Wage Enhancements Reduce Educator Turnover in DC's Child Care Centers

Findings from Staff Records and Interviews with Center Directors

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KEY HIGHLIGHTS

On average, **DC child care centers lost 37 percent of their educators** from March 2023 to March 2024.

Licensed centers accepting child care subsidies that participated in the FY 2024 Pay Equity Fund saw **lower staff turnover** than nonparticipants.

Educators switching employers or newly beginning a career in DC child care were **more likely to seek employment at centers in the fund** over employment at other centers.

Regardless of their centers' participation in the fund, early educators who left their center were **more likely to leave the workforce entirely** (77 percent) than switch to a different center.

The Early Childhood Educator Pay Equity Fund (hereafter, "the fund") is a promising initiative for increasing the wages of early childhood educators in the District of Columbia (DC) to achieve pay parity between early childhood educators and their counterparts in K–12 schools (Greenberg et al. 2023). Early educators have historically received very low pay, which has created challenges for child care programs[1] to recruit and retain qualified staff. Since October 2023, the start of DC's 2024 fiscal year, DC's Office of the State Superintendent of Education (OSSE) has distributed funding, via a formula, to child care programs that agree to enhance their educators' wages to align with the minimum salaries established in statute. Previously, in FY 2022 and FY 2023, child care staff in educator roles received wage supplements directly, rather than through wages paid by their employers.

In this research summary, we use data from OSSE's comprehensive licensing system for all licensed child care staff and programs—the Division of Early Learning Licensing Tool (DELLT)—to establish new evidence on employment patterns among child care educators in DC. Previous research has found that when early educators received wage enhancements directly, they experienced greater personal and professional well-being (Sandstrom et al. 2024) that led to stronger intentions to remain working in DC child care (Doromal et al. 2024), resulting in an expansion of the DC child care workforce (Schochet 2024). In this summary, we leverage person-level administrative data to estimate educator turnover in FY 2024 and explore how increased compensation in the current employer-based structure has promoted stability for DC's child care workforce.

We identify a cohort of child care staff employed in educator roles (as identified in DELLT[2]) and at licensed child care centers as of March 2023—months before the fund's FY 2024 structure was realized and before educators knew whether their center might participate. Though licensed, home-based child care programs are also eligible to participate, they often employ very few staff, so this analysis focuses on child care centers.[3] We then track educators' employment status one year later—March 2024, or about six months into the beginning of the FY 2024 structure.[4] We compare educator turnover rates of centers participating in the fund to those of centers not in the fund as of quarter two of FY 2024. Finally, we present insights from interviews with 20 center directors, conducted from December 2024 to

February 2025, to supplement analyses of educators' movement within and out of the child care workforce.[5]

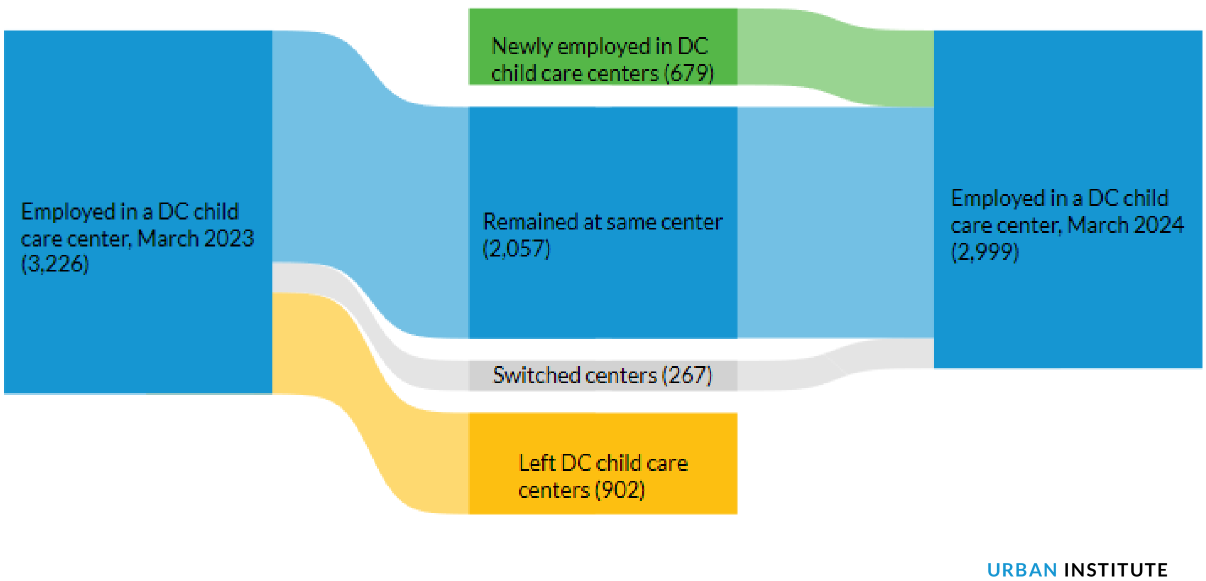
MOST EARLY EDUCATORS REMAINED EMPLOYED YEAR-OVER-YEAR, AND THOSE WHO LEFT THEIR CENTERS TYPICALLY EXITED DC'S CENTER-BASED CHILD CARE WORKFORCE ALTOGETHER

Among the more than 3,200 DC early educators employed in licensed centers in March 2023, the vast majority (2,057 educators, or 64 percent) were employed at the same center through March 2024 (figure 1). When educators left their center, however, most left the center-based child care workforce in DC altogether. Of the 1,169 educators who left their place of employment during this period, only 267 (23 percent) switched to a different licensed child care program, whereas 902 (77 percent) were no longer employed in licensed child care in DC.

Lead teachers were more likely than assistant teachers to remain employed at the same center (66 percent vs. 61 percent; $p < .01$), whereas assistant teachers were more likely than lead teachers to leave the workforce altogether (31 percent vs. 25 percent; $p < .001$). Lead teachers were not any more or less likely than assistant teachers to switch to another licensed child care center.

FIGURE 1

Movement Within and Out of DC's Center-Based Child Care Educator Workforce, March 2023 to March 2024



Source: Urban Institute analysis of Division of Early Learning Licensing Tool (DELLT) data.
Notes: Based on 3,905 unique educators observed across both time points. We used hire and separation dates included in DELLT data to determine employment as of March 1st each year. We also used an educator's presence in one file but not another file to determine departure and/or new employment. Note that 64 educators that left DC child care were employed in a facility that had closed by March 1, 2024, signaling a potential layoff.

FOR CENTERS ENROLLING CHILDREN WITH SUBSIDIES, FY 2024 PAY EQUITY FUND PARTICIPATION WAS ASSOCIATED WITH LOWER EDUCATOR TURNOVER

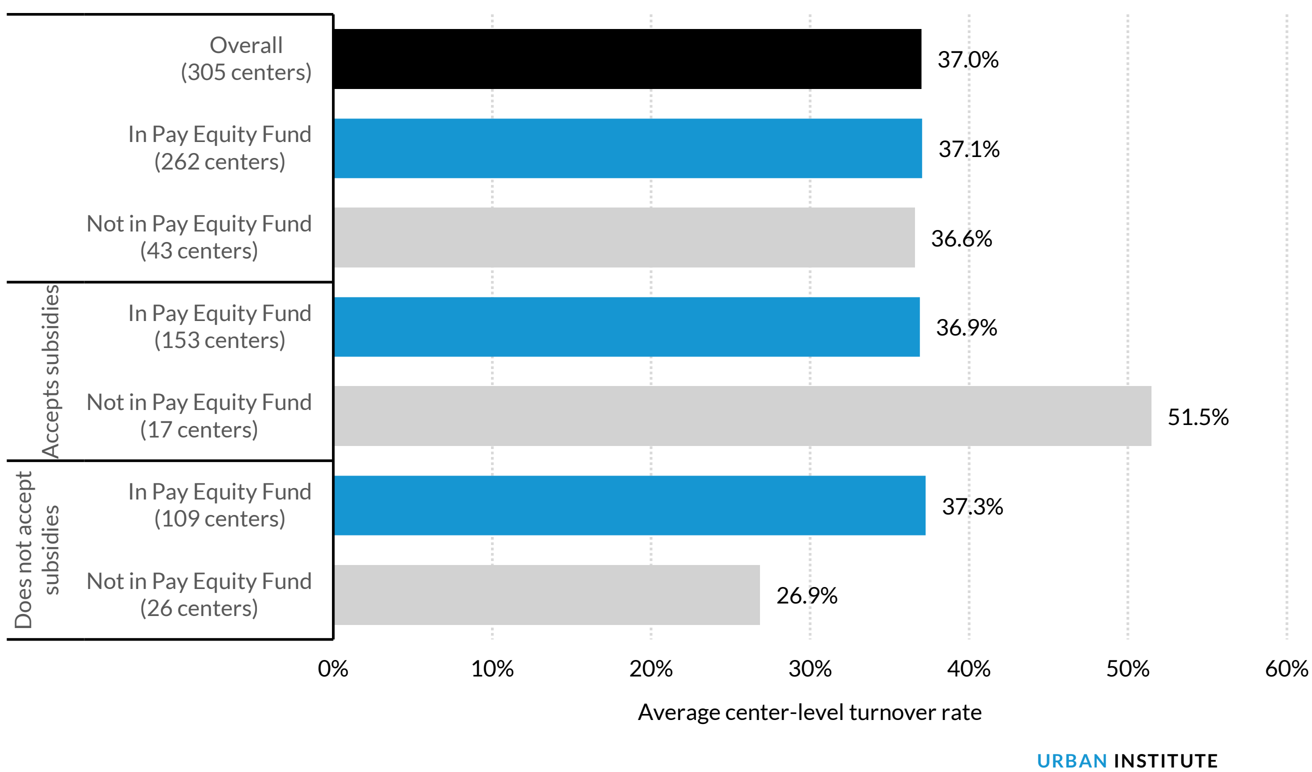
Among licensed child care centers open from March 2023 to March 2024, 262 (or 86 percent) participated in the fund, whereas only 43 centers (or 14 percent) operating in both years did not participate.[6] In this section, we explore whether centers experienced different levels of year-over-year turnover among educators based on centers' participation in the fund.

The average turnover rate between March 2023 and March 2024 across all licensed centers was 37 percent, or just under 2 in 5 educators (figure 2). Centers lost more of their assistant teachers on average than their lead teachers. At first glance, centers participating in the fund did not appear to have significantly different turnover rates from centers not in the fund.

However, centers' participation in DC's child care subsidy program moderated the relationship between Pay Equity Fund participation and centers' turnover rates. Though accepting children with child care subsidies is not required to participate in the fund, participation rates were higher among centers accepting subsidies than those not in the subsidy program (90 percent vs. 81 percent; $p < .05$). Among centers accepting subsidies, Pay Equity Fund participation was associated with lower turnover rates (37 percent vs. 51 percent; $p = .07$). Differences in turnover were driven by exits among assistant teachers (mean turnover rate of 62 percent) rather than lead teachers (35 percent). In contrast, we did not see significant differences in centers' turnover rates by participation status in the fund among centers not accepting subsidies. The findings indicate that, without the fund, subsidy-participating centers may struggle the most in retaining educators.

FIGURE 2

Average Center-Level Turnover Rates, by Pay Equity Fund and Child Care Subsidy Program Participation



Source: Urban Institute analysis of Division of Early Learning Licensing Tool (DELLT) data.
Notes: Based on 305 centers that were operating between March 2023 and March 2024. We used hire and separation dates included in DELLT data to determine employment as of March 1st each year. We also used an educator's presence in one file but not another file to determine departure and/or new employment.

Though it is difficult to conclusively explain these patterns with the administrative data we hold, our findings nonetheless indicate that additional funding for wage enhancement could offer unique benefits to centers enrolling children with subsidies. Past research has found that child care centers that accept subsidies experience particularly high levels of staff turnover, and that these centers are on average unable to offer as high pay as centers that do not enroll children with subsidies (Bassok and Weisner 2023). In this sense, higher wages made possible by the fund could be supporting educator retention. Indeed, the FY 2024 Pay Equity Fund conferred an additional boost in supplemental payroll funding based on the number of children enrolled with subsidies. Another possibility is that centers that do not participate in either the fund or the child care subsidy program may be able to offer competitive compensation without public funding, leading these centers to have lower turnover rates than other centers.

MANY EDUCATORS SOUGHT EMPLOYMENT AT CENTERS PARTICIPATING IN THE PAY EQUITY FUND

When we interviewed center directors about participating in the FY 2024 Pay Equity Fund, several expressed feeling like they "had" to participate just to stay competitive with other centers and offer higher wages. Several others described the importance of higher salaries for their hiring and "maintaining the staff" that they had. One center director shared with us in her interview that a teacher even told her, "Oh, my school's not participating in the Pay Equity program, so I do want to go to a program that participates."

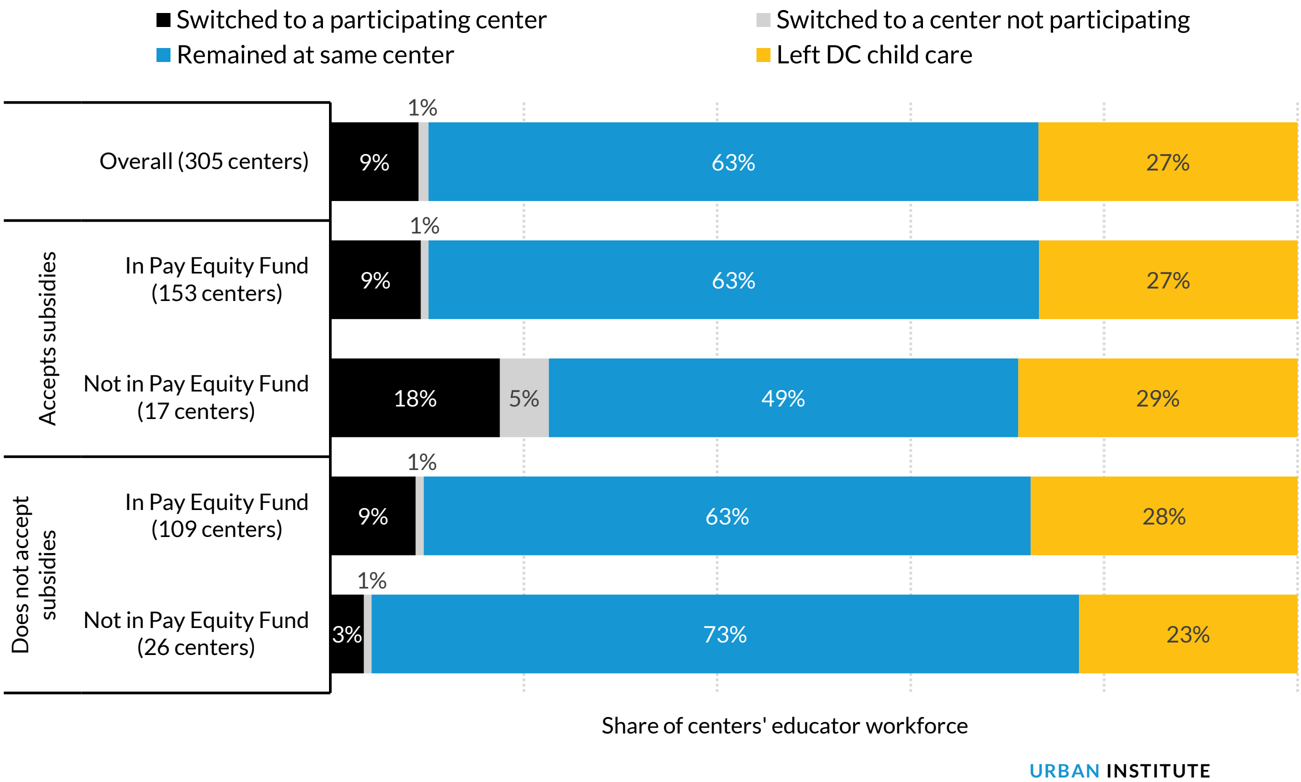
Because of this sentiment of "talent drain"—losing qualified current educators and hiring prospects to other centers—we examined if new educators and educators moving within the DC child care field were more likely to join centers in the fund. Our analysis offers suggestive evidence that educators may be seeking employment at centers that participated in the fund.

- **Early educators beginning their career at a DC child care center were more likely to be employed at a center in the fund.** Among the 679 educators employed in March 2024 who started their career in DC child care after March 2023, 89 percent joined a center participating in the fund. This share is higher than the share of centers operating in March 2024 participating in the fund (76 percent).[7]
- **Educators receiving enhanced wages through the fund were unlikely to switch to a job at a center that did not participate.** Of the 241 educators who switched to a job in a different DC child care program and whose employer in March 2023 was in the fund, nearly all (221, or 92 percent) went to another center in the fund, while only 20 (8 percent) went to a center not in the fund.
- **Educators employed at centers that did not participate in the fund were more likely to switch to a job at a participating center.** Of the 26 educators that switched to a job in a different DC child care program and were employed at a center not in the fund in March 2023, 19 (73 percent) went to a center in the fund, whereas only 7 (27 percent) went to a center not in the fund.

Center directors' concerns for "talent drain" appeared to be valid, at least for those who participate in DC's child care subsidy program (figure 3). For these centers, educators left for another center participating in the fund at double the rate (18 percent) of educators employed at other centers (9 percent). Indeed, high rates of turnover for centers not in the fund but enrolling children with subsidies appear to be explained by a higher incidence of educators switching employers (presumably, to pursue opportunities to access higher pay) rather than increased exits from the field altogether.

FIGURE 3

Employment Patterns Between March 2023 and March 2024 as a Share of Centers' Workforce, by Pay Equity Fund and Child Care Subsidy Program Participation



Source: Urban Institute analysis of Division of Early Learning Licensing Tool (DELLT) data.
Notes: Based on 305 centers that were operating between March 2023 and March 2024. We used hire and separation dates included in DELLT data to determine employment as of March 1st each year. We also used an educator's presence in one file but not another file to determine departure and/or new employment.

IMPLICATIONS

Our findings highlight the potential of the Pay Equity Fund to help centers stabilize their workforce by enabling them to offer higher wages, particularly among centers serving children with subsidies. Center directors indicated these resources were critical for supporting recruitment and retention: they described "needing the Pay Equity Fund to be able to keep quality educators" at their center, and that there would be "a mass exodus of educators" were centers no longer able to access the supplemental funding. Of course, as with many other policies and initiatives, wage enhancement programs like DC's may still have unintended consequences, as our findings validate several concerns center directors expressed regarding "talent drain" and other labor market outcomes. It remains important to track both intended and unintended consequences as implementation continues.

NOTES

[1] In DC, the term "child development facilities" is used to describe child care programs licensed by OSSE, though the term "facilities" is less often used in other jurisdictions. We refer to these as child care programs throughout this summary.

[2] When the Pay Equity Fund was first implemented in FY 2022, OSSE defined two "types" of educator roles eligible for payments: (1) ECE I staff, which included assistant teachers, associate caregivers, and Montessori assistant teachers; and (2) ECE II staff, which included teachers, expanded home providers, home providers, and Montessori teachers. These roles are most reliably defined in data pulls of DELLT received from OSSE through our data sharing agreement, so we focus the analysis on these roles.

[3] We additionally excluded centers that were licensed to only serve school-age programs, as these centers are ineligible for the Pay Equity Fund.

[4] Participation in FY 2024 Pay Equity Fund would have begun in October 2023, with applications occurring several months prior. As such, educators employed at licensed centers would not yet have known March 2023 whether their center might opt into the Pay Equity Fund in FY24, and turnover rates by March 2024 capture movement that may be partially explained by participation in the Pay Equity Fund. A secondary reason we use March as the reference month is because this is the month when annual pulls of the DELLT data are delivered to us through our data sharing agreement with OSSE.

[5] We published additional findings from our interviews with center directors in a recent *Urban Wire* blog post, "Sustaining DC's Pay Equity Fund Would Stabilize Families and Child Care Centers:" https://www.urban.org/urban-wire/sustaining-dcs-pay-equity-fund-would-stabilize-families-and-child-care-centers.

[6] When we do not impose the restriction for centers to be operating in both March 2023 and March 2024, we find that 276 licensed child care centers (or 339 programs, if including licensed home-based child care programs) participated in the Pay Equity Fund in FY 2024 quarter two.

[7] Based on the list of participating child development facilities, published on OSSE's website at the following webpage: https://osse.dc.gov/node/1703441. This share (76 percent) is lower than the share described in this summary (86 percent) because the sample we analyzed requires centers to be operating in both March 2023 and March 2024.

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