



State Early Childhood Development Coordinating Council (SECDCC)

Aug. 21, 2024

Agenda

- Welcome and Introductions
- Early Childhood Educator Pay Equitable Compensation Task Force Update
- Modeling the Cost of Care, 2024
- The Urban Institute Research Partners
- Announcement and Public Comments
- Wrap Up



Welcome and Introductions



Early Childhood Educator Equitable Compensation Task Force

Task Force Core Charge

At the request of the DC Council, the Office of the State Superintendent of Education (OSSE) has reconvened the task force to help inform future implementation of the Early Childhood Educator Pay Equity Fund. To that end, the **Task Force will:**

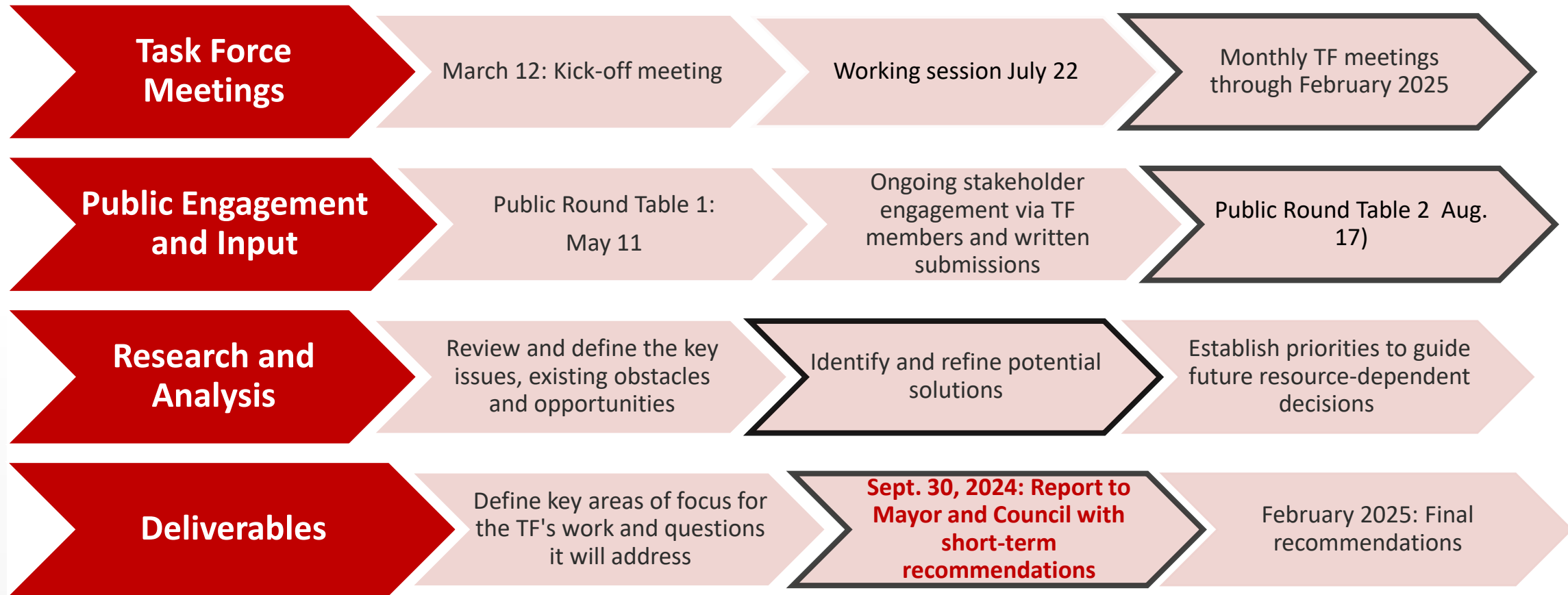
- Reflect on implementation to date, **lessons** learned, and **opportunities for refinement or improvement** in the program's design.
- Consider questions related to the **long-term sustainability** of the Early Childhood Educator Pay Equity Fund – both for DC Government and for participating child care providers – for fiscal year 2026 (FY26) and beyond.
- Develop **recommendations** for addressing the **key identified areas for improvement**, along with the **financial sustainability** challenges.
- **Prioritize** our recommendations to guide future implementers.

Update on FY25 Budget and implications for Task Force

The DC Council approved a budget that **funds the Pay Equity Fund at \$70 million** annually over the four-year budget plan, **including \$12 million** annually to the Health Benefits Exchange to support **HealthCare4ChildCare (HC4CC)**.

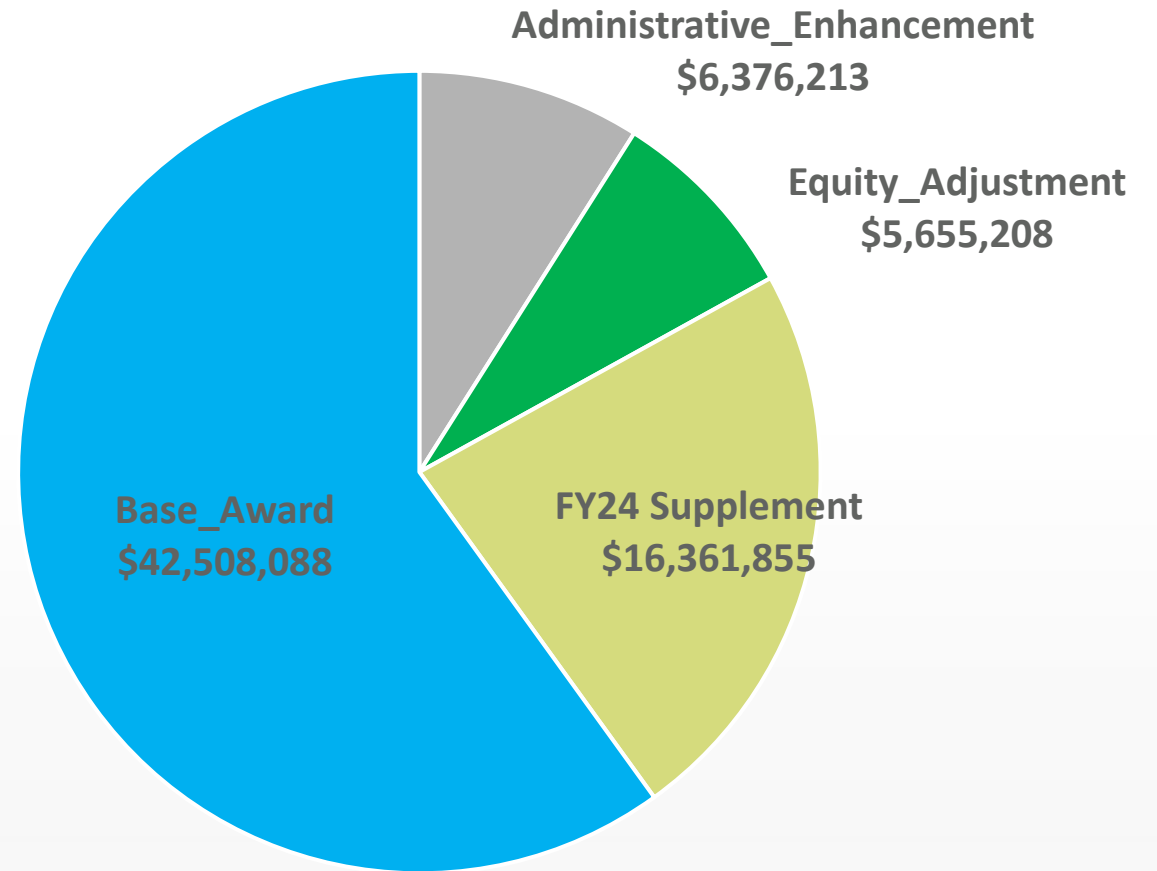
- The BSA directs the task force to submit a report to the Mayor and the DC Council by **Sept. 30, 2024** that recommends changes to the Pay Equity Fund, including recommendations **for limiting fiscal pressures** through FY28; proposes a **new compensation scale** that takes into account the compensation and benefits of individuals employed by the District of Columbia Public Schools (DCPS) and District public charter schools who teach pre-K and kindergarten; and provides recommendations for the allocation of monies available in the Pay Equity Fund.
- The BSA also includes a **placeholder table of minimum salaries** for the period from Oct. 1, 2024 through Dec. 1, 2024 that 1) eliminates the current minimum salary for educators with less than a Child Development Associate (CDA) and 2) reduces the minimum salary for bachelor's degree (BA) teachers to the same level as associate degree (AA) teachers. **The task force may make alternative recommendations for achieving the necessary savings.**

Timeline for the Task Force's Work



Task Force recommendations must close a projected \$16.5 million annual gap between costs at current assumptions and FY25 fund levels

Cost Driver	Cost
HC FCC allocation	\$12 million
OSSE administrative cost	\$3.5 million
Cost of current CDF payment formula	\$71 million
Total Projected Cost	\$86.5 million
Annual funding	\$70.0 million
GAP	\$16.5 million



Task Force Progress To Date

- Reviewed programmatic and fiscal data on FY24 Early Childhood Educator Pay Equity Fund.
- Exploring possible mechanisms to lower overall program costs.
- Identifying opportunities for more equitable allocation of Early Childhood Educator Pay Equity Fund dollars.
- Hosted two public roundtables to collect feedback from early childhood educators, child care providers and early learning advocates to inform the implementation of the Early Childhood Educator Pay Equity Fund.
- Continue to meet and receive input from stakeholders.
 - Public comments welcome at ececompensation@gmail.com
 - [Meeting materials](https://osse.dc.gov/page/early-childhood-educator-equitable-compensation-task-force) are posted on OSSE's website: osse.dc.gov/page/early-childhood-educator-equitable-compensation-task-force



Modeling the Cost of Care, 2024

What is cost modeling?

- Cost modeling estimates the **cost** for child care providers to deliver child care services, as opposed to a market rate survey that measures the **price** paid by families.
- The District's cost modeling tool is a set of flexible financial models that project the costs to operate a child development facility while meeting:
 - District child care licensing regulations.
 - Health, safety and quality requirements.
 - Compliance with employment laws.
- The tool can estimate costs based on various scenarios (program size, ages of children served) and can also estimate revenue (private tuition and subsidy payments).
- Cost modeling can inform:
 - District policy and budgeting.
 - Provider business decisions.

Cost Modeling in the District of Columbia

- The federal Child Care and Development Fund (CCDF) allows lead agencies to set child care subsidy payment rates based on a market rate survey or an alternative methodology, such as cost modeling.
- OSSE believes cost modeling is the most accurate way to assess the true cost of child care because it is based on an analysis of the resources a facility needs to provide care, not the price of care in the market or the amount parents can afford to pay.
- The District has used cost modeling to set child care provider subsidy payment rates since 2015.
- The Birth to Three Act requires OSSE to complete a cost estimation model on a triennial basis.

Understand the actual cost of providing care

Set rates for subsidy

Comply with the Birth to Three Act

2024 Cost Modeling Approach

- In 2024, the District's overall cost modeling methodology and approach were unchanged from the most recent [2023 cost modeling](#).
- OSSE updated the following data and inputs used in the District's cost estimation model:
 - Staff wages, non-personnel costs and private tuition rates were increased in line with inflation rates captured in the Consumer Price Indices.
 - Employer costs for health insurance coverage and other discretionary benefits were increased from \$6,000 to \$6,500 per full-time equivalent (FTE) staff member.
 - Inputs associated with revenue sources (subsidy payment rates, parent co-payment fees, Pre-K Enhancement and Expansion Program [PKEEP] formula awards) were updated to reflect FY24 program levels.
- OSSE made one change to child development center configurations by changing the adult:child ratio for children ages 24-30 months from 1:4 to 1:6, with a maximum group size of 12, in alignment with OSSE's [Notice of Proposed Rulemaking](#) (NPRM) for the Licensing of Child, Development Facilities (5A DCMR Chapter 1) published May 17, 2024.
- Unless otherwise indicated, cost estimations were calculated using data on educator wages collected in the 2022 Child Care Provider Survey and updated for inflation, not the minimum salaries required for the Early Childhood Educator Pay Equity Fund.

Cost Estimation Findings: All Facilities

- On average, across all program configurations, the cost of care increased slightly from FY23 to FY24.
 - Average per-child costs for a medium-size child development center increased 2 percent from \$26,453 in FY23 to \$27,034 in FY24.
 - Average per-child costs for a child development home, caring for children birth to 5, increased 5 percent from \$19,045 in FY23 to \$19,957 in FY24.
- Serving infants and toddlers costs more than serving preschool or school-aged children.
- Regardless of a facility's size, staff wages and benefits are the major drivers of costs for child care programs.

Cost Estimation Findings: Centers

- Serving a larger number of infants and toddlers results in higher costs as more staff are needed to meet ratios and group size requirements.
- Conversely, school-age care has the lowest average costs, due to higher allowable ratios and group sizes. Therefore, serving school-age children can reduce average costs per child across all age groups.

Child Development Center Costs, 2024

Estimated Annual Cost Per Child			
Age Group	Small Center	Medium Center	Large Center
Infants	\$31,841	\$31,826	\$32,178
Young Toddlers	NA	\$31,826	\$32,178
Older Toddlers	\$24,157	\$24,159	\$24,516
3-year-olds	\$20,315	\$20,326	\$20,685
4-year-olds	NA	NA	\$18,386
School age (5 years and older)	NA	NA	\$10,464
Average per-child cost	\$25,438	\$27,034	\$23,068

Small Center: one infant classroom, one older toddler classroom and one 3-year-old classroom (36 children).

Medium Center: two infant classrooms, one toddler classroom, one older toddler classroom and one 3-year-old classroom (52 children).

Large Center: one infant classroom, one toddler classroom, one older toddler classroom, one 3-year-old classroom, one 4-year-old classroom and one out-of-school-time (OST) classroom (94 children).

Findings on this slide reflect costs to deliver care at market wages, not the minimum salaries required for the Early Childhood Educator Pay Equity Fund.

Cost Estimation Findings: Child Development Homes

- Because child development homes and expanded homes do not have separate classrooms, as is the case in centers, costs per child for infants, toddlers and preschool-aged children are projected to be the same.
- The costs for out-of-school-time (OST) care are projected separately and are lower than the cost to serve younger children since there are fewer hours of OST care offered annually, compared to full-day, full-year care for children not yet in school settings.
- Expanded child development homes have a lower cost per child, compared to child development homes, as costs are spread over more children.
- Because of the smaller size of homes, actual costs per child served may vary based on specific program enrollment.

Child Development Home Costs, 2024

Estimated Annual Cost Per Child		
Age Group	Child Development Home	Child Development Expanded Home
Infants	\$19,957	\$17,190
Toddlers	\$19,957	\$17,190
3-year-olds	\$19,957	\$17,190
4-year-olds	\$19,957	\$17,190
School age	\$11,087	\$9,550

Child Development Home: two infants, one older toddler, one 3-year-old, one 4-year-old and one school-age child (six children).

Expanded Child Development Home: two infants, two toddlers, six 3-year-olds and two school-age children (12 children).

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Estimated Annual Cost Per Child, QIN				
	Centers		Homes	
Age Group	Medium Center	Large Center	Home	Expanded Home
Infants	\$31,207	\$30,911	\$26,672	\$24,629
Young Toddlers	\$31,207	\$30,911	NA	NA
Older Toddlers	\$31,207	\$30,911	\$26,672	\$24,629
3-year-olds	\$19,747	\$19,451	NA	\$24,629
4-year-olds	NA	\$17,159	NA	\$24,629
School age (5 years and older)	NA	\$9,637	NA	\$12,314
Average per-child cost	\$27,387	\$23,163	\$26,672	\$22,166

Medium Center: one infant classroom, one older toddler classroom, and two 3-year-old classrooms.

Large Center: one infant classroom, one toddler classroom, one older toddler classroom, one 3-year-old classroom (PKEEP), one 4-year-old classroom (PKEEP), and one out-of-school time classroom.

Child Development Home: one infant, three toddlers.

Child Development Expanded Home: two infants, two toddlers, one 3-year-old, one four-year-old, and three school-age children.

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Quality Improvement Network (QIN) Costs, 2024

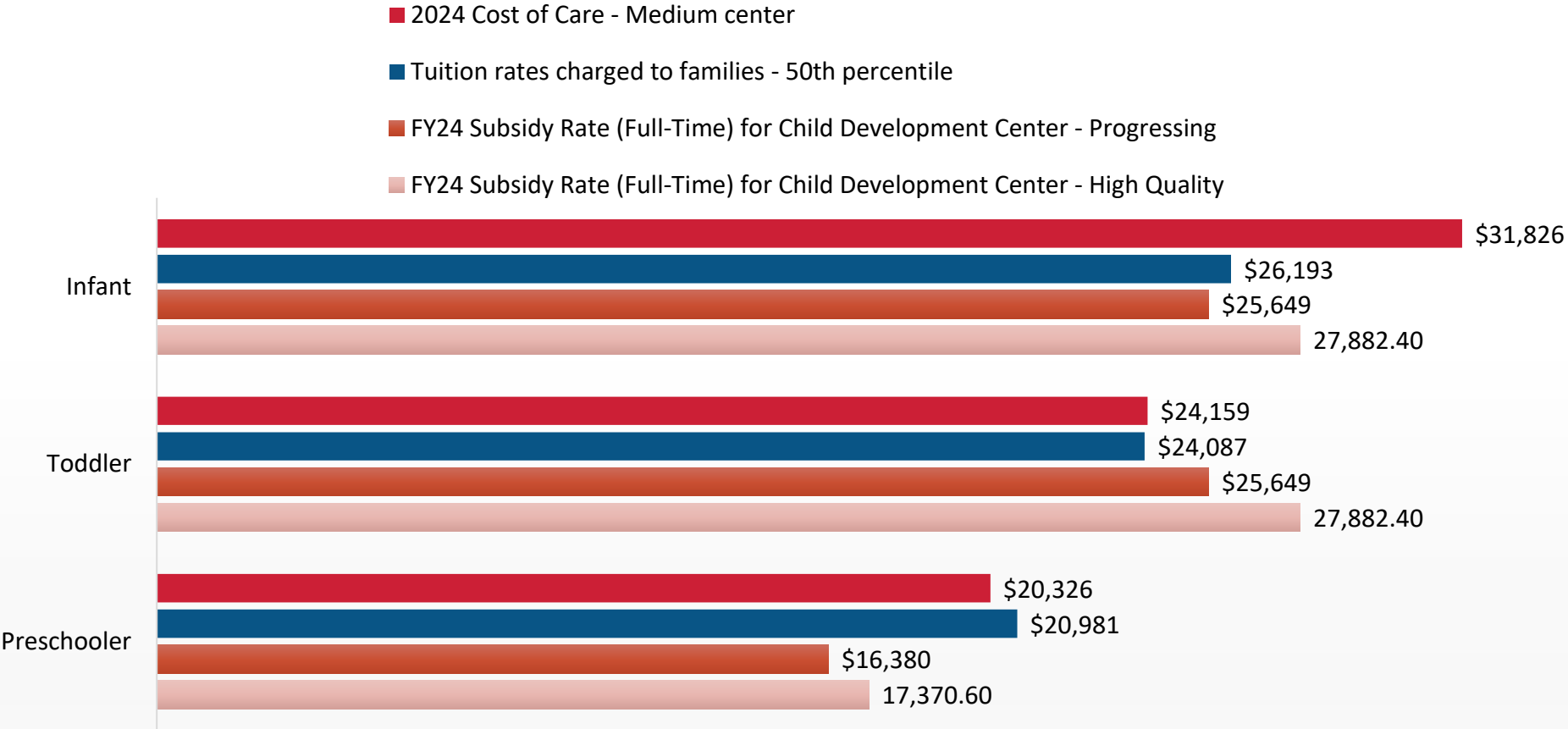
- Facilities participating in the QIN follow Early Head Start standards, including adult:child ratios and group size requirements.
- Lower ratios result in higher average per child costs.

Revenues Findings

- Average infant care costs for a child development center exceed private tuition rates at the 50th percentile of the market (the median rate charged across child care programs) and the FY24 subsidy rates paid to child development centers.
- In many scenarios, child development facilities are operating at a loss or using cost-saving strategies that may not be sustainable.
- As a result of the Oct. 1, 2023 subsidy rate increase, the gap between costs and revenues for subsidy providers was less in 2024, as compared to 2023.
- Enrollment efficiency and collected revenue are vital to profitability. The cost model assumes enrollment at 95 percent and 3 percent uncollected revenue (tuition, fees and copayments).
- Facilities that are under enrolled will experience lower revenues than shown in the following tables and may experience financial loss.
- Diversifying revenue sources increases financial stability for providers.

Revenue vs. Costs for Child Development Centers

Average infant care costs exceed tuition and subsidy rates, while subsidy rates exceed average toddler care costs.

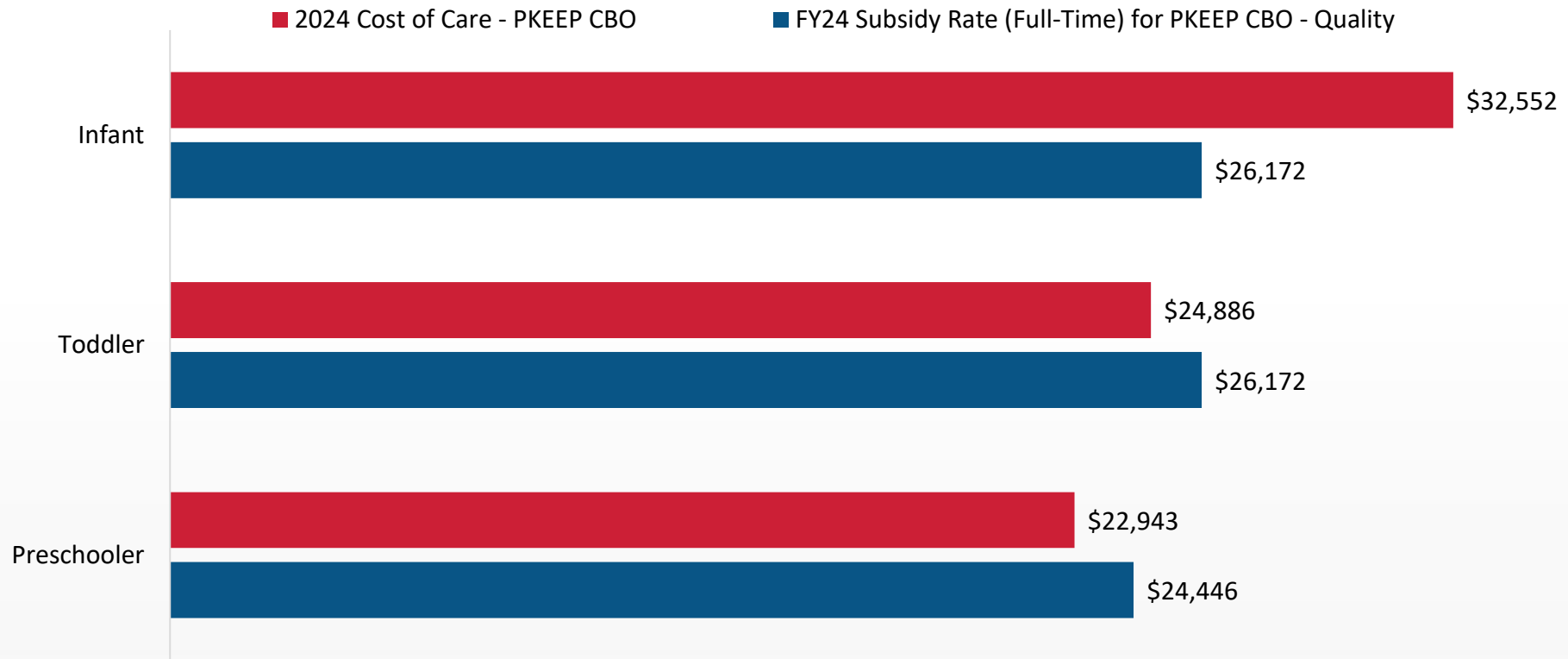


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Revenue vs. Cost for Child Development Center Participating in PKEEP

Community-based organizations (CBOs) participating in PKEEP receive higher funding per preschool-age child.

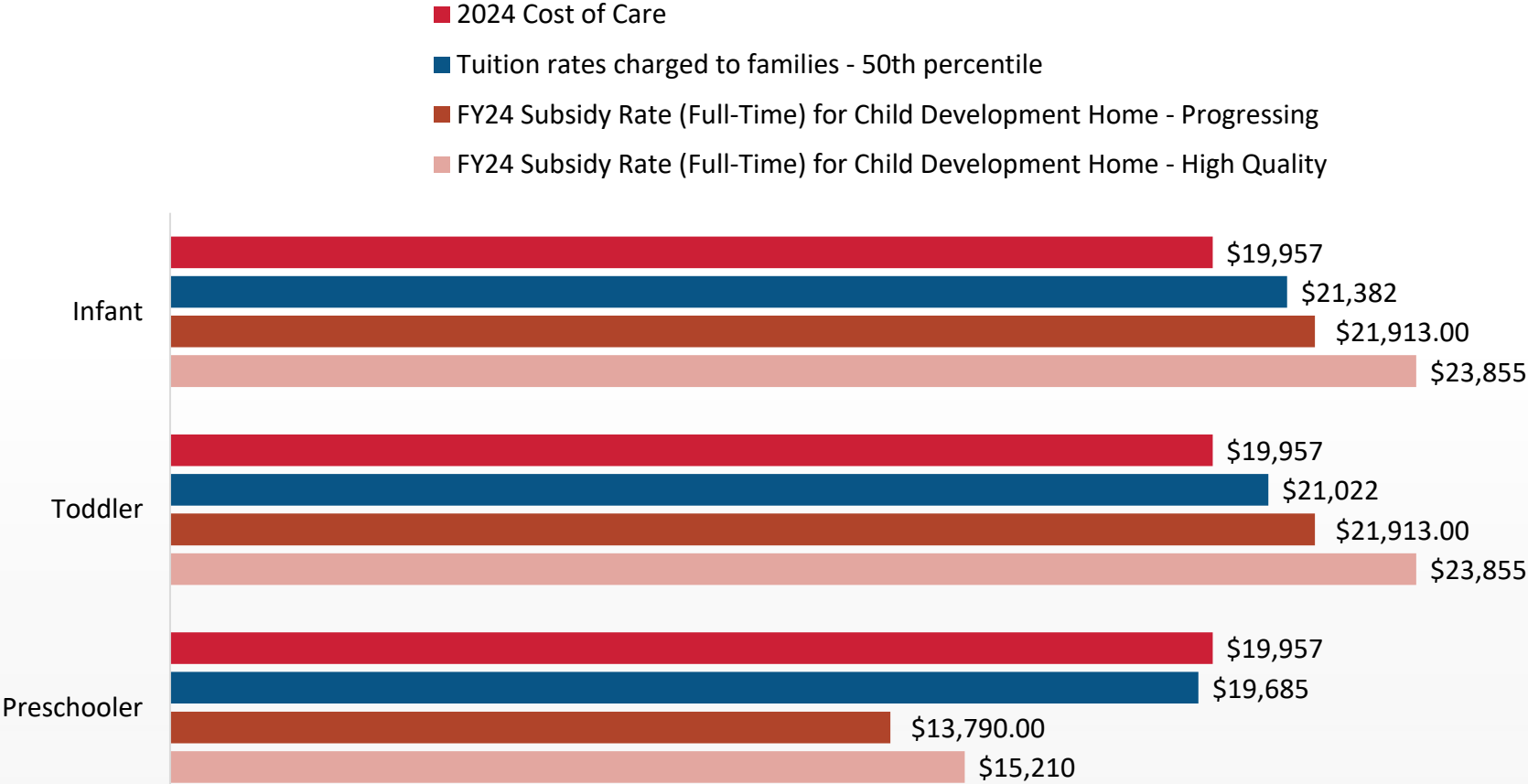


A CBO participating in PKEEP receives the equivalent of the Universal Per Student Funding Formula (UPSFF) amount plus \$6,964 per child for before and after care for subsidy eligible children. Findings on this slide reflect costs to deliver care at market wages, not the minimum salaries required for the Early Childhood Educator Pay Equity Fund.



Revenue vs. Costs for Child Development Homes

Average tuition rates and subsidy rates exceed the cost of care for infants and toddlers for fully enrolled homes.



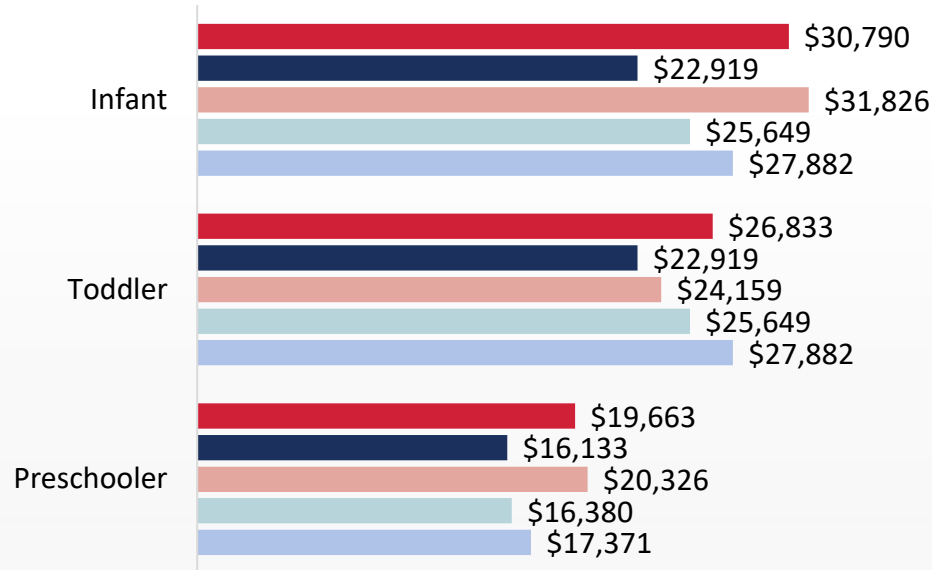
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OSSE's FY24 rate increase reduced the gap between costs and revenues for subsidy providers

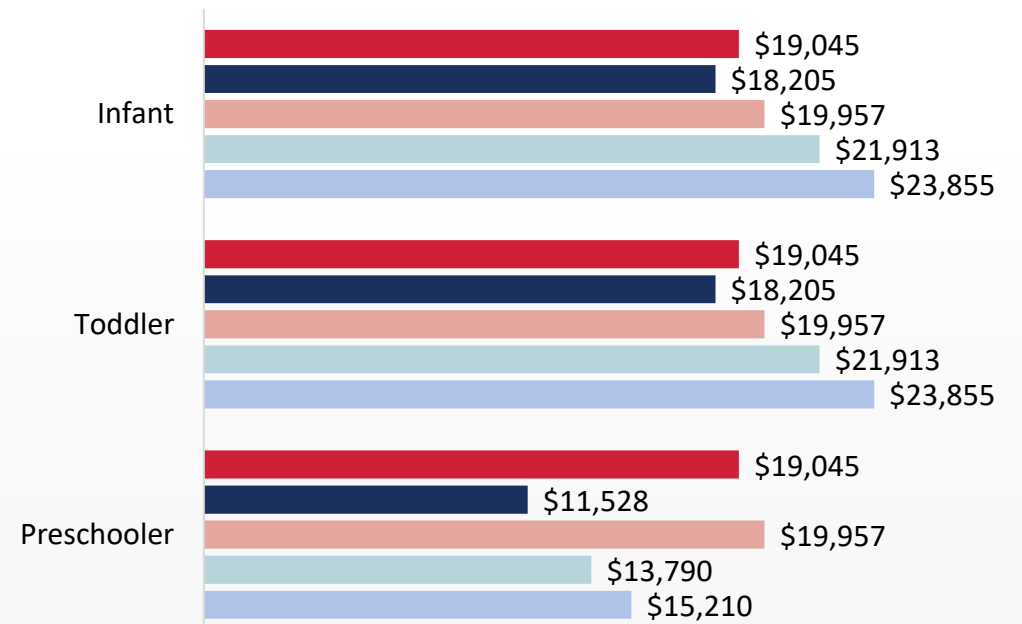
Centers

- 2023 Cost of Care - Medium center
- FY22 Subsidy Rate (Full-Time) for Child Development Center - Progressing
- 2024 Cost of Care - Medium center
- FY24 Subsidy Rate (Full-Time) for Child Development Center - Progressing
- FY24 Subsidy Rate (Full-Time) for Child Development Center- High Quality



Homes

- 2023 Cost of Care - Home
- FY22 Subsidy Rate (Full-Time) for Child Development Home - Progressing
- 2024 Cost of Care - Home
- FY24 Subsidy Rate (Full-Time) for Child Development Home - Progressing
- FY24 Subsidy Rate (Full-Time) for Child Development Home - High Quality



Findings on this slide reflect costs to deliver care at market wages, not the minimum salaries required for the Early Childhood Educator Pay Equity Fund.



Estimated Annual Expenses and Revenues for Child Development Centers of Median Size Under Varying Revenue Scenarios, 2024

Revenue Source	Expenses	Collected Revenues from All Sources	Profit/Loss	Percent
All subsidy (“Progressing/ Developing” level)	\$1,422,856	\$1,178,829	(\$244,027)	-17.2%
All subsidy (“Quality” level)	\$1,422,856	\$1,202,968	(\$219,888)	-15.5%
All subsidy (“High Quality” level)	\$1,422,856	\$1,275,081	(\$147,775)	-10.4%
All tuition – 25th percentile	\$1,422,856	\$895,250	(\$527,606)	-37.1%
All tuition – 50th percentile	\$1,422,856	\$1,129,002	(\$293,854)	-20.7%
All tuition – 75th percentile	\$1,422,856	\$1,424,828	\$1,972	0.1%
Mix of subsidy at “Progressing” designation (45%) and tuition – 50th percentile (55%)	\$1,422,856	\$1,151,683	(\$271,172)	-19.1%

Findings on this slide reflect costs to deliver care at market wages, not the minimum salaries required for the Early Childhood Educator Pay Equity Fund.



Estimated Annual Expenses and Revenues for Child Development Homes Under Varying Revenue Scenarios, 2024

Revenue Source	Child Development Homes				Child Development Expanded Homes			
	Expenses	Collected Revenues from All Sources	Profit/Loss	Percent	Expenses	Collected Revenues from All Sources	Profit/Loss	Percent
All subsidy (“Progressing/Developing” level)	\$110,874	\$108,056	(\$2,818)	-2.5%	\$190,996	\$201,167	\$10,172	5.3%
All subsidy (“Quality” level)	\$110,874	\$109,549	(\$1,326)	-1.2%	\$190,996	\$204,880	\$13,884	7.3%
All subsidy (“High Quality” level)	\$110,874	\$117,335	\$6,460	6.8%	\$190,996	\$218,763	\$27,767	14.5%
All tuition – 25th percentile	\$110,874	\$99,281	(\$11,593)	-10.5%	\$190,996	\$193,644	\$2,649	1.4%
All tuition – 50th percentile	\$110,874	\$114,244	\$3,370	3%	\$190,996	\$227,160	\$36,165	18.9%
All tuition – 75th percentile	\$110,874	\$123,871	\$12,996	11.7%	\$190,996	\$247,496	\$56,500	29.6%

Cost and revenue estimates are for a child development home caring for six children and an expanded home caring for 12 children. Collected revenue assumes 95 percent enrollment efficiency and 3 percent adjustment for bad debt.

Findings on this slide reflect costs to deliver care at market wages, not the minimum salaries required for the Early Childhood Educator Pay Equity Fund.



Analysis of Child Care Subsidy Rates

- Subsidy rates were closer to the average cost of care in 2024, compared to 2023.
- Average infant care costs in child development centers exceed subsidy rates by 7 to 14 percent depending on the quality designation.
- Average costs for child development homes fall below subsidy rates by 10 to 20 percent depending on the quality designation.
- The biggest gap between cost of care and subsidy rate is for infant care in centers.
- Child care subsidy payment rates exceed the 25th percentile of market rates for all providers caring for all ages of children and exceed the 50th percentile for many providers depending on age of children and quality designation.
- Rates for all ages, settings and quality levels are below the 75th percentile with the exception of home-based providers at the High Quality designation.
- Rates for High Quality child development homes exceed the 75th percentile for infant and toddler care.



**The Urban Institute
Research Partners**



Photo by Alyssa Schukar for the Urban Institute

An Implementation Study of the District of Columbia's Early Childhood Educator Pay Equity Fund Initiative *2024 surveys*



**Child Care Policy
Research Partnership**



Child Care Policy Research Partnership

Urban Institute

Heather Sandstrom, PI
Erica Greenberg, Co-PI
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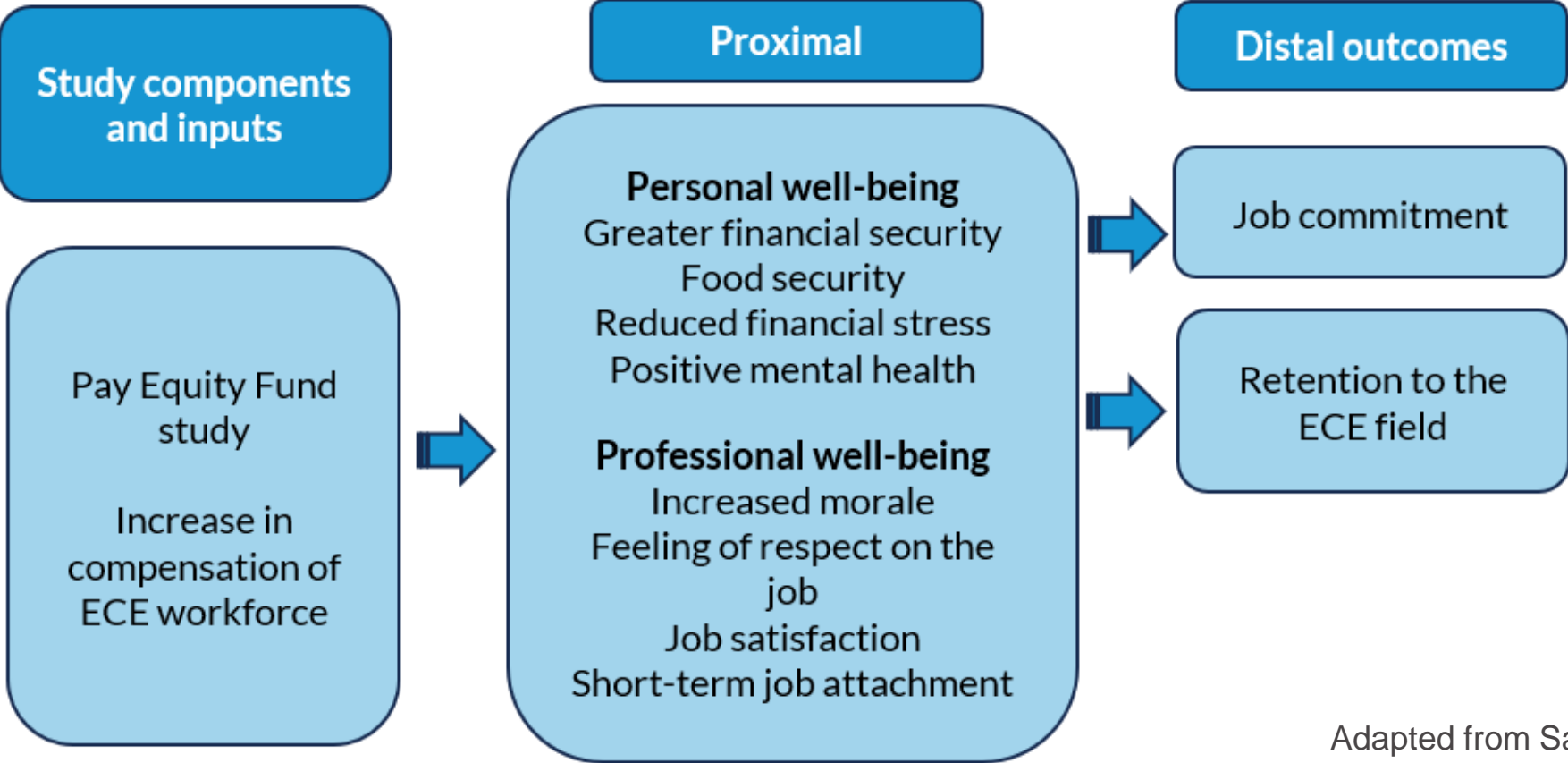
Rachel Lamb
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District of Columbia Office of the State Superintendent of Education (OSSE), Division of Early Learning (DEL)

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

Grant funding from the Administration for Children and Families
(2019-2026)

Conceptual Framework



Adapted from Sandstrom et al. (2024).

Scan QR code or visit website below for more information about our project and other study publications:
<https://www.urban.org/projects/dc-child-care-policy-research-partnership/implementation-study-early-childhood-educator>



Project Activities

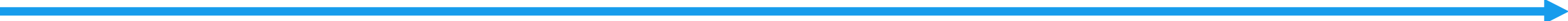
Key Informant interviews
Winter 2022 and Spring 2023



Early childhood educator focus groups
Fall 2023



Surveys of educators, home providers, and center directors
Summer 2024 and 2025



Focus groups of parents and directors
Fall and Winter 2022
(from Phase 1)



Surveys of educators, home providers, and center directors
Spring and Summer 2023



Administrative data analysis
Ongoing



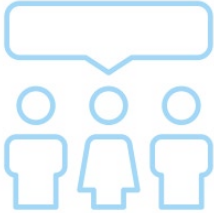
Center director interviews
Fall 2024

Coming soon: Follow-up workforce surveys

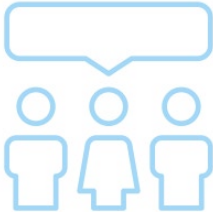
Key Informant interviews
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Surveys of educators, home providers, and center directors
Summer 2024 and 2025



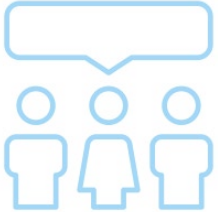
Focus groups of parents and directors
Fall and Winter 2022
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Surveys of educators, home providers, and center directors
Spring and Summer 2023



Administrative data analysis
Ongoing



Center director interviews
Fall 2024

Survey for Early Educators and Operators of Child Development Home/Expanded Home Facilities

We will distribute a [web-based survey that will be emailed to all early educators and home operators in September 2024](#)

Unique survey invitations from the Urban Institute research team DCChildCarePartnership@urban.org

The survey will take [20 minutes](#) and will ask educators questions about:

- How the Pay Equity Fund is impacting educators in their roles
- Educators' own background, career trajectories, and well-being

We are offering a [\\$20 Amazon e-gift card](#) to every educator who completes the survey.

Survey for Child Care Center Directors

We will distribute a [web-based survey that will be emailed to all directors of child development centers in September 2024](#)

Unique survey invitations from the Urban Institute research team DCChildCarePartnership@urban.org

The survey will take [20 minutes](#) and will ask directors questions about:

- Staffing and hiring
- Staff compensation and benefits
- How the Pay Equity Fund is impacting their facility
- Directors' own background and job satisfaction

We are offering a [\\$20 Amazon e-gift card](#) to every center director who completes the survey.

Coming up: Center director interviews

Key Informant interviews
Winter 2022 and Spring 2023



Early childhood educator focus groups
Fall 2023



Surveys of educators, home providers, and center directors
Summer 2024 and 2025



Focus groups of parents and directors
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(from Phase 1)



Surveys of educators, home providers, and center directors
Spring and Summer 2023



Administrative data analysis
Ongoing



Center director interviews
Fall 2024

Center director interview: initial questions

- Challenges and opportunities that child care facilities are experiencing related to Pay Equity Fund
 - Receipt and usefulness of technical assistance
- Perspectives on staff educational requirements and how requirements compare to classroom teaching quality
- Magnitude of Pay Equity Fund impact on facility budgets and administrative burden

- **What else should we be asking?**

DC State Early Childhood Development Coordinating Council

A Study of DC Public Prekindergarten *2024 Family Survey and Focus Groups*



August 21, 2024

Project Team

Urban Institute

- Erica Greenberg, PI
- Justin B. Doromal, Project Director
- Breno Braga, Director of Analysis
- Rachel Lamb, Data Manager
- Alicia González, Research Assistant

Project Funders

- Heising-Simons Foundation
- US Department of Education Institute of Education Sciences

OSSE Partners

- Sara Mead, DEL
- Kathryn Kigera, DEL
- Andres Alvarado, DC EIP
- Alex Caple, My School DC

Project Advisors

- DCPS, PCS, DC Early Learning Collaborative

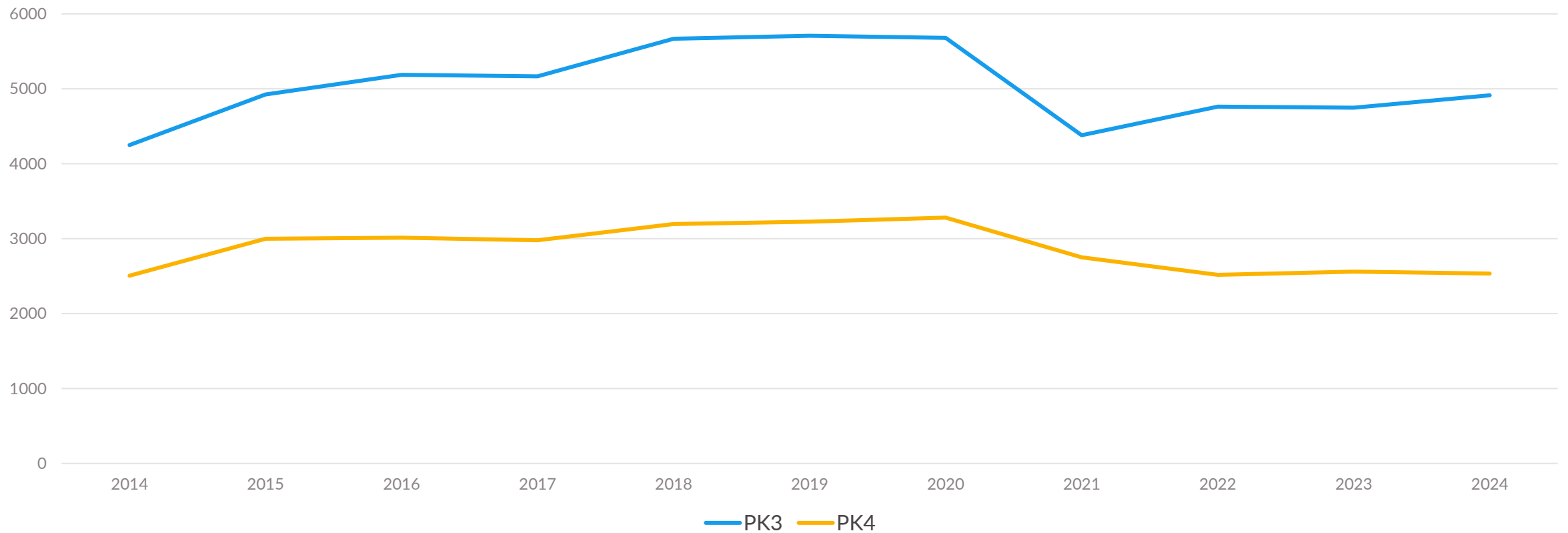
Project Motivation

- Next phase of [DC Public Prekindergarten Study](#), launched in 2019
- [Confluence of interest](#) around declining applications and enrollment in the wake of the COVID-19 pandemic
 - My School DC
 - OSSE Division of Early Learning
 - DC Early Intervention Program
 - Our study team



Project Motivation

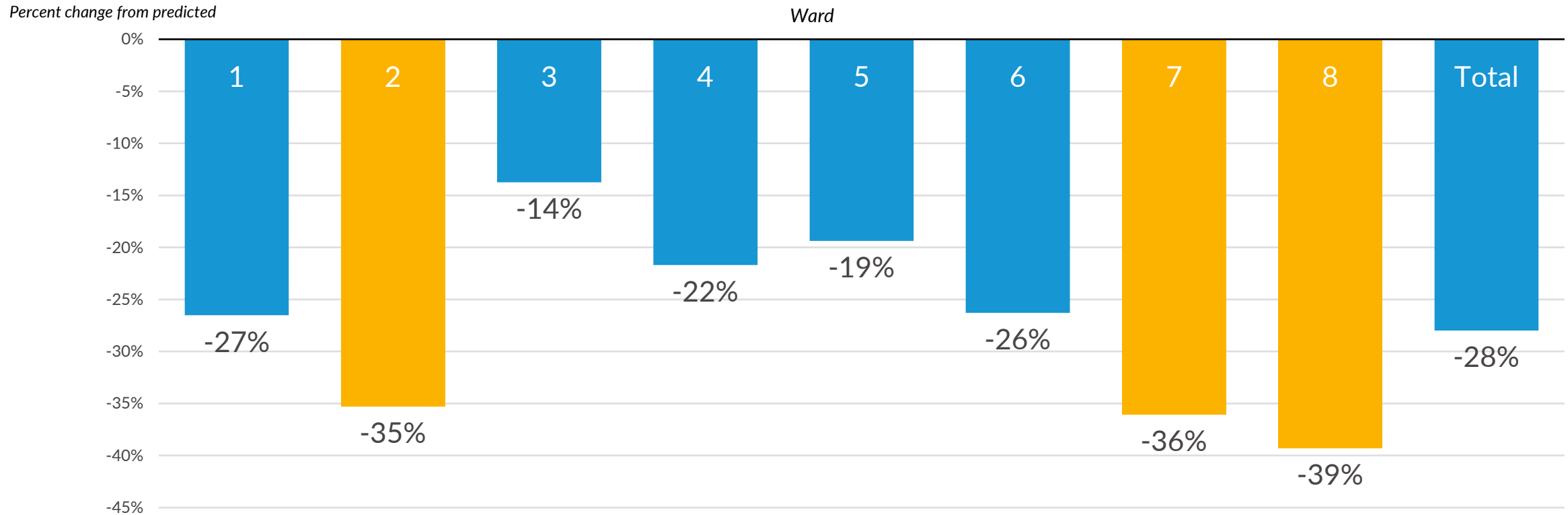
DC Prekindergarten Applications Down by Nearly 1,500 Since 2019



Source: My School DC lottery applications, 2014-2024.

Project Motivation

Wards 2, 7, and 8 Saw the Steepest Drops in PK3 Applications



Source: My School DC lottery applications, 2014-2021.

Note: Adjusted declines show the percent change in applications between a predicted number for 2021, calculated based on pre-pandemic application trends, and the actual number for 2021. Total includes applicants without a listed ward.

Project Goals

- To generate evidence, in service of access and equity, that will help OSSE
 - Understand and reverse declines in prekindergarten applications and enrollment, especially among children whose families want to participate and who would benefit the most from attending prekindergarten
 - Answer longstanding questions about families who apply in the ‘post-lottery’ period and design better supports that meet families’ needs
 - Develop and implement anti-racist, anti-ablest solutions that promote equitable participation in DC’s universal preschool investment

Research Questions

- **Who does not apply to DC Public Prekindergarten, and why?**
 - How do **families who apply in the ‘post-lottery’ period** compare with families who apply by the lottery deadline and with the young child population in DC? Which communities have the lowest application rates, both by the lottery deadline and overall? **Why?**
 - What share of **PKEEP students** apply to the My School DC lottery? How do PKEEP students’ application counts, characteristics, and outcomes compare to non-PKEEP students? How do students move between PKEEPS and public schools in the prekindergarten years? **Why?**
 - What share of **Early Intervention (IDEA Part C)** students apply to the My School DC lottery? How do Early Intervention students’ application counts, characteristics, and outcomes compare to non-Early Intervention students? How do Early Intervention students move between PKEEPS and public schools in the prekindergarten years? **Why?**

A Note on the Family Survey and Focus Groups

The [2024 Family Survey and Focus Groups](#) offer an opportunity to lift up families' hopes and plans for their children's 3-year-old year. We do not assume that DC Pre-K is the right choice for every family, nor that *not* applying or enrolling is a deficit or problem necessarily in need of a solution.

Instead, we aim to build evidence and intuition around preferences for early childhood experiences and whether and how DC Pre-K, the My School DC lottery, and available school and PKEEP options meet families' goals.

Family Survey Design



- **Web-based survey** for parents/guardians of children eligible for PK3 in SY2024-25 who did *not* apply to public prekindergarten
- Built through **construct mapping** using **validated and novel questions**
- Developed in partnership with the **DC Education Research Collaborative**
- Available in **English and Spanish**, with potential to include additional languages
- Supported by study team staff to include participants with **all levels of literacy**
- Compensated with **five \$200 gift cards** allocated by lottery
- Anticipated launch: **mid-September**

Family Survey and Focus Group Topics



1. About Your Child
2. Your Child's Infant and Toddler Experiences
3. Searching for Preschool Programs
4. Applying for Preschool Programs
5. About You
6. Interest in Focus Group Participation



For more information,
see our project homepage

Family Survey Distribution



- Three-pronged approach to reach each key group
 1. DC Directors Exchange and PKEEP directors > **PKEEP families**
 2. Strong Start DC Early Intervention > **Early Intervention families**
 3. DC Education Research Collaborative and partners > **'post-lottery' applicants**

How else can we reach families who do not apply to DC Public Prekindergarten?



Announcements and Public Comment



Wrap Up and Next Steps