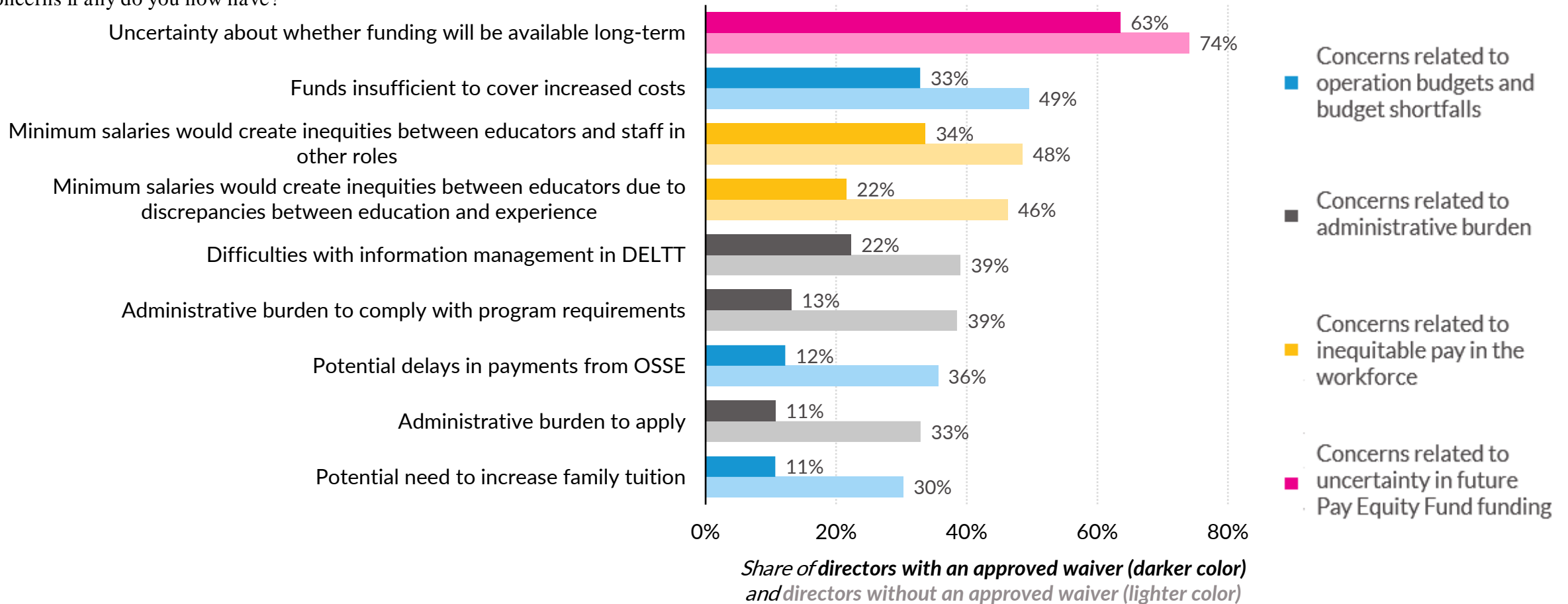
# Administrative burden, in their words...

- *[The administrative enhancement] barely covers the cost of the time it takes to make sure DELLT is right, plus payroll, plus the constant questions from teachers.*
- *The challenges have been meeting minimum salaries while we wait six months to have approval to pay the staff members. The fund did not retro pay for a staff member from their hire date. Meaning a business had to carry that burden.*
- *An unforeseen challenge has been the additional administrative workload required to manage and track the fund's implementation. Despite this, the overall impact has been highly beneficial to our center.*
- *There is a lot of admin work that has to be done. When the teachers received the money directly, they had very minimal to do and seemingly less challenges and hurdles. However, I know that incorporating the wage supplements into their payroll and having taxes deducted with each paycheck, rather than potentially owing taxes, is much better in the long run.*

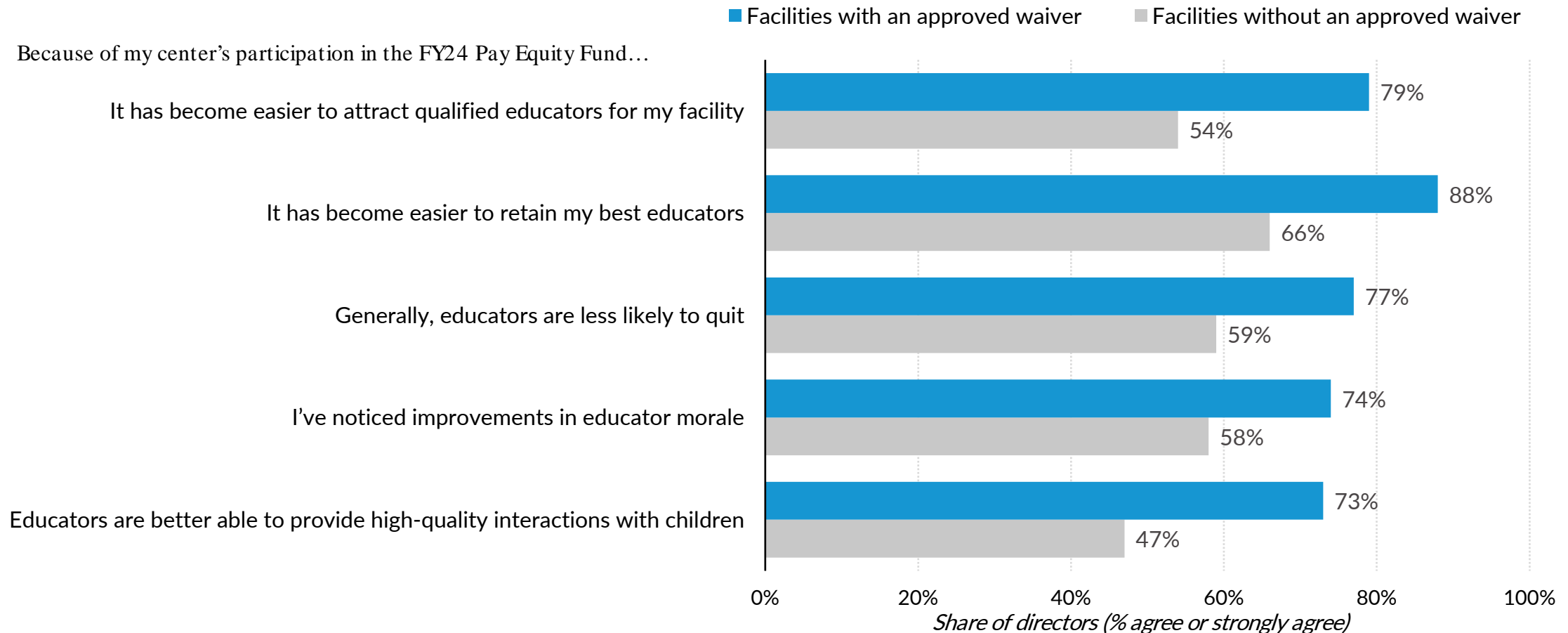


# Waivers may have helped assuage directors' concerns...

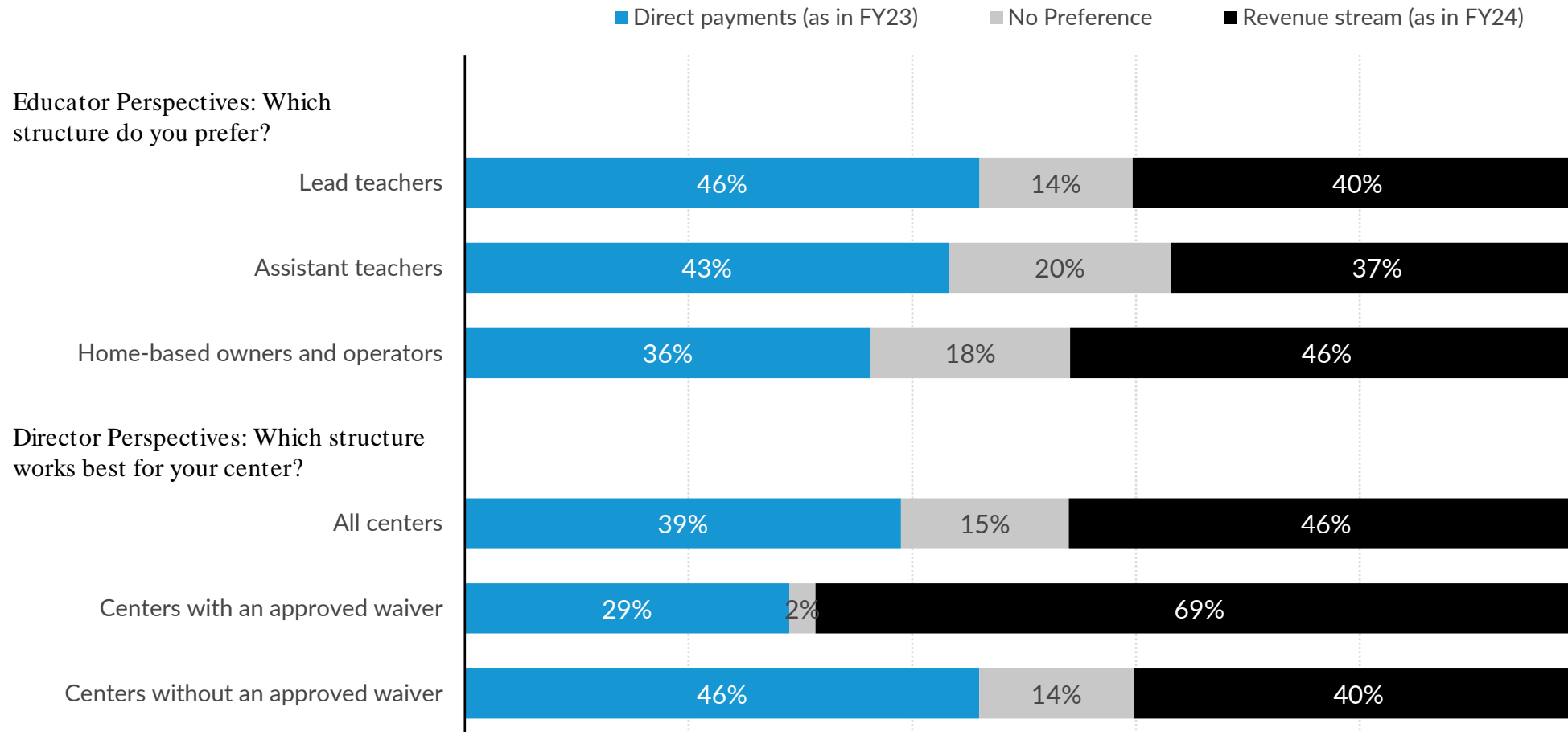
Now that your facility is receiving funds through FY24 Pay Equity Fund, what concerns if any do you now have?



# ...and directors whose facility had a waiver expressed greater benefits, as well



# Overall, directors and home providers favored FY24 implementation, while early educators favored FY22-23



51% of directors said the FY24 structure was **better for achieving pay equity**, compared to 38% who said FY23 was better.

Source: Urban Institute analysis of workforce survey data.

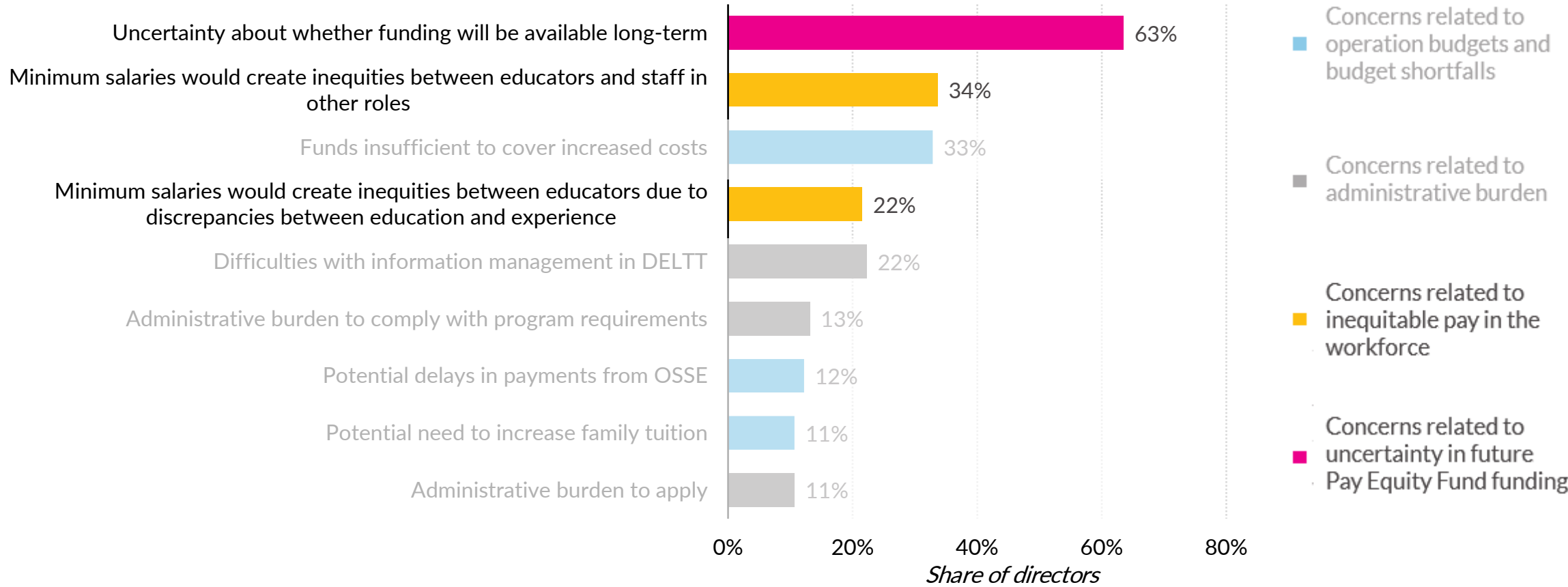
Notes: Based on responses from 87 directors and 1046 educators. Analysis weights applied to account for survey non-response.

# Perennial Implementation Lessons

*Challenges, Concerns, and Unintended Consequences*

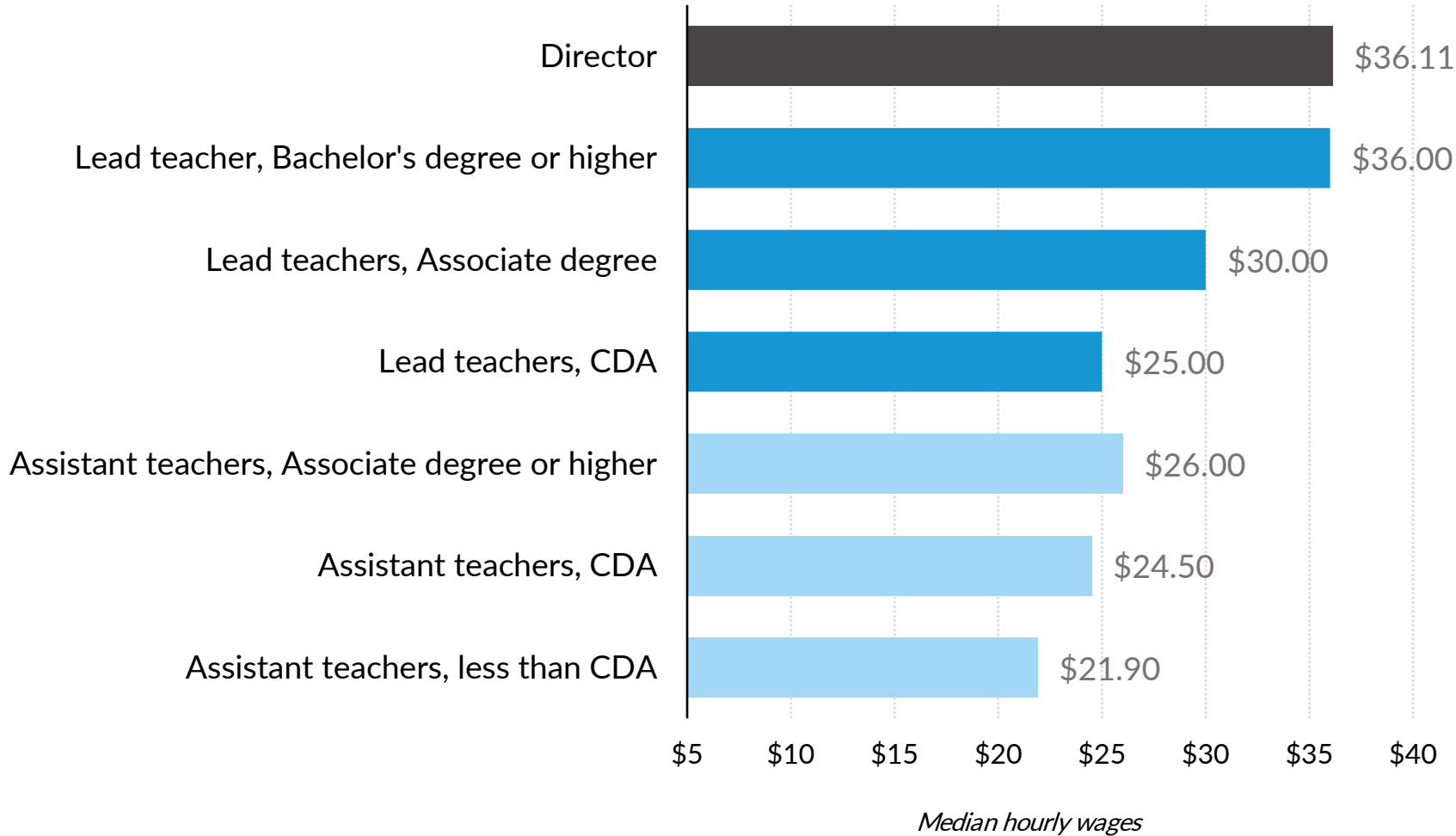
# Perennial implementation concerns persisted in FY24

Now that your facility is receiving funds through FY24 Pay Equity Fund, what concerns if any do you now have?



# Directors are facing compressed wages

Staff among CDCs participating in Pay Equity Fund



23% of directors report educators **now make about as much** as they do, and 24% say educators **now make more** than they do.

*“The Pay Equity Fund has greatly increased our ability to recruit and retain wonderful educators. They feel more valued and are better able to care for their families and perform their jobs effectively. However, it is also greatly compressed wages, and we have not been able to increase administrative wages to be on par with wages for our educators.”*  
 - Center Director

Source: Urban Institute analysis of workforce survey data.

Notes: Based on responses from 87 directors and 854 educators. Analysis weights applied to account for survey non-response.

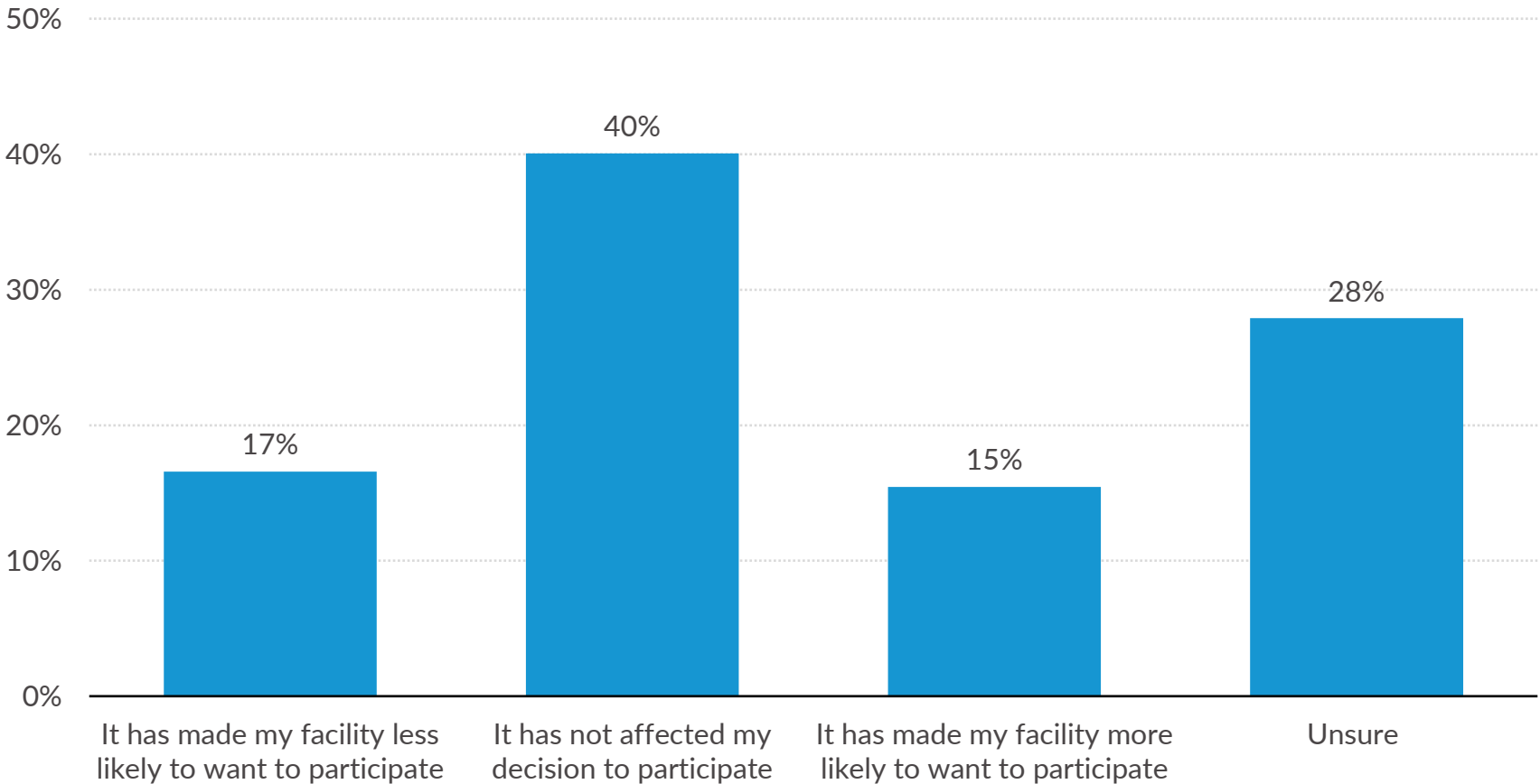


# Directors hold nuanced views on their own fair pay and job commitment

- 54% of directors said they were **satisfied with their pay**
- 73% say they would **still choose to be in the same role** if they could decide all over again
- But 45% of directors said they **do not agree at all that they are paid what they should for the credentials required for their job**

# How do providers view participation in the Pay Equity Fund in light of funding uncertainties?

Share of directors



*“We are deeply concerned about the future of the pay equity. If eliminated, it will have a detrimental effect on the teacher’s morale and our ability to recruit qualified teachers.”*

*“Center directors have faced significant challenges with the uncertainty surrounding the pay equity fund. I hope the funding continues and provides sufficient compensation for all early childhood educators.”*

# Where Do We Go from Here?

# Our Next Steps

- Additional analyses
  - Examining how survey findings on implementation and impact vary by Capital Quality designations
  - Administrative data analysis exploring links between Pay Equity Fund participation and Capital Quality designations
  - Analysis on workforce mobility and retention
- Fact sheets for March publication that cover:
  - Impacts of the Pay Equity Fund on staffing and retention
  - Impacts of the Pay Equity Fund on perceived child care quality and Capital Quality designations
  - Wellbeing and professionalism of the early education workforce
- Policy brief documenting learnings from FY24 implementation

# Discussion and Request for Input

- How do these findings resonate with you?
  - Do they confirm or go against prior observations?
  - What seems especially helpful in looking ahead?
- What findings do you recommend we prioritize in publishing?
  - What would be useful to have in hand ahead or by the time of budget conversations?
  - More broadly, what do you see as evidence needs, and what role can our study play in meeting these needs?

# Thank you!

For questions or follow-ups, please contact us:

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Erica Greenberg ([Egreenberg@urban.org](mailto:Egreenberg@urban.org))

Heather Sandstrom ([Hsandstrom@urban.org](mailto:Hsandstrom@urban.org))





Fiscal Year 2025 (FY25) Q1 Award Payments



# OSSE Distributed FY25 Q1 Early Childhood Educator Pay Equity Fund Payments in December 2024

FY22	FY23	FY24	FY25 (Quarter 1)
3,217 early childhood educators received a supplemental payment	4,085 early childhood educators received a supplemental payment	365 child development facilities participated (295 CDCs, 39 CDXs, 31 CDHs)	333 child development facilities participated (273 CDCs, 36 CDXs, 24 CDHs)
<b>\$38,372,000</b> distributed to early childhood educators	<b>\$41,908,750</b> distributed to early childhood educators	<b>\$67,316,137</b> distributed to facilities	<b>\$14,674,276</b> distributed to facilities

OSSE has distributed over **\$162 million** to boost early educator pay

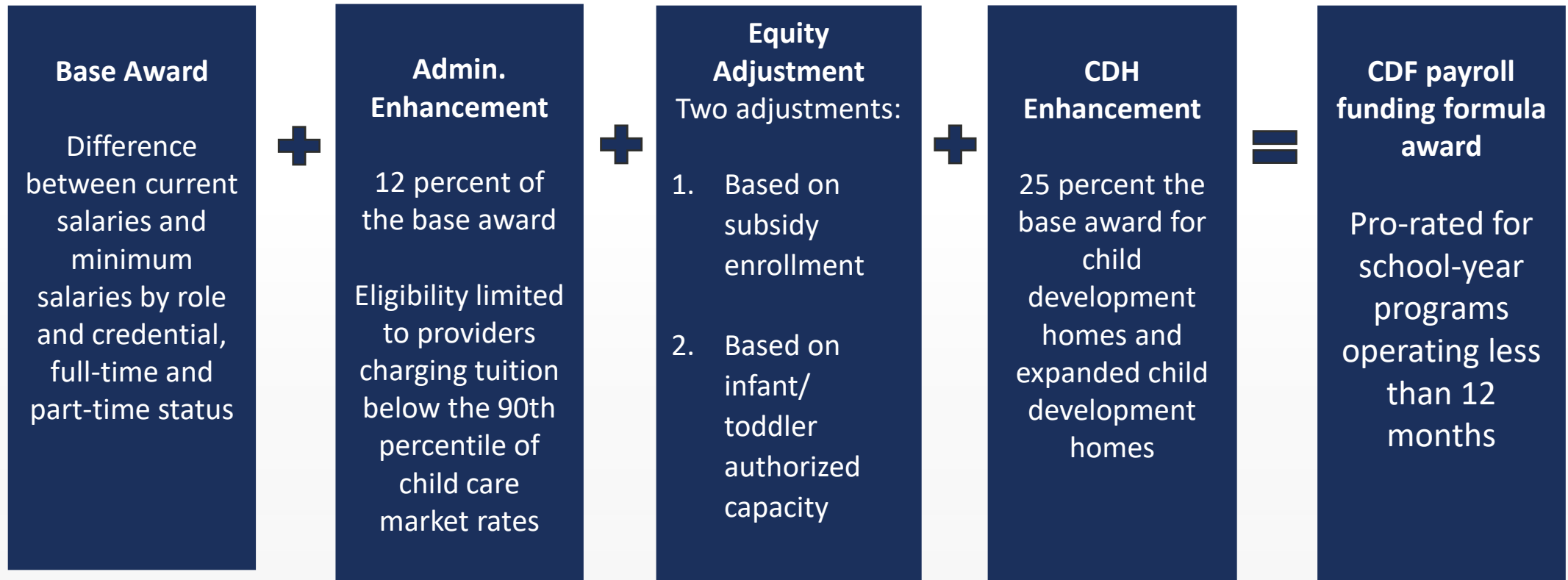


# Payments reflect FY25 minimum salaries updated in accordance with Task Force recommendations

Staff Type	Credential	Minimum Salaries for FY25 (annual salary)	Minimum Salaries for FY25 (hourly wage)
<ul style="list-style-type: none"> <li>Assistant Teacher</li> <li>Associate Home Caregiver</li> </ul>	Child Development Associate (CDA) or equivalent	\$51,006	\$24.52/hour
	Associate degree (or higher) or 60 hours of college-level coursework in any field	\$54,262	\$26.09/hour
<ul style="list-style-type: none"> <li>Teacher</li> <li>Expanded Home Caregiver</li> </ul>	CDA or equivalent	\$51,006	\$24.52/hour
<ul style="list-style-type: none"> <li>Home Caregiver</li> </ul>	CDA or equivalent	\$54,262	\$26.09/hour
<ul style="list-style-type: none"> <li>Teacher</li> <li>Home Caregiver</li> <li>Expanded Home Caregiver</li> </ul>	Associate degree in Early Childhood Education (ECE); associate degree with greater than or equal to 12 credit hours in ECE; or 60 hours of college-level coursework with greater than or equal to 12 credit hours in ECE	\$63,838	\$30.69/hour
	Bachelor's degree in ECE or bachelor's degree (or higher) with greater than or equal to 12 credit hours in ECE	\$75,103	\$36.11/hour

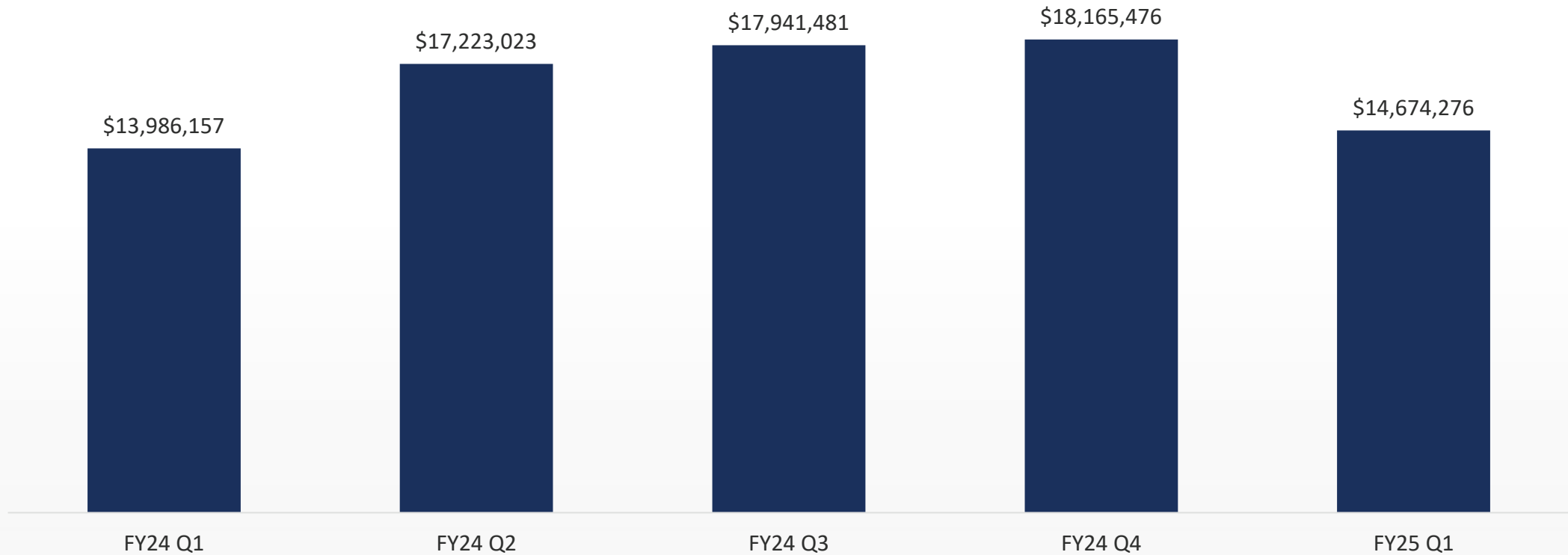
# Q1 payments also reflect updated FY25 CDF Payroll Funding Formula reflecting Task Force recommendations

- OSSE implemented the revised formula for payments that were distributed in December.
- Base award adjustments for part-time employees have not been implemented yet due to systems limitations.
- For FY25 only, providers participating in the DC Child Care Subsidy program are not excluded from receiving the administrative enhancement or infant/toddler equity adjustment due to data limitations.



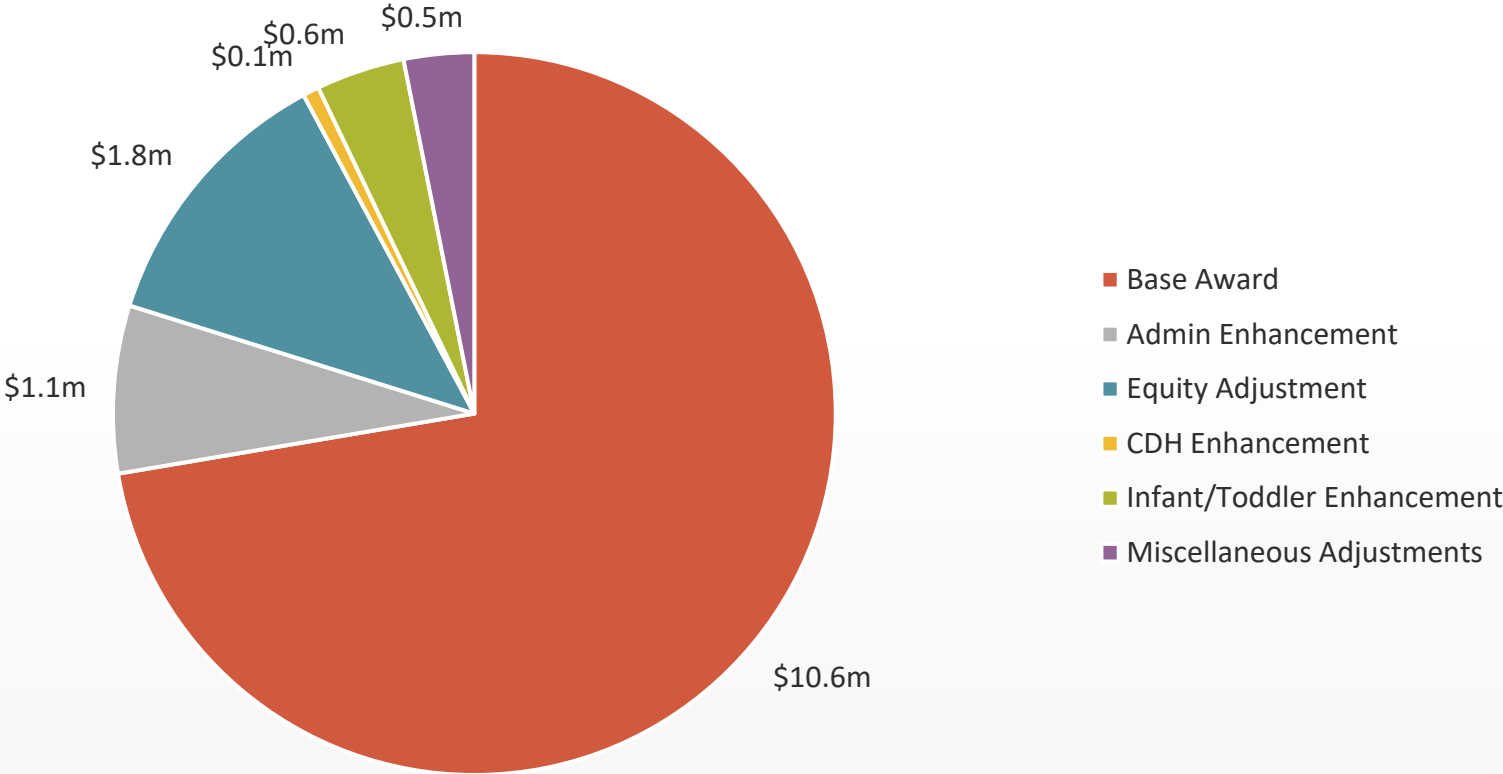
# FY25 Q1 awards were approximately \$3.5 million less than FY24 Q4 awards

Pay Equity Fund Quarterly Payments (FY24 Q1 – FY25 Q1)



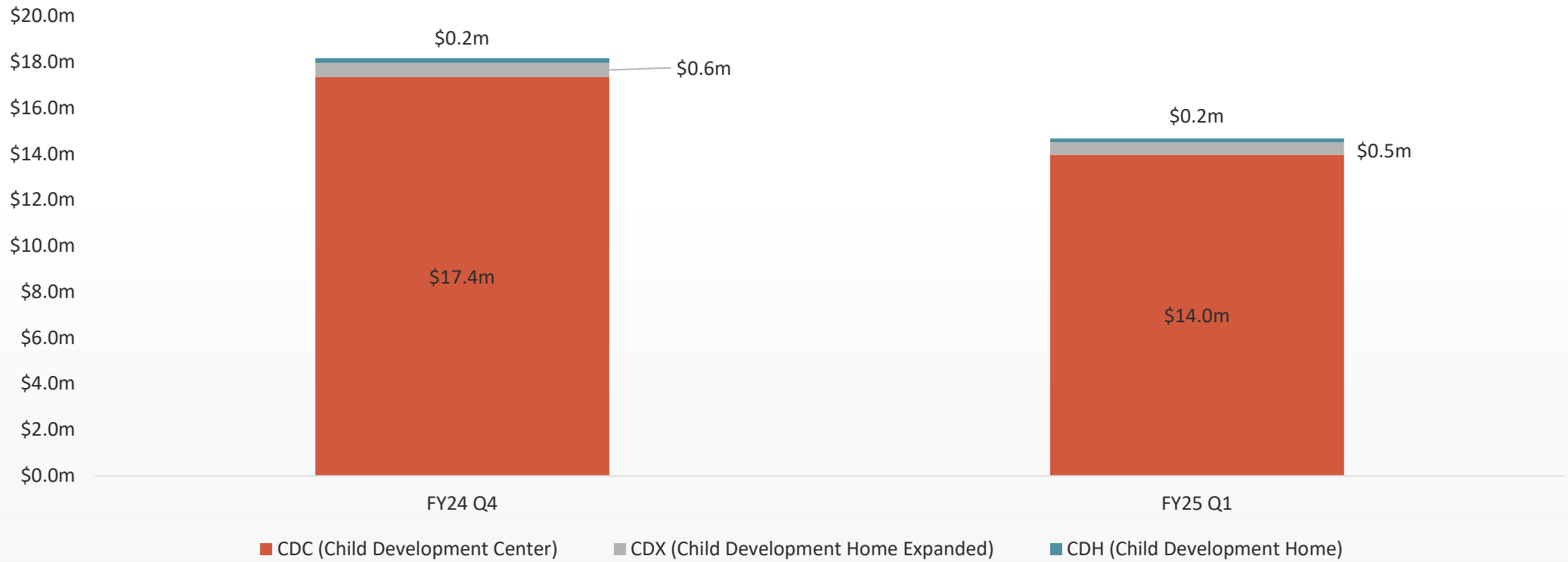
# Distribution of FY25 Q1 award formula components following updated formula

FY25 Q1 Award – Separated into Formula Components



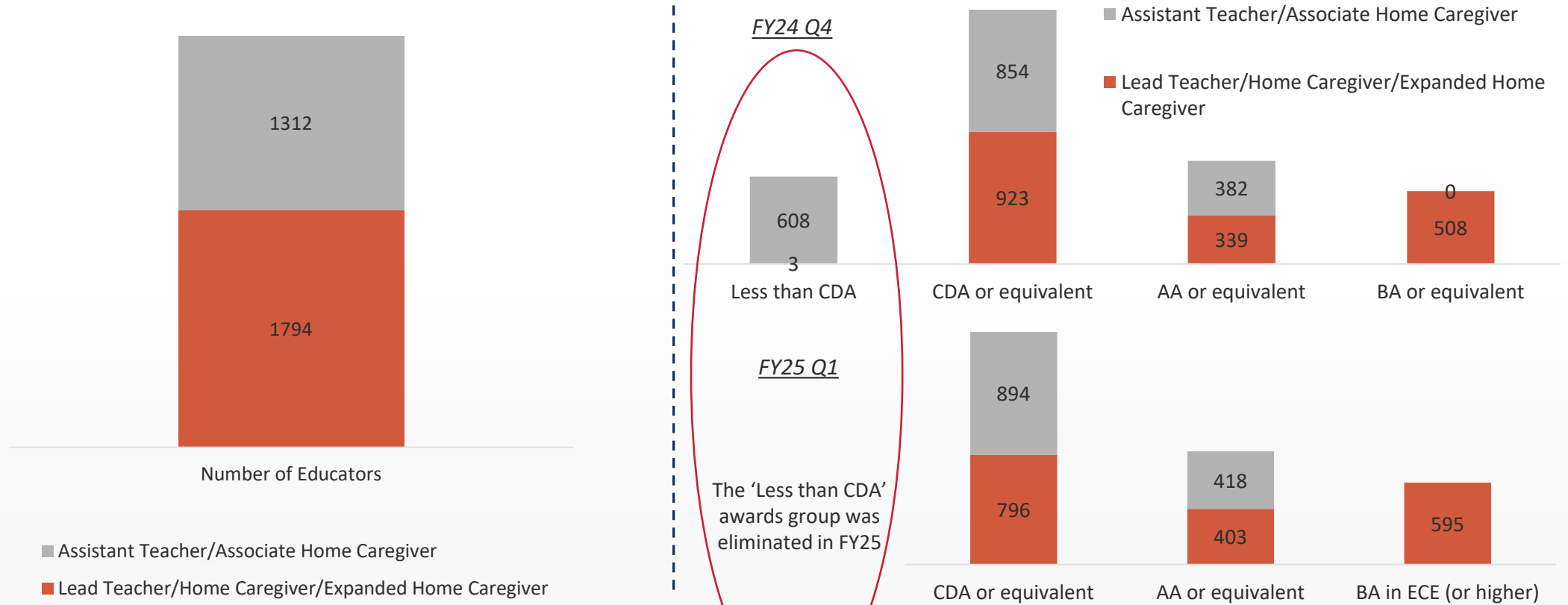
# Most of the reduction from FY24 Q4 to FY25 Q1 came in payments to centers; total distributed to homes/expanded homes remained similar

Quarterly award payments by facility type  
2025 Q1 v. 2024 Q4



# 3,106 early educators were included in facility awards in FY25 Q1

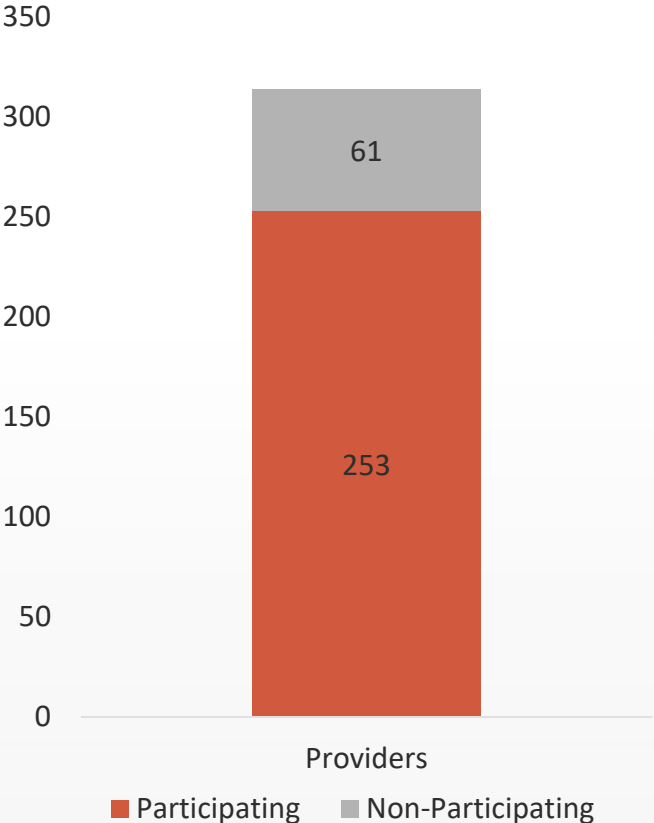
- 511 fewer educators were included in facility awards, compared to FY24 Q4.
- The number of educators who qualified for the “AA” wage supplement increased by 14 percent and the “BA” wage supplement by 17 percent. The number of educators who qualified for the “CDA” wage supplement decreased by 5 percent.



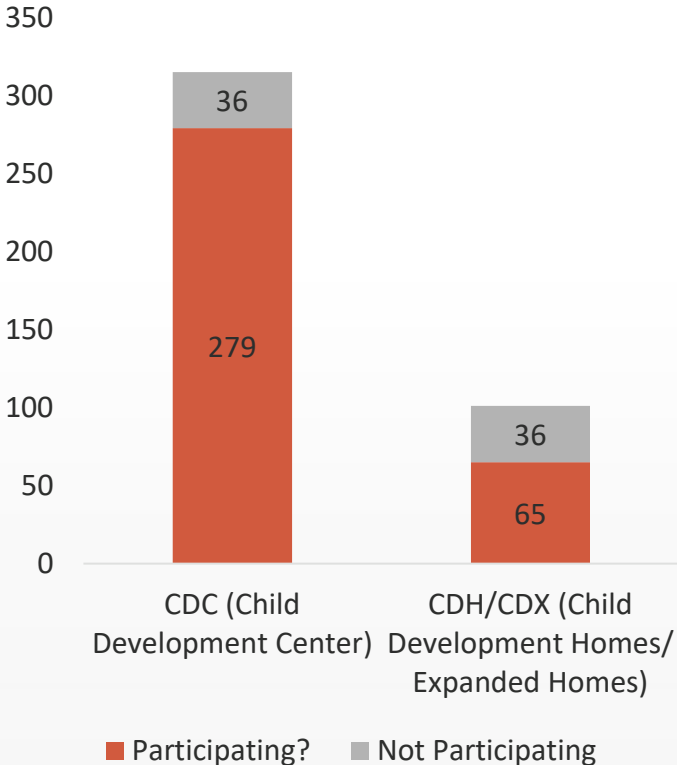


# 253 child care providers are currently participating in the Early Childhood Educator Pay Equity Fund

Number of participating vs. non-participating eligible providers in the Pay Equity Fund  
as of Dec. 31, 2024



Number of participating vs. non-participating eligible facilities in the Pay Equity Fund by facility type  
as of Dec. 31, 2024

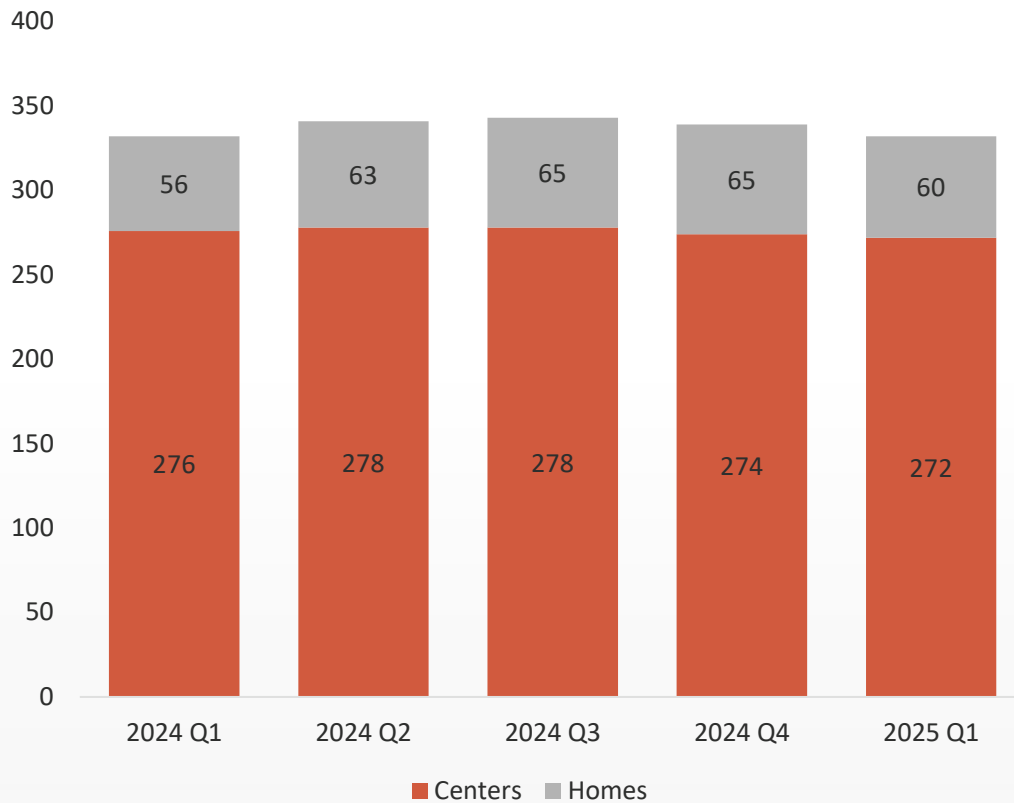


Number of participating vs. non-participating eligible providers in the Pay Equity Fund by subsidy status  
as of Dec. 31, 2024

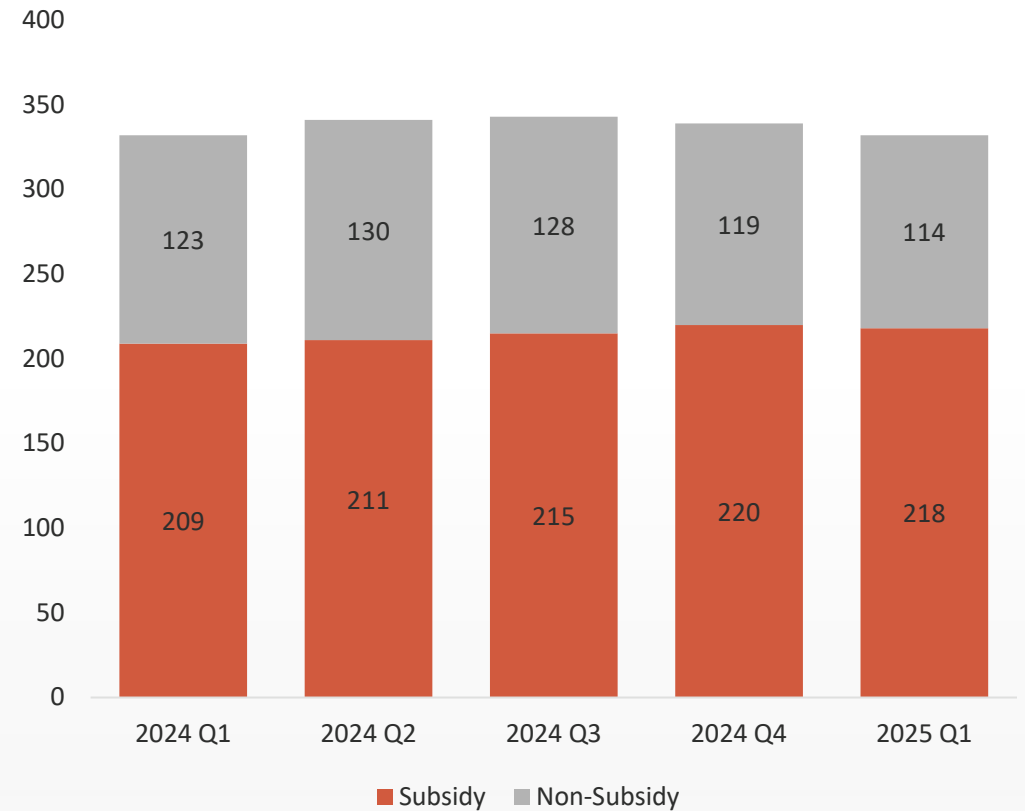


# Quarterly changes in participation have been small, largely due to facility closures

Participating facilities by facility type

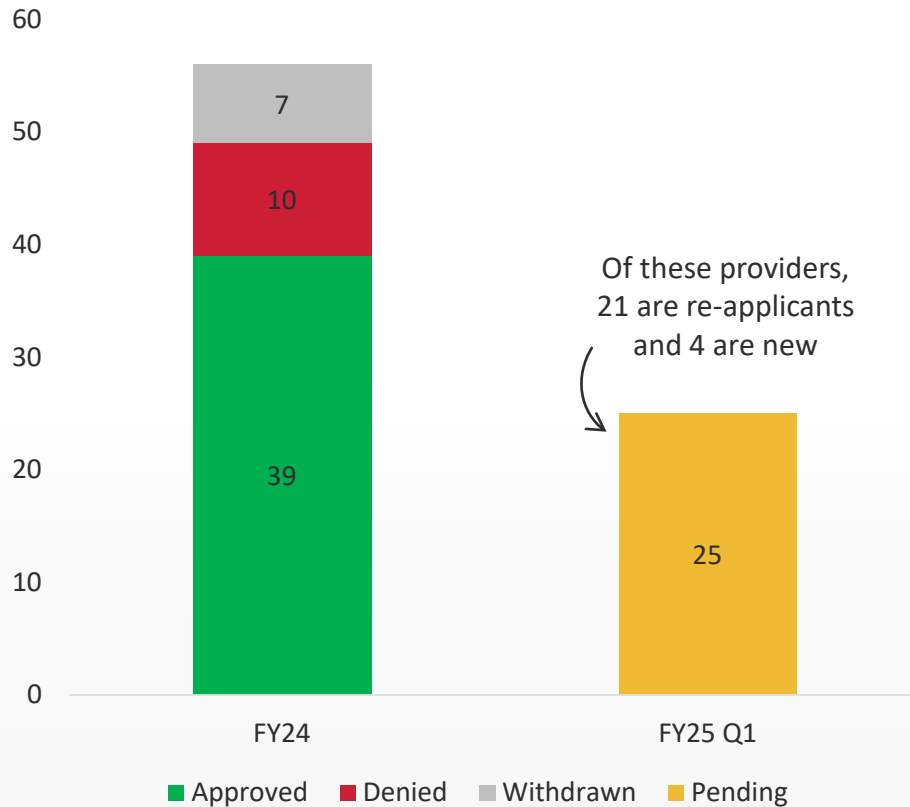


Participating facilities by subsidy status



# OSSE received 25 waiver applications for FY25 Q1

Waiver requests and decisions in FY24 and FY25 Q1



- OSSE made changes to the [waiver criteria](#) for FY25 that narrow eligibility for providers.
- Providers will be notified about waiver decisions by Jan. 31, 2025.
- Providers with FY24 waivers who applied for a FY25 waiver have had their FY24 waiver extended through March 31, 2025.
- Providers without FY24 waivers, who participated in FY24 of the Early Childhood Educator Pay Equity Fund and applied for a waiver for FY25, must meet the minimum salary requirements for FY25 until notification of an approved waiver.