Policy Brief: DC Early Childhood Educator Pay Equity Fund
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Key Facts

- The Early Childhood Educator Pay Equity Fund increases compensation for early educators in Washington, DC to be on par with DC Public Schools (DCPS) teachers relative to their role and education level.

- The Pay Equity Fund does not currently fulfill one of the key components of the mandate for pay parity, which is that educators’ compensation increases along with their experience in the field.

- Through the Pay Equity Fund, all early educators working in the Office of the State Superintendent of Education (OSSE) licensed child development facilities (CDFs) - which include centers and family child care homes - are eligible for compensation increases.
  - In fiscal year (FY) 2022-2023, more than 3,000 early childhood educators received quarterly supplemental payments, in addition to their salaries, from the Pay Equity Fund. These payments totaled almost $70 million.\(^1,2\)
  - Beginning in FY24, early educators who work in child development facilities that opt in to the Pay Equity Fund will see compensation increases in their paychecks. These pay increases will continue as long as the program is funded.
  - Compensation increases are determined based on educators’ role at the child development facility and their credentials.

- The Pay Equity Fund works to right centuries of systemic racism and sexism leading to underpayments and undervaluing of the work of early childhood educators, the majority of whom are Black and brown women.\(^3\)
What is the Pay Equity Fund?

In 2018, DC passed the landmark Birth-to-Three for All DC Amendment Act, which, among other things, required pay parity for early childhood educators and DCPS teachers with similar roles, credentials, and experience. Before the Pay Equity Fund, DC early educators with a bachelor’s degree were paid 33 percent less than their peers teaching grades K-8.

The goal of the Pay Equity Fund is to increase early educator pay in the District of Columbia so that early educators receive compensation in line with local public school teachers, without increasing costs to CDFs or families with young children. Historically, early educators across the country and in DC have been woefully underpaid. In fact, hourly compensation for early educators in DC in 2021 was below the living wage in the District. The poverty rate for early educators in DC is 34 percent - compared to 12 percent for DC workers in general and six percent for K-8 teachers.

Public funding is necessary to achieve wage correction because CDFs operate on small margins with limited sources of revenue and are unable to increase staff wages without increasing parent fees, which are currently unaffordable in DC. Furthermore, the cost of paying early educators is higher than for K-12 teachers due to small adult-child ratios in early learning settings. This means that the cost of each early educator's salary must be covered by fees or reimbursement for 4-8 children, compared to on average nearly 12 students per one educator for K-12 education.

As the District strives to right decades of historic inequities in the early childhood education field, it is important that funding for the Pay Equity Fund comes from equitable revenue sources. To make pay parity a reality, in 2021, the DC Council approved a tax increase on high-income residents (those making more than $250,000 per year) to fund what is now known as the Pay Equity Fund.
Who is Eligible for the Pay Equity Fund?

To be eligible for Pay Equity Fund compensation, early educators must be employed at least 10 hours per week in a CDF—either a child care center or a family child care home—that is licensed by OSSE and opts into the program. The educator must hold one of the following roles:

- Assistant Teacher (Associate Caregiver, Montessori Assistant Teacher)
- Teacher (Expanded Home Provider, Home Provider, Montessori Teacher)

How does the Pay Equity Fund Work?

The Fiscal Year 2022 Budget Support Act created the Early Childhood Educator Equitable Compensation Task Force to make recommendations to OSSE and the DC Council about the design and implementation of the Pay Equity Fund. The Task Force members included early childhood educators, child development facility providers, policy experts, and advocates, as well as a representative from OSSE. Guided by some of the recommendations from the Task Force, OSSE rolled out the Pay Equity Fund in two phases.

Phase 1 - October 2022 - September 2023: Direct compensation to early childhood educators in the form of supplemental payments, in addition to their regular paychecks.

In FY22, 3,124 of the educators who benefitted from the Pay Equity Fund were full-time staff and 150 were part-time staff. Supplemental payments have totaled over $70 million.

Each eligible early childhood educator received a supplemental payment of between $5,000 and $14,000 depending on their role (lead teacher vs. assistant teacher), and their full-time vs. part-time status. To receive these funds, early educators had to opt in to the program and submit relevant documentation, such as proof of employment, to OSSE. In FY22, payments were distributed to early educators in one lump sum (in the amount listed in the table below), while in FY23, payments were distributed quarterly in the amount of 25 percent of the full supplement each educator was entitled to per payment.

<table>
<thead>
<tr>
<th></th>
<th>Assistant Teachers</th>
<th>Lead Teachers</th>
</tr>
</thead>
<tbody>
<tr>
<td>Full Time (30+ hours/week)</td>
<td>$10,000</td>
<td>$14,000</td>
</tr>
<tr>
<td>Part Time (10-30 hours/week)</td>
<td>$5,000</td>
<td>$7,000</td>
</tr>
</tbody>
</table>
Phase 2 - October 2023 - present: OSSE will make payments directly to child development facilities, which will then incorporate them into educators’ paychecks\textsuperscript{17}. Phase 2 is intended to systematize the Pay Equity Fund and ensure that eligible early childhood educators have long-term pay increases, at parity with local public school teachers. Instead of supplemental payments, early educators who work at CDFs that opt-in to the Pay Equity Fund will earn at least the minimum required salary (as determined by OSSE) based on their role and credentials.

**Minimum Salary Requirements for Child Development Facilities Receiving CDF Payroll Funding Formula Awards, FY24\textsuperscript{18}**

<table>
<thead>
<tr>
<th>Role</th>
<th>Credentials</th>
<th>Minimum Salaries for FY24</th>
</tr>
</thead>
<tbody>
<tr>
<td>Assistant Teacher or Associate Home Caregiver</td>
<td>Less than a Child Development Associate (CDA)</td>
<td>$43,865</td>
</tr>
<tr>
<td></td>
<td>CDA</td>
<td>$51,006</td>
</tr>
<tr>
<td></td>
<td>Associate's degree or higher</td>
<td>$54,262</td>
</tr>
<tr>
<td>Lead Teacher, Home Caregiver, or Expanded Home Caregiver</td>
<td>CDA</td>
<td>$54,262</td>
</tr>
<tr>
<td></td>
<td>Associate's degree</td>
<td>$63,838</td>
</tr>
<tr>
<td></td>
<td>Bachelor's degree or higher</td>
<td>$75,103</td>
</tr>
</tbody>
</table>

Beginning October 2023, OSSE will use its FY24 payroll funding formula to determine how much funding each CDF will receive to increase educator salaries. The funding formula includes an equity adjustment, which provides additional funding to early learning programs that serve children through DC's child care subsidy program. This was intentionally included in the formula to prioritize investment in CDFs serving historically marginalized communities, to reinforce continued participation of existing subsidy providers and to incentivize additional subsidy participation. The formula also includes an administrative enhancement to account for payroll tax increases and other costs CDFs incur to participate in the Pay Equity Fund.
As part of Phase 2, educators and other early learning staff (and family members of staff who are DC residents) in CDFs are able to access free or low-cost, quality, publicly financed health insurance coverage through the HealthCare4ChildCare program. The HealthCare4ChildCare program is funded through the Pay Equity Fund and is a meaningful part of pay parity. The definition of pay parity includes salary and fringe benefits, of which healthcare is a crucial component. Before HealthCare4ChildCare, many CDFs were unable to provide health insurance for their staff. According to DC Health Link, as of October 2023, over 160 CDFs and 875 staff have enrolled in HealthCare4ChildCare. We expect to see increased enrollment in the program as the DC Health Benefit Exchange Authority works with community partners to better meet employers’ needs and to ensure that staff have access to the highest quality free or low-cost health insurance.

Who Benefits from the Pay Equity Fund?
The Pay Equity Fund benefits early educators, early learning programs, children, families and DC’s early childhood system as a whole. Before the Pay Equity Fund, DC’s early learning system underpaid its educators, causing turnover and workforce shortages, and ultimately likely contributing to lack of supply for high-quality early learning and care. By increasing educator compensation, the Pay Equity Fund is poised to reduce turnover and to attract and retain better trained and more experienced educators - both of which will lead to higher program quality and improved outcomes for District children and their families.

Early Childhood Educators
Fair compensation for early childhood educators, in line with other educators, is long overdue. Compensating early educators in an equivalent manner to public school teachers could allow skilled educators with experience and advanced education in early childhood development to remain in the field in which they are trained in and passionate about,
rather than leave to teach different age groups or choose an alternative career to be able to meet their family’s financial needs.

The early educator workforce is made up of a majority Black and brown women, who have been undervalued and underpaid for centuries due to pervasive racism and sexism\textsuperscript{25}. The legacy of this inequity dates back to slavery in the US, when Black women provided care for white children with no pay\textsuperscript{26}. The Pay Equity Fund is an opportunity to right these historic wrongs and establish early childhood education as a field where educator compensation is fair and livable.

The Pay Equity Fund also rewards early educators for meeting credentialing requirements established by OSSE. In 2016, OSSE increased its requirements for early educators, requiring that assistant teachers earn at minimum a child development associate credential (CDA) and lead teachers earn at minimum an associate’s degree (AA) in early childhood education\textsuperscript{27}. Until the establishment of the Pay Equity Fund, educators were not guaranteed any increase in pay for increasing their education or acquiring credentials.

**Infants and Toddlers**

Children have better outcomes when they have quality, consistent, positive relationships with adults - including their teachers\textsuperscript{28}. Assuming that the Pay Equity Fund’s higher compensation for early educators leads to less turnover and reduced educator stress, then the children in their care receive the benefits. Furthermore, if the Pay Equity Fund attracts new talent to the field, or motivates current early educators to stay in the field and continue to grow their experience and earn more credentials, then children will benefit from interacting with more educated, higher-quality educators.

Children in economically marginalized families stand to benefit the most if the Pay Equity Fund helps programs attract and retain educators with the skills and knowledge to support them\textsuperscript{29}. And, if the Pay Equity Fund prompts more early learning programs to participate in the subsidy program, then more eligible children will be able to participate in early learning and reap the countless benefits of high-quality early childhood education.
Early Education and Care Programs

Early learning programs will benefit from the Pay Equity Fund as well. Increased compensation is likely to lead to less turnover among early educators, which would reduce the cost of recruiting and training new staff\(^30\). Public funding from the Pay Equity Fund will enable early learning programs to employ more experienced, high-quality educators, without having to draw from their tight budgets. Additionally, the increased funds from the Pay Equity Fund and the equity adjustment built into the payroll funding formula could make it possible for more early learning programs to participate in DC's child care subsidy program, if fund limitations previously prevented them from participating.

The HealthCare4ChildCare program is a significant benefit for early learning programs (and early educators), as health insurance is a major expense. Being able to provide free or low-cost health care coverage for all staff (and family members of staff who are DC residents) is an important part of achieving full pay parity and in recruiting and retaining staff.

Families with Young Children

DC families benefit from the Pay Equity Fund for reasons similar to their children. With compensation increases from the Pay Equity Fund poised to boost the supply of early educators, CDFs are more likely to be able to avoid the disruptions in care that follow from workforce shortages and educator turnover. For working parents, an increased supply of child care means fewer work disruptions due to unreliable child care. For families not yet participating in DC's early learning system, increased wages could lead to more educators entering and remaining in the early childhood workforce, meaning that programs could increase the number of children in their care\(^31\).

District-Wide Benefits

As a whole, the DC early learning system stands to benefit from the Pay Equity Fund. This equity-driven approach is intended to make the early learning system more sustainable by reducing turnover and increasing workforce retention and supply\(^32\). By attracting and retaining a more robust workforce, DC will be able to provide more high-quality early education.
learning experiences to thousands of children, which will support child development and improve child outcomes, while allowing parents to earn a living or attend school. The District's investment in the Pay Equity Fund stands to strengthen the entire District.

What is the Impact of the Pay Equity Fund So Far?

To date, over 3,000 early educators have participated in the Pay Equity Fund. For full-time early educators earning the median wage, Pay Equity Fund supplemental payments increased their compensation by 40 percent. When the Pay Equity Fund was in the design phase, stakeholders expressed concerns that after early childhood educators received their first supplemental payment, there would be mass exits from the field. This was not the case. In fact, early reports find that the early educator workforce has actually increased by three percent since the launch of the program. As phase 2 of the Pay Equity Fund goes into place, it will be important to continue to monitor the impact of the program on the size and quality of the workforce. The Pay Equity Fund is expected to continue to increase the number of early educators in the workforce as the fund provides more economic security and professionalization of the field.

To illustrate how the Pay Equity Fund has already begun to change the lives of early educators, Under 3 DC and NPR interviewed educators as they started receiving their supplemental payments.

Early Educators on the Pay Equity Fund

Lead Teacher Katara Summers said she is thrilled to be able to “save money and possibly invest in something.”

Ana Gonzalez, who spoke to NPR reporters, said the Pay Equity Fund is helping her to achieve her longtime goal of buying her own house - something she and her 24-year old daughter plan to do together.

Lead Teacher Kara Evans described the conditions early childhood educators faced before the Pay Equity Fund and said, “[we] shouldn’t be living check to check trying to make it and still can’t make it.”

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Recommendations to Improve Implementation of the Pay Equity Fund

The Pay Equity Fund is an overdue, necessary improvement in the early education system in DC. As implementation of the Pay Equity Fund continues, policymakers must attend to several issues. We recommend that District policymakers:

Develop an Equitable Permanent Payroll Funding Formula for the Pay Equity Fund

OSSE's FY24 Pay Equity Fund payroll funding formula is calculated using OSSE's estimate of average current salaries. This approach is flawed, in that programs paying salaries below the average (by definition, approximately half of programs) would not receive enough funds to bridge the gap between current salaries and Pay Equity Fund required minimum salaries. This effectively means that DC's lowest paid educators could miss out on salary increases via the Pay Equity Fund.

OSSE's initial publication of its inaugural child development facility funding formula overestimated current educator pay and would have awarded CDFs insufficiently to meet minimum salary requirements. After calls from early education stakeholders to adjust the payroll funding formula, in September 2023 OSSE released a temporary funding formula for the 2024 fiscal year. In this formula, OSSE increased the equity adjustment by up to 60 percent of the base award (the equity adjustment is determined by subsidy enrollment as share of licensed capacity) and increased the sum of the total award by 30 percent. These changes are likely to temporarily reduce the burden on important segments of the sector, such as programs that serve children in families with low incomes through the child care subsidy program. However, we anticipate that some CDFs that currently pay their educators at or near minimum wage, and smaller, non-subsidy providers still may not be able to meet the required minimum salaries. If these programs choose to opt in to the Pay Equity Fund for FY24, they will have to apply for an OSSE waiver from the minimum salary requirements.
As OSSE develops a permanent payroll funding formula for the Pay Equity Fund, it should work closely with experts from early learning programs and from the early learning community to develop a more precise funding formula that distributes funds more equitably. A goal of the permanent formula should be to ensure that DC’s lowest paid educators, and the children they educate, benefit fully from the Pay Equity Fund, alongside their peers. Furthermore, the Pay Equity Fund funding formula should prioritize programs serving families with low incomes by expanding the equity adjustment to further encourage participation in the child care subsidy program, which will ensure families with low incomes have more access and options for child care.

**Compensate Early Childhood Educators in Accordance with their Experience**

Early childhood educators, like all other professionals, should be paid according to their experience level (in addition to considerations such as role and credentials). The Pay Equity Task Force explicitly recommended that OSSE use a funding formula that includes tiers of pay based on years of work experience, as is mandated in the District's Birth-to-Three law. However, the Pay Equity Fund currently only requires that programs pay educators minimum, entry-level salaries, with no additional funds for experience-based pay. This approach unacceptably shorts educators between, on average, $3,900 and $6,700 annually. Compensating educators in accordance with their experience will be administratively complex for OSSE and will result in additional costs for the Pay Equity Fund. Given these considerations, the addition of educator experience to the Pay Equity Fund compensation scale should be developed in close partnership with the early education community.

For early educators with over 10 years of experience in the field, OSSE established a waiver from its minimum education requirements. Specifically, CDFs that employ early educators who have continuously served in the same (or comparable) role/position for the past 10 years as of December 2, 2016, without a significant gap in service, may apply for a 10-year continuous service waiver on behalf of the employee to allow the employee to remain in compliance with the regulations, even if they do not earn the minimum education requirement for their role. OSSE must ensure that educators who receive 10-year continuous service waivers remain eligible for salary increases through the Pay Equity Fund based on the role and credential for which they receive the waiver.
The continuous service waiver and subsequent aligned Pay Equity Fund salary boost places value on years of experience to ensure that educators with expertise in the field are compensated for their decades of work in early education. This is necessary to ensure that the most experienced educators and the resulting knowledge they bring to their roles are not pushed out of the field by entry-level pay or by an influx of new educators with degrees and no experience. Both new and experienced educators are essential to the sector, and thoughtful policy design is necessary to accommodate both.

**Allocate Adequate Funding for the Pay Equity Fund**

In addition to costs associated with updating the payroll funding formula and paying educators based on their years of experience, the cost of implementing the Pay Equity Fund for early childhood educators will increase further beginning in FY25 and beyond. The additional cost drivers are:

- Washington Teachers’ Union salary negotiations with DC Public Schools: The Pay Equity Fund ties early educator salaries to DCPS salaries, which are established through contracts with the Washington Teachers’ Union\(^{42}\). DCPS salaries increase by an average of three percent every year, which will result in higher costs to the Pay Equity Fund over time\(^{43,44}\).
- Increased compliance with higher early educator education/credential requirements: As of October 2023, fewer than 40 percent of center-based early educators have earned their education and credentials in line with OSSE requirements\(^{45}\). As compliance with these regulations increases, more educators will be entitled to higher pay in alignment with their new further education and credentials.

Given these forthcoming cost pressures and the need for additional funding to fully realize the goals of the Pay Equity Fund, it is important that the mayor and DC Council preserve the current annual allocation to the Pay Equity Fund of $69.5 million and identify additional revenue to cover the ongoing and growing costs of the program.
Protect the Current Early Childhood Educator Workforce

The Task Force was explicit about correcting race and gender inequities in compensation through the Pay Equity Fund. Unintended consequences of even well-intentioned public policy are most likely to harm those who have been historically marginalized, such as the Black and brown women who make up the early childhood education workforce in the District. As the Pay Equity Fund increases compensation and both incentivizes new people to join the field and many current educators to obtain additional credentials, it is essential that policymakers prioritize the existing workforce. There are historic and systemic barriers to Black and brown women being able access higher education, which may prevent or delay early educators in meeting education requirements and benefiting from higher pay. The District must provide extensive communication, resources, and support so that educators can earn their credentials or degrees. OSSE must also establish protections so that those who face barriers to doing so are not pushed out of the field or relegated to lower paid positions such as floaters or substitute teachers after years as classroom educators.

Expand Pay Equity Fund Eligibility to Include Additional Early Learning Program Staff

Increasing salaries for early childhood educators is likely to yield unintended consequences within CDFs related to compensation for other roles in the program. Some directors report that Pay Equity Fund educator salaries are higher than those of program leadership, despite licensing requirements that directors - who are not eligible for the Pay Equity Fund - hold bachelor's degrees or higher. This could incentivize directors to leave their leadership roles for the classroom, which could foster a leadership gap in the field. Further, all roles in an early learning program are an important part of the quality and experience of families and young children, and increasing salaries for some roles and not others may create pressures within a facility. To further strengthen the sector and avoid these pressures, policymakers need to lay the groundwork to increase compensation for all staff within the CDF. When all staff are fairly paid and well supported, they are more able to create the best possible environment for children's development.
Collect Data to Understand the Impact of the Pay Equity Fund and Opportunities to Strengthen It

Quality, transparent data are necessary to:

- Monitor and support the impact of the Pay Equity Fund;
- Ensure that nearly all CDFs are able to participate in the Pay Equity Fund;
- Ensure that early educators continue to see equitable, increased compensation (at parity with DC public school teachers);
- Ensure that the quality of early childhood education in the District increases; and
- Ensure that the early childhood education sector grows.

As the Pay Equity Fund works to pay early educators a livable wage, policymakers should track how the number of early educators struggling economically changes over time, while centering the goal of reducing the centuries of systemic inequities that Black and brown early educators have faced throughout their careers in this field.

Policymakers should track whether early educators attain degrees and credentials as a result of the financial incentives associated with further education in the Pay Equity Fund. OSSE should monitor the existing credentialing program, which provides free access to necessary credentials for early educators, to ensure that Black and brown women are able to continue to take advantage of this opportunity. Again, the intention here is to equitably support the current workforce, while increasing the credentials of early educators to better serve the children in their care.

Ensure Pay Equity Fund Language Access

Some early childhood educators and CDF operators are non-English speakers and are unable to access essential Pay Equity Fund information and resources in their preferred language. To ensure that all early educators and their employers are able to be engaged in the development of and participate in the Pay Equity Fund, OSSE must provide all Pay Equity Fund information, support, and resources, including policies, applications, forms, webinars, etc. in a timely and accessible manner, and at minimum, in Spanish and Amharic. Specifically, the waiver application must be available in Spanish and Amharic. OSSE licensing specialists must deliver technical assistance in the preferred language of the provider.
Endnotes


8 According to the U.S. Department of Health and Human Services (HHS), child care is considered affordable if it costs families no more than 7 percent of their income. The cost of infant care accounts for over 28% of a family’s (with one child) income in Washington, D.C.

9 OSSE. Child Care FAQs. Accessed at: https://osse.dc.gov/sites/default/files/dc/sites/osse/publication/attachments/Providing%20Child%20Care%20FAQs%207-11A.pdf


12 OSSE. Early Childhood Educator Pay Equity Fund. Accessed at: https://osse.dc.gov/cepayequity. Note there are some exceptions, including lead teachers in PKEEP classrooms, who already receive pay in line with DCPS teachers.


17 Ibid.


20 DC Health Link. (2023, October). *Data shared in HealthCare4ChildCare Advisory Meeting.*


36 Ibid.


