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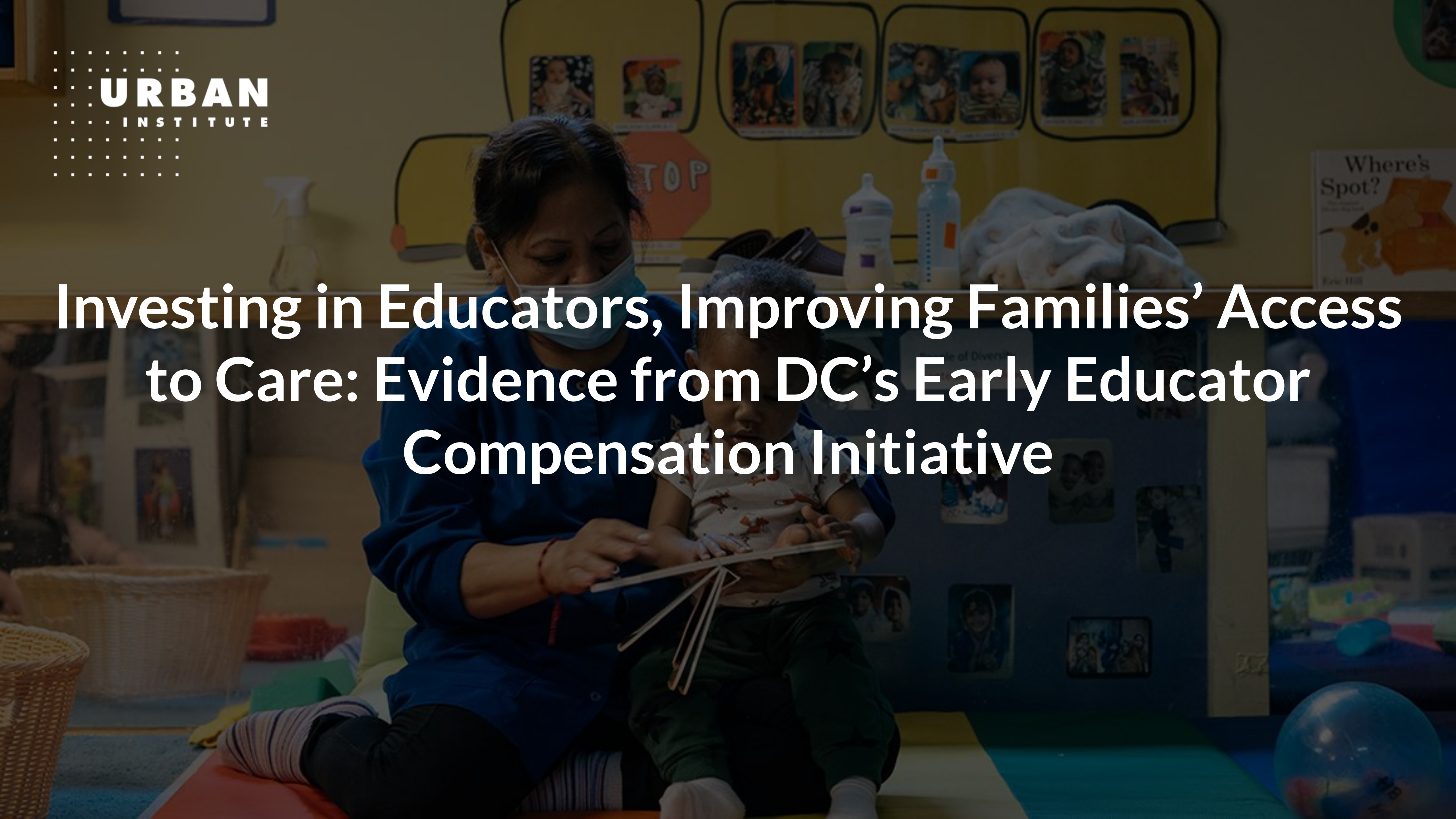

Investing in Educators, Improving Families' Access to Care: Evidence from DC's Early Educator Compensation Initiative

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Study Background and Motivation

Theory of Change

Child Care Operation Limitations

- High business costs rising with inflation
- Tuition already high
- Narrow profit margins
- Limited external funding

Low Staff Wages

- National median: $13.07 an hour (CSCCE 2024)
- Wages are very low relative to staff credentials and education

Staffing Instability

- Financial insecurity and emotional stress among workers
- High educator turnover
- Difficulty recruiting new educators

Undesired Family Outcomes

- Less stable and lower quality care can impede child development
- Fewer slots for families seeking care
- Care remains expensive

Theory of Change and Research Questions

Funds to Raise Staff Wages

Child Care Operation Limitations

- High business costs rising with inflation
- Tuition already high
- Narrow profit margins
- Limited external funding

→

Higher Staff Wages

- Minimum salary determined by role and credential
- Range from $23.43 to $34.14 an hour

→

Staffing Stability?

- **What happens to educators' well-being?**
- **What happens to educator turnover and ability to recruit and retain high-quality workers?**

→

Positive Family Outcomes?

- **What does this mean for families' access to affordable, quality care?**

DC's Early Childhood Educator Compensation Program

What is the Compensation Program?

Compensation Program

- Increases compensation for child care educators in licensed child care facilities in DC.
- Began as direct payments to educators.
- Since October 2023, funds are given to facilities that opt in to the program. These facilities must pay educators according to a minimum salary schedule.

HealthCare4ChildCare

- Provides free or low-cost health insurance to employees at eligible licensed child care facilities in DC.
- Includes facility leaders, early childhood educators, support staff, and eligible dependents.
- Addresses a longstanding need for affordable health insurance among the child care workforce.

The Compensation Program Since October 2023

The Compensation Program Since October 2023

OSSE

Revenue from:
- Private pay tuition
- Child care subsidies
- Compensation program

Participating facilities

As of July 2026, 82 percent of eligible facilities were participating

Educator salaries

Must meet minimum salaries by role and credential

As of July 2026, 3,290 early educators were included in facility awards

FY 2026 Minimum Salary Requirements

Role and credential	Annual	Hourly
Assistant teacher or associate home caregiver		
CDA or equivalent	$48,736	$23.43/hour
Associate degree or higher	$51,576	$24.80/hour
Lead teacher or expanded home caregiver		
Associate degree or higher	$48,736	$23.43/hour
Home caregiver		
CDA or equivalent	$51,576	$24.80/hour
Lead teacher, home caregiver, or expanded home caregiver		
Associate degree	$60,678	$29.17/hour
Bachelor's degree	$71,010	$34.14/hour

Child Development Facility Payroll Funding Formula

Facility-level funding amounts are calculated according to this formula and are distributed quarterly.

Base Award

Based on number of eligible educators, role, and credentials

+

Administrative Enhancement

12 percent of the base award for facilities with tuition below the 90th percentile of market rate

+

Facility Characteristics Adjustment

Additional funds based on:

- Enrolling children with a subsidy
- Being licensed to serve infants/toddlers
- Being home-based

=

Total Payroll Funding Formula Amount for Facility

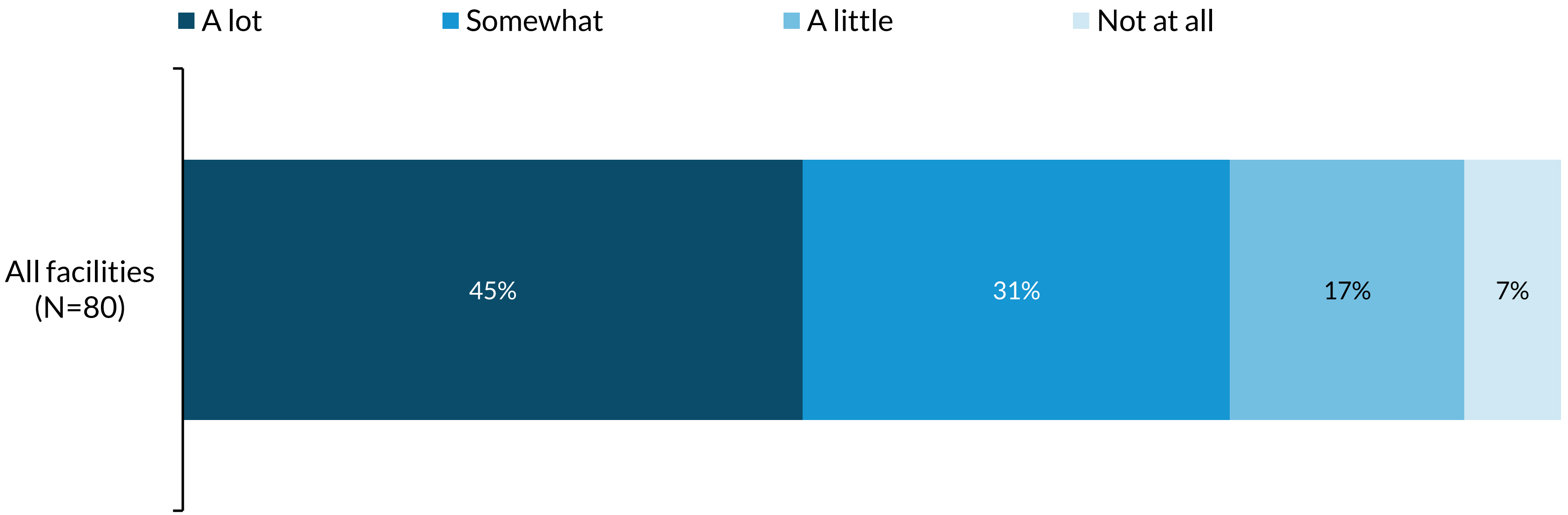
How Does the Early Childhood Educator Compensation Program Affect Child Care Businesses' Finances?

Methods

- 20-minute web survey administered in October – early December 2025
- Invited directors of licensed child care centers and owners of family child care homes participating in the compensation program
- N = 96 directors or operators of 112 facilities; 31% response rate
- Asked respondents about their experiences with the compensation program in FY 2025 (October 2024 – September 2025)
  - Financial support from compensation program and tuition levels
  - Perspectives on educator retention and turnover
  - Challenges facing DC child care

The compensation program contributes to child care businesses' financial stability.

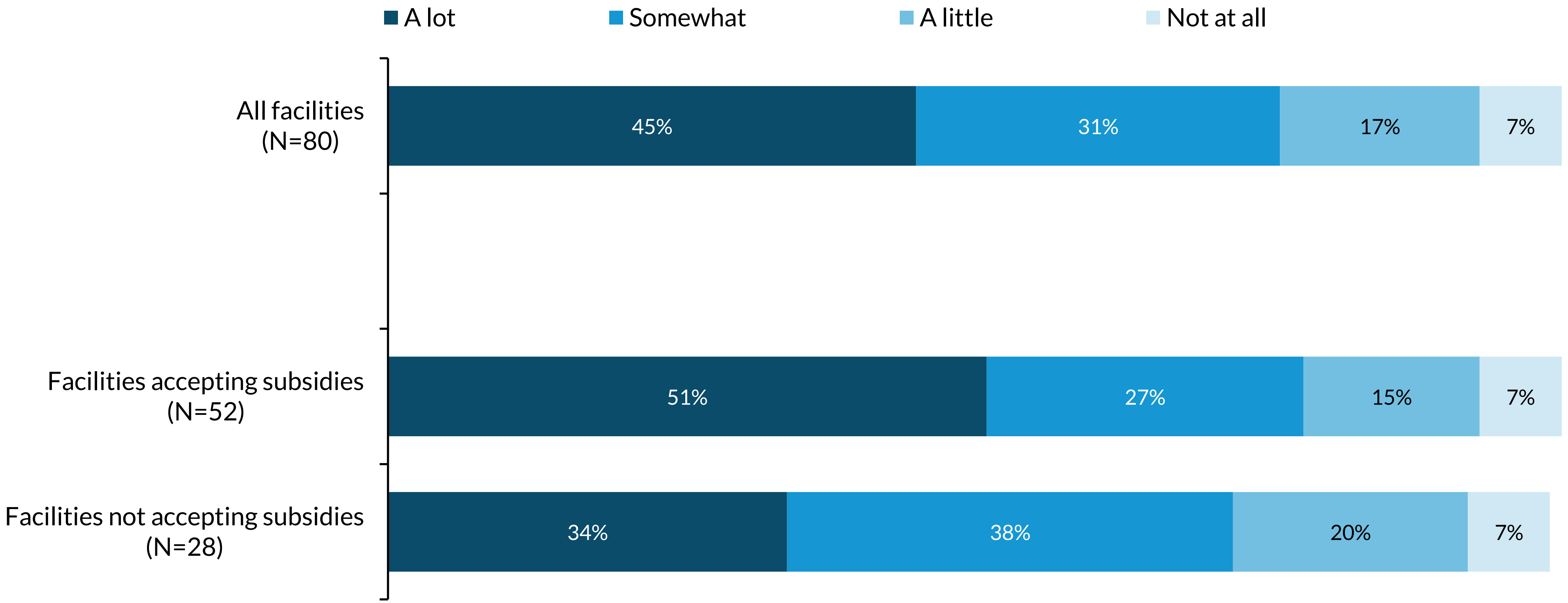
How much did participation in the compensation program in FY 2025 benefit your facility's overall financial health and success?



Source: Urban Institute's web survey of directors, owners, and operators of DC child development centers, homes, and expanded homes from October to December 2025.
Notes: Survey weights were implemented to represent all DC child development facilities in the compensation program,

Subsidy-accepting facilities report greater financial support from the compensation program.

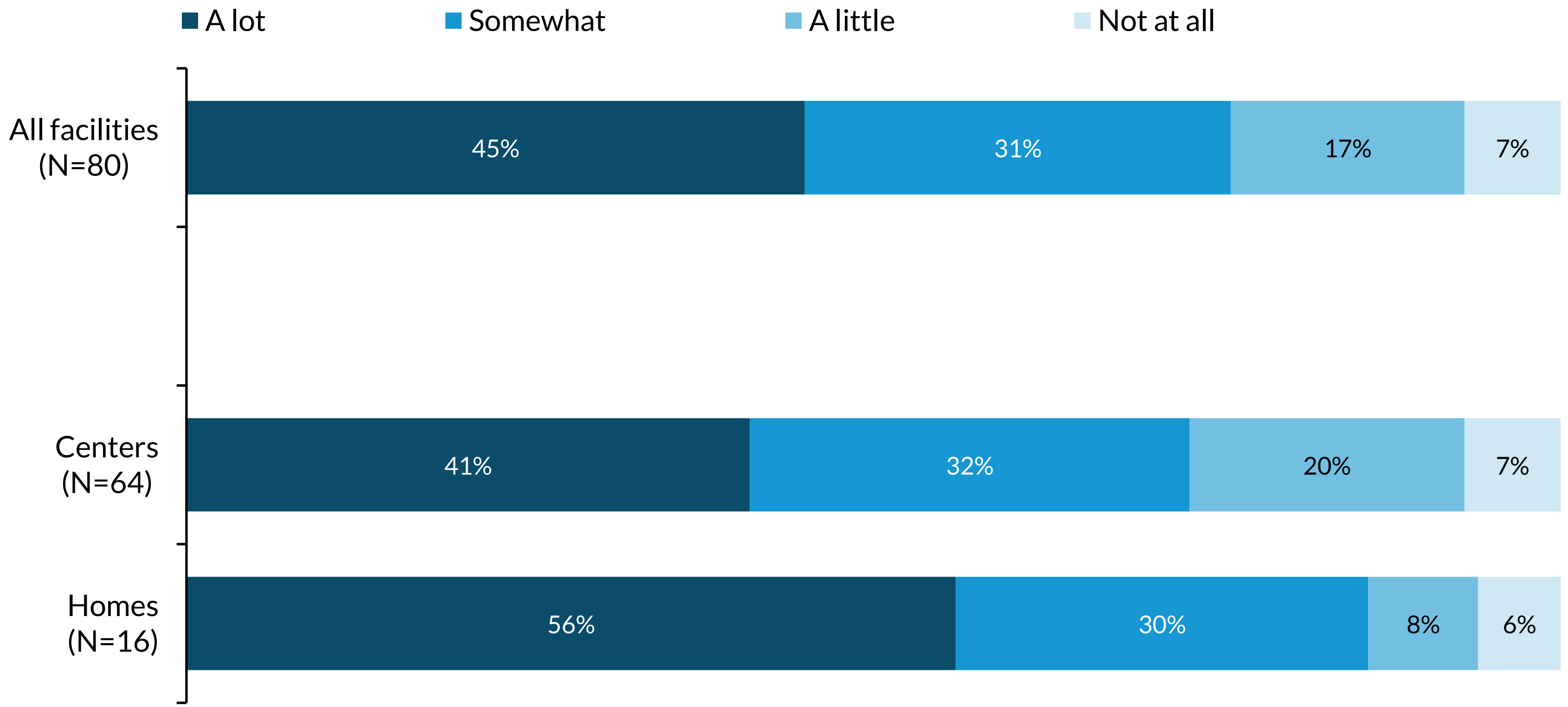
How much did participation in the compensation program in FY 2025 benefit your facility's overall financial health and success?



Source: Urban Institute's web survey of directors, owners, and operators of DC child development centers, homes, and expanded homes from October to December 2025.
Notes: Survey weights were implemented to represent all DC child development facilities in the compensation program,

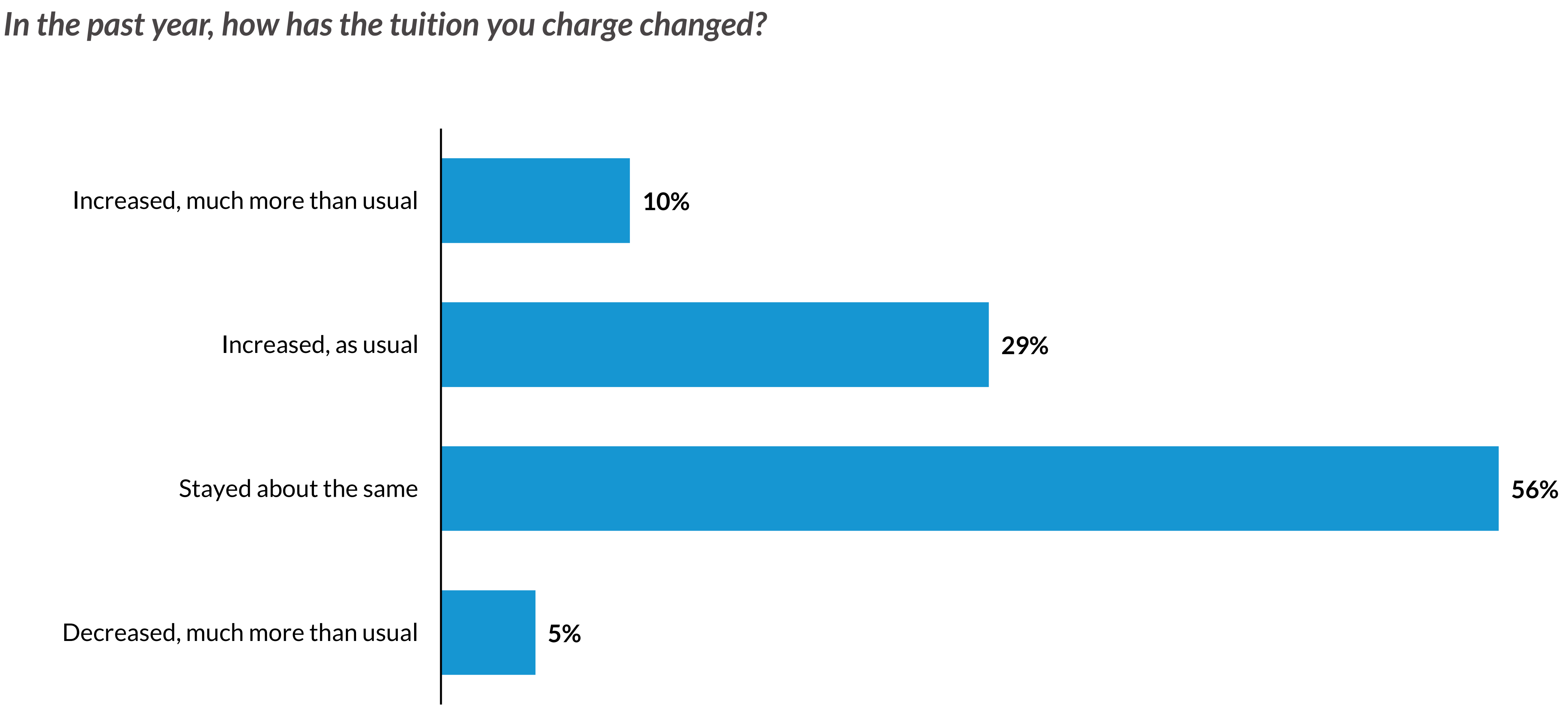
Home-based providers report greater financial benefits.

How much did participation in the compensation program in FY 2025 benefit your facility's overall financial health and success?



Source: Urban Institute's web survey of directors, owners, and operators of DC child development centers, homes, and expanded homes from October to December 2025.
Notes: Survey weights were implemented to represent all DC child development facilities in the compensation program,

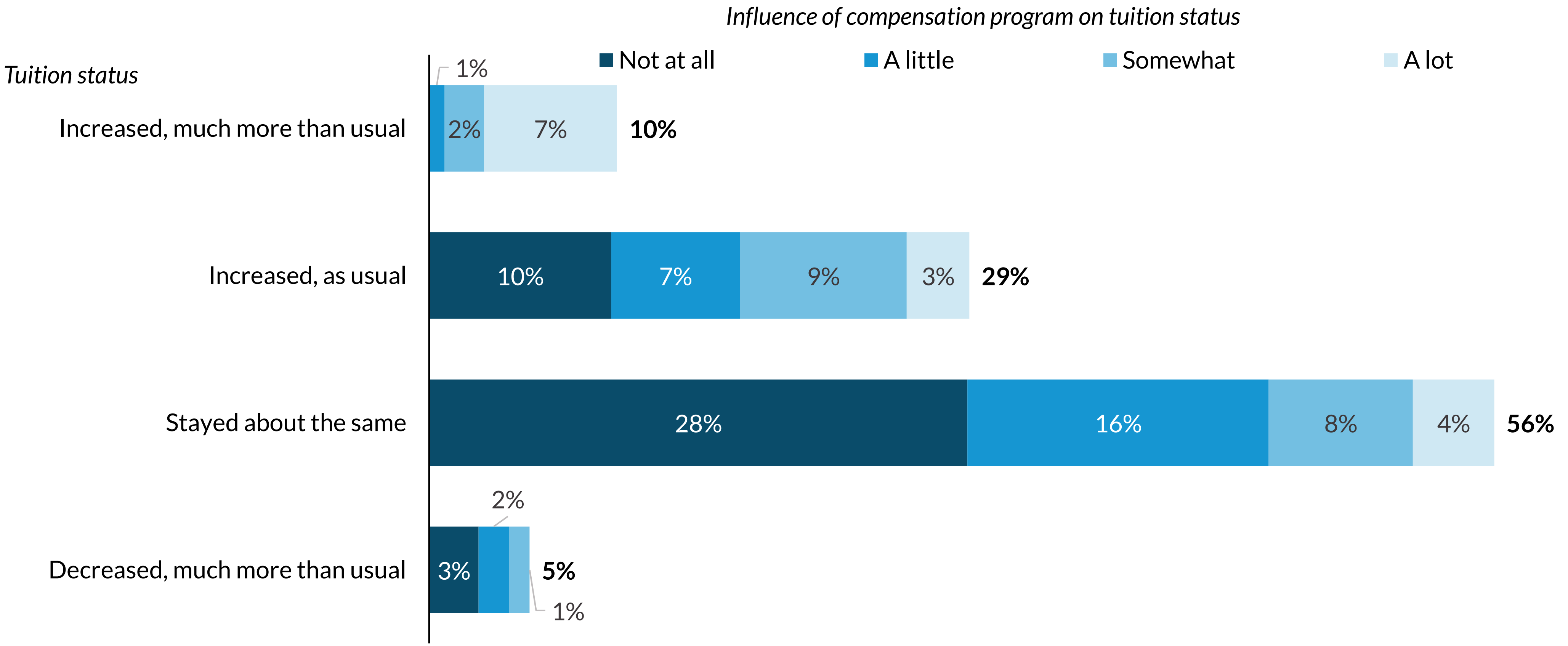
Most facilities did not raise tuition in 2025.



Source: Urban Institute's web survey of directors, owners, and operators of DC child development centers, homes, and expanded homes from October to December 2025.
Notes: Survey weights were implemented to represent all DC child development facilities in the compensation program, Figure depicts 79 respondents.

The compensation program played a role in tuition changes.

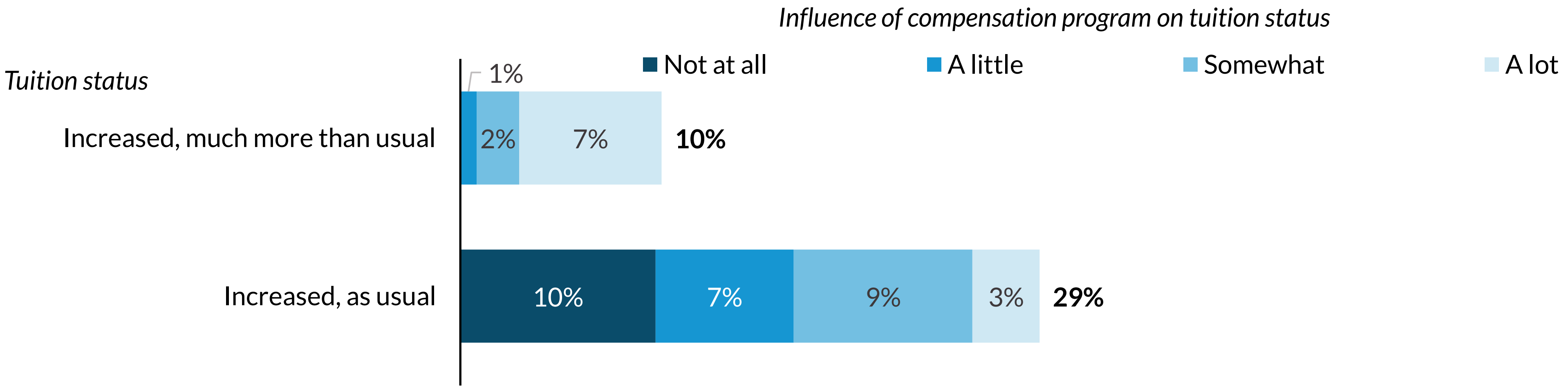
To what extent did participation in the compensation program influence this change?



Source: Urban Institute's web survey of directors, owners, and operators of DC child development centers, homes, and expanded homes from October to December 2025.
Notes: Survey weights were implemented to represent all DC child development facilities in the compensation program, Figure depicts 79 respondents.

Three-quarters of providers with a tuition increase attributed it, in part, to the compensation program.

To what extent did participation in the compensation program influence this change?



Source: Urban Institute's web survey of directors, owners, and operators of DC child development centers, homes, and expanded homes from October to December 2025.
Notes: Survey weights were implemented to represent all DC child development facilities in the compensation program, Figure depicts 79 respondents.

In their words: How the compensation program benefits child care businesses' finances

"The teachers at our school have benefited tremendously… [Without funding from the compensation program] I cannot adequately compensate my staff for all their years of service based on the going tuition rates."

– Child Care Center Director

"The compensation program provides me with the financial stability to continue to run my business efficiently."

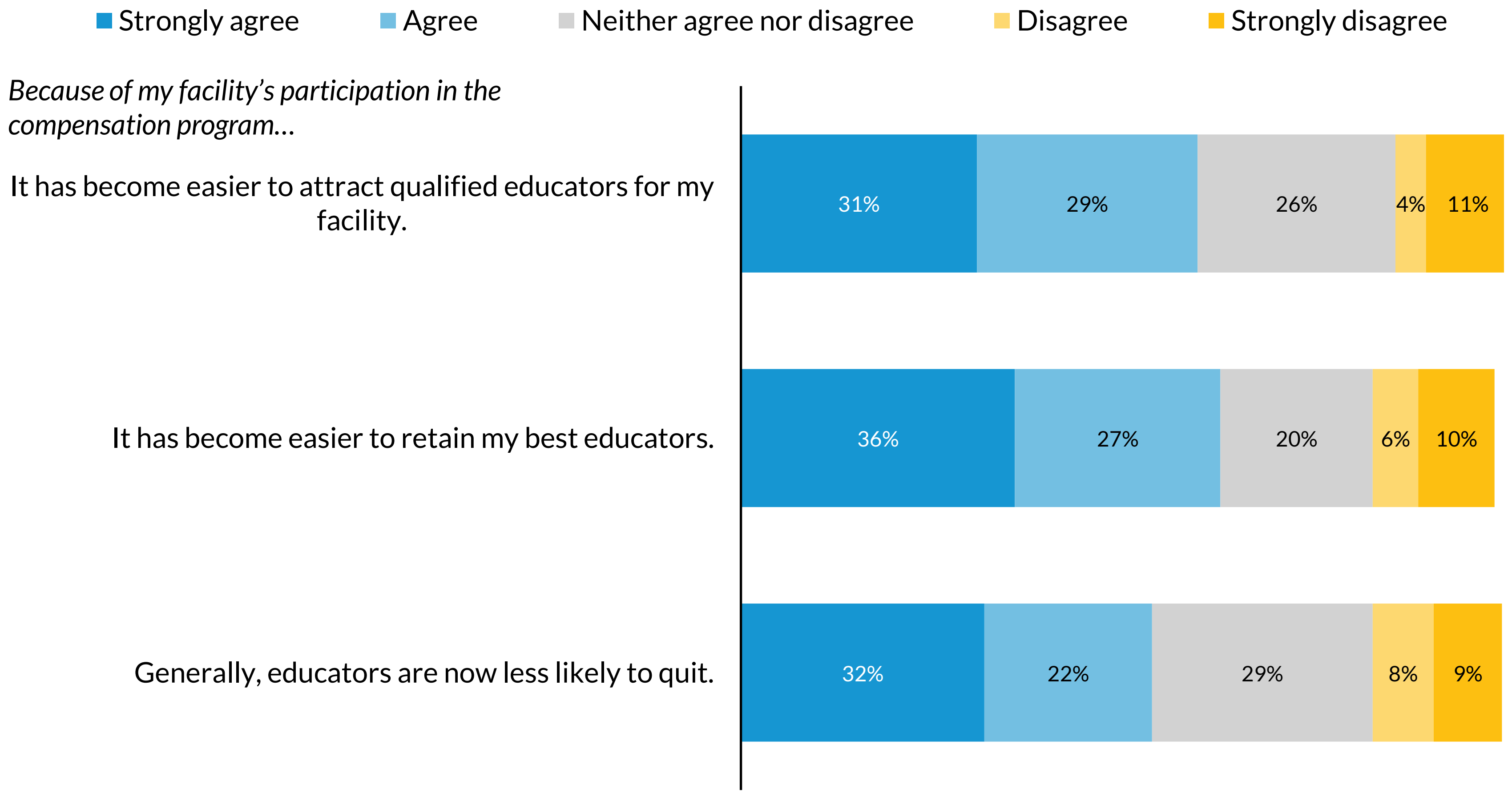
– Family Child Care Home Owner

"I did have to raise tuition to meet the gap in the [compensation program] payments. I appreciate the program, but there were changes made."

– Child Care Center Director

How is the Early Childhood Educator Compensation Program Affecting Workforce Stability?

Many directors and owners perceive the program as improving their hiring and retention.



Source: Urban Institute's web survey of directors, owners, and operators of DC child development centers, homes, and expanded homes from October to December 2025.
Notes: Survey weights were implemented to represent all DC child development facilities. Figure depicts data from 72–73 respondents participating in the compensation program in FY 2025.

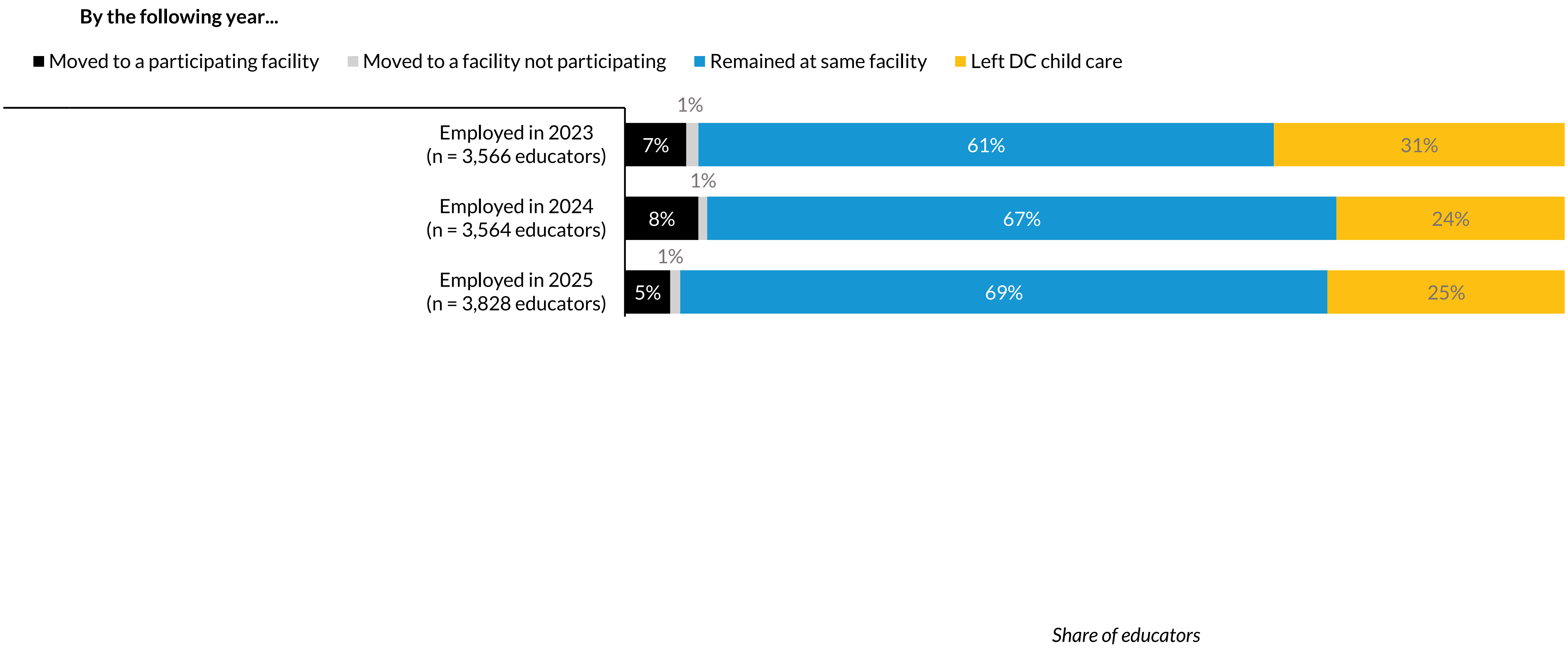
How did we examine workforce stability?

Data and Methods

- We analyzed four annual snapshots of workforce registry data[1] (spring 2023 through spring 2026), maintained by OSSE.
- We examined the share of educators a facility employed in one spring that stayed versus left their employment by the following spring.
- We also examined individual-level movement patterns within or out of the DC licensed child care workforce.

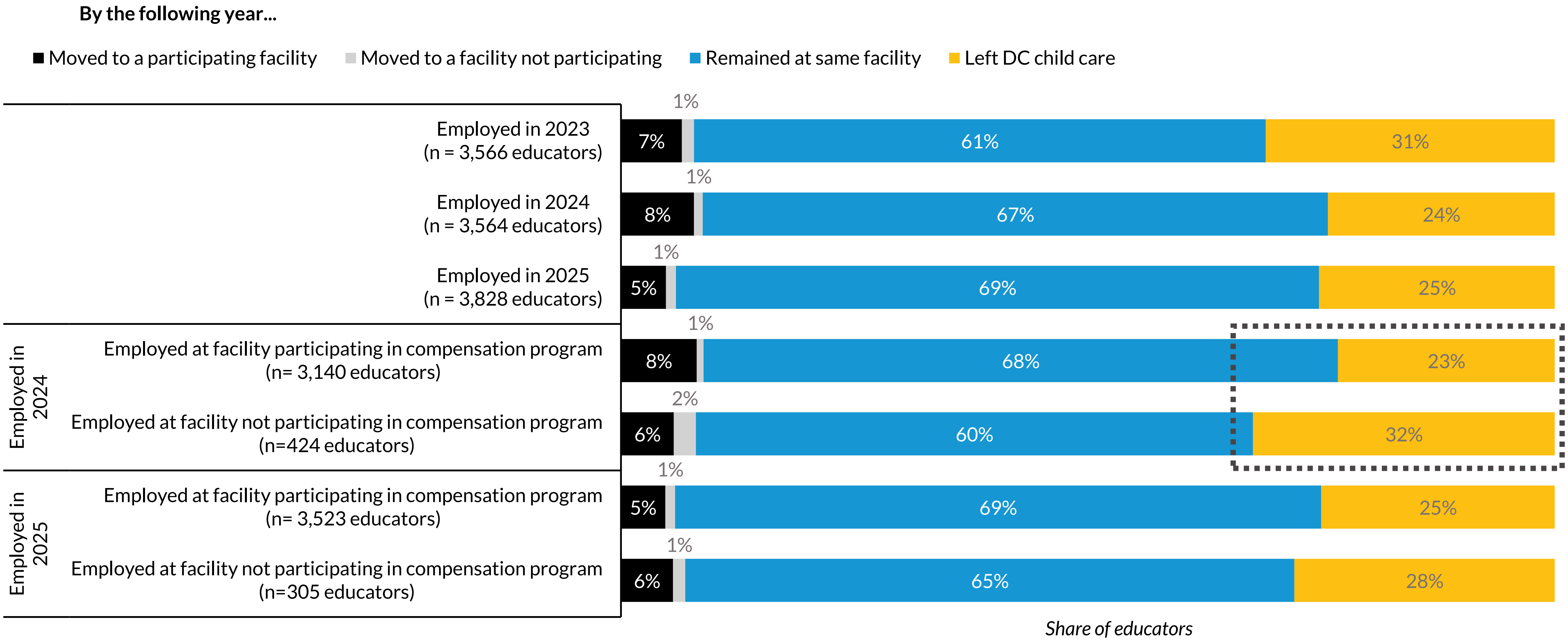
[1] Division of Early Learning Licensing Tool (DELLT)

Early educators have become less likely to leave the field.



Source: Urban Institute analysis of Division of Early Learning Licensing Tool (DELLT) data and publicly available information on facility participation in the DC early educator compensation program.
Notes: Educator roles captured in our analysis include assistant teachers, associate home caregivers, and Montessori assistant teachers; as well as teachers, expanded home providers, home providers, and Montessori teachers. Educator records were merged with facility participation data from quarter two of the corresponding fiscal year.

Early educators have become less likely to leave the field.



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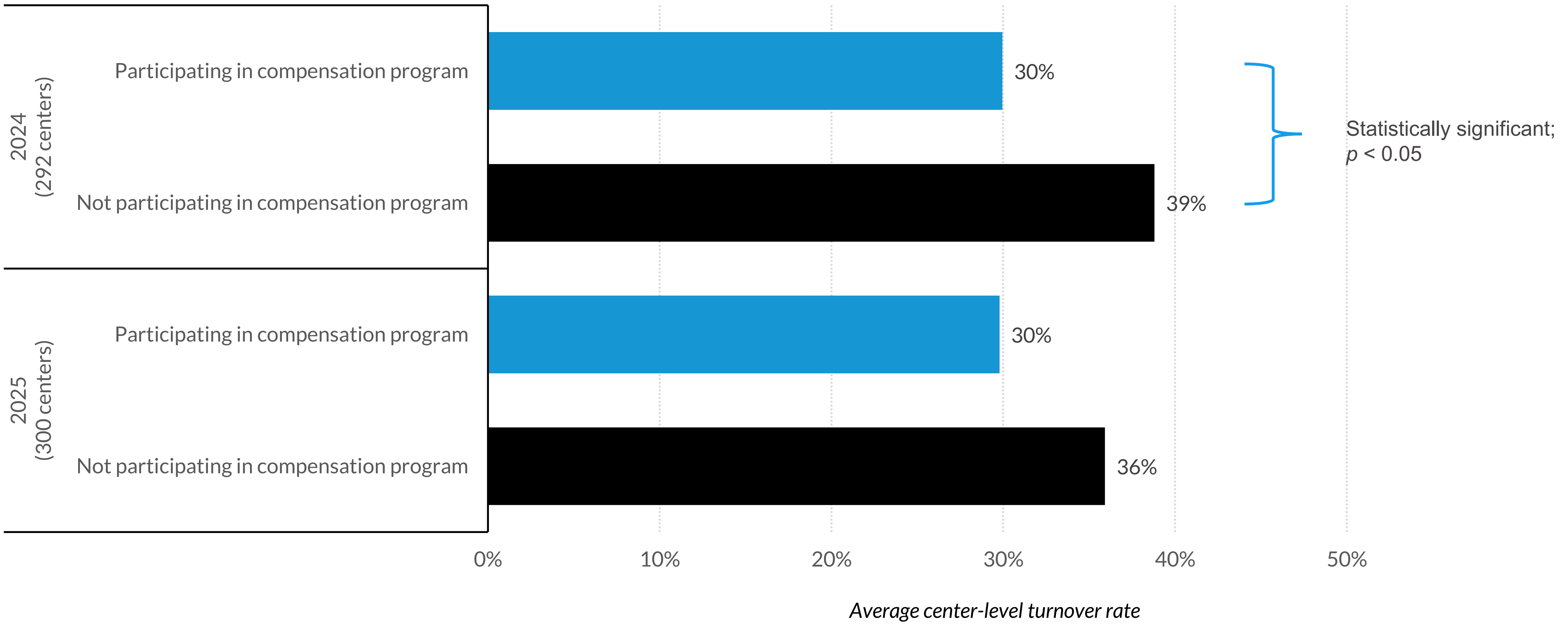
Notes: Educator roles captured in our analysis include assistant teachers, associate home caregivers, and Montessori assistant teachers; as well as teachers, expanded home providers, home providers, and Montessori teachers. Educator records were merged with facility participation data from quarter two of the corresponding fiscal year.

Facilities participating in the compensation program had lower turnover rates.



Source: Urban Institute analysis of Division of Early Learning Licensing Tool (DELLT) data and publicly available information on facility participation in the DC early educator compensation program.
Notes: Educator roles captured in our analysis include assistant teachers, associate home caregivers, and Montessori assistant teachers; as well as teachers, expanded home providers, home providers, and Montessori teachers. Educator records were merged with facility participation data from quarter two of the corresponding fiscal year.

In their words: How the compensation program benefits the child care field

"The additional support [from the compensation program] has helped create more stability in our field and has made educators feel more valued for the important work we do. It has also helped with staff retention and morale, which directly benefits the children and families we serve."

– Child Care Center Director

"The additional compensation has made a real difference in the lives of my teachers, helping retain skilled educators who would otherwise be forced to leave the field."

– Child Care Center Director

"[The compensation program] has allowed me to hire quality educators and increase my enrollment."

– Family Child Care Home Owner

Links to study publications

https://www.urban.org/projects/dc-child-care-policy-research-partnership/implementation-study-early-childhood-educator

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TOPICS EVENTS NEW: EVIDENCE IN ACTION PODCAST

PROJECT

DC Child Care Policy Research Partnership

Project Home

An Implementation Study of Capital Quality, the District's Enhanced Quality Rating and Improvement System

An Implementation Study of the Early Childhood Educator Pay Equity Fund

A Study of New Parents of "Pandemic Babies"

The District of Columbia Child Care Policy Research Partnership is an active collaboration between the Urban Institute and the District of Columbia Office of the State Superintendent of Education (OSSE), DC's Child Care and Development Fund (CCDF) Lead Agency. Ongoing since 2019, the Partnership brings new data and evidence to questions about access to a supply of quality child care for District children and families.

The Partnership has three main study components:

1. An implementation study of Capital Quality, the District's enhanced Quality Rating and Improvement System
2. An implementation study of the Early Childhood Educator Pay Equity Fund, a landmark initiative to advance pay parity between early childhood educators and public school teachers
3. A study of new parents of "pandemic babies," whose child care decisionmaking is happening in the wake of COVID-19

Roundtable Panel: Investing in Child Care to Support Families, Businesses, and the Broader Economy