

Early Childhood Fact Sheet

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Washington, DC's Early Childhood Educator Pay Equity Fund increased the number of child care and early education workers after two years

Child care and early education (CCEE) educators are among the lowest-paid workers in the country,¹ and are disproportionately women of color. Low pay has widely been attributed to challenges in recruiting and retaining qualified CCEE educators and to low morale in CCEE settings.² A stable and qualified CCEE workforce is the backbone of accessible and high-quality CCEE for families with young children.^{3,4}

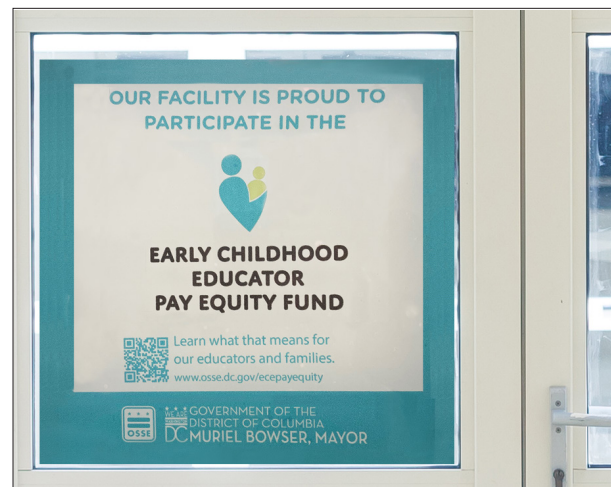
Washington, DC's [Early Childhood Educator Pay Equity Fund](#) (PEF) was created to address the significant pay disparity between CCEE educators and K–12 teachers. Through the PEF, Washington, DC, is the first jurisdiction in the nation to use local tax revenue as a dedicated source of public funding to supplement CCEE educator wages. Mathematica, in partnership with the Bezos Family Foundation and DC Action, is studying the impacts and cost effectiveness of the PEF in Washington, DC. More information about this study is available on the [project website](#).

This fact sheet presents findings on the impacts of the PEF on CCEE labor market outcomes through two years of the program. Findings are based on comparisons of outcomes of Washington, DC, and a "Synthetic" Washington, DC, constructed using a group of counties that were similar to Washington, DC, prior to the launch of the program. Outcomes are from the [Quarterly Census of Employment and Wages](#), which provides counts of CCEE employees, average weekly wages,

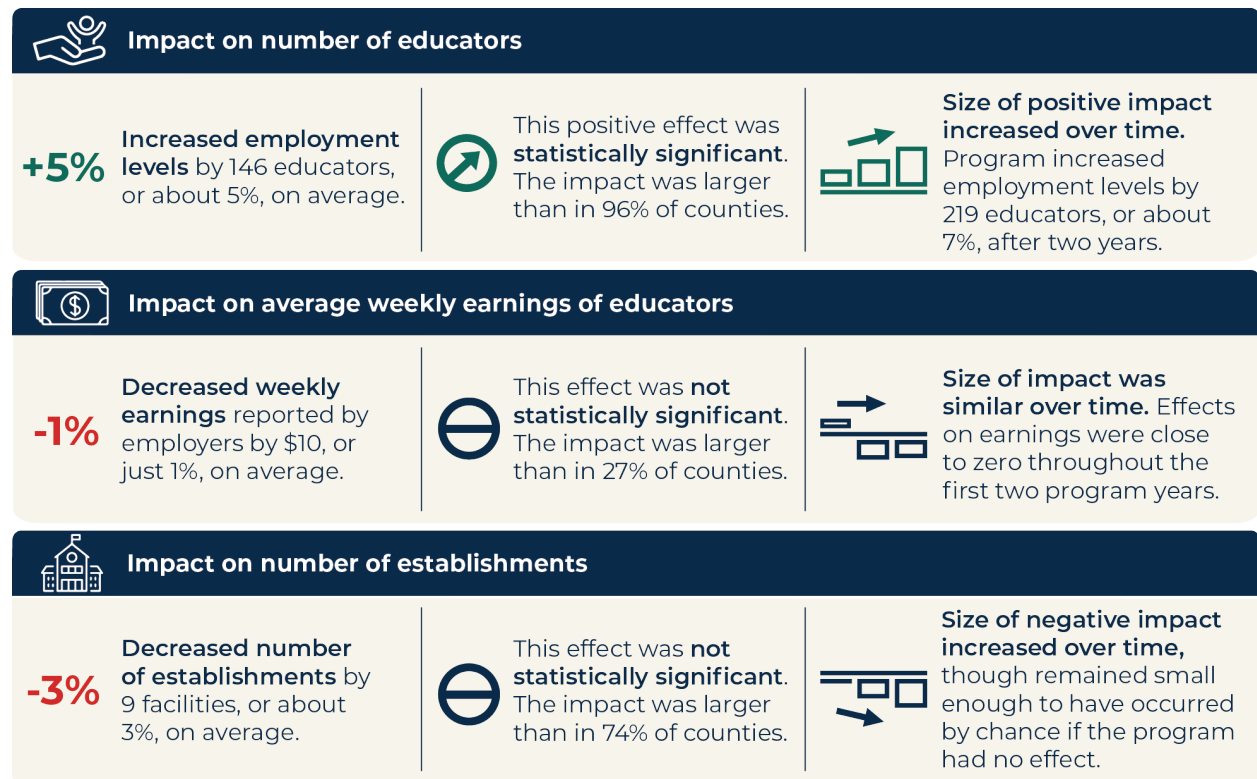
and establishments over time. For a more detailed presentation of these findings, please see the study's two-year impact report.⁵

About the Early Childhood Educator Pay Equity Fund

In 2018, the DC Council passed the [Birth-to-Three for All DC Act](#), which expanded the District's investment in CCEE to focus on infants and toddlers. In 2021, the DC Council voted to raise taxes on individuals earning more than \$250,000 a year and allocated a portion of the revenue to supplement CCEE educator wages. Subsequently, the DC Early Childhood Educator Equitable Compensation Task Force was established to develop innovative strategies to distribute these funds. The PEF is administered by the DC Office of the State Superintendent of Education, who partners with a third-party vendor, AidKit, to distribute payments.⁶



Summary of the CCEE labor market impact of the Pay Equity Fund after two years



In its first two years of operation, the PEF has delivered payments ranging from \$5,000 to \$14,000 per year to more than [4,000 CCEE educators](#) in licensed centers and home-based programs in Washington, DC. In late summer 2022, eligible CCEE educators began receiving initial, lump sum payments for fiscal year (FY) 2022. Between December 2022 and September 2023, educators received a second set of supplemental payments in quarterly installments for FY 2023. The PEF also supports [HealthCare4ChildCare](#), which, by the end of FY 2023, enrolled more than 1,000 CCEE employees and their dependents in free or lower-premium health insurance plans.

Impacts through two years of the Pay Equity Fund

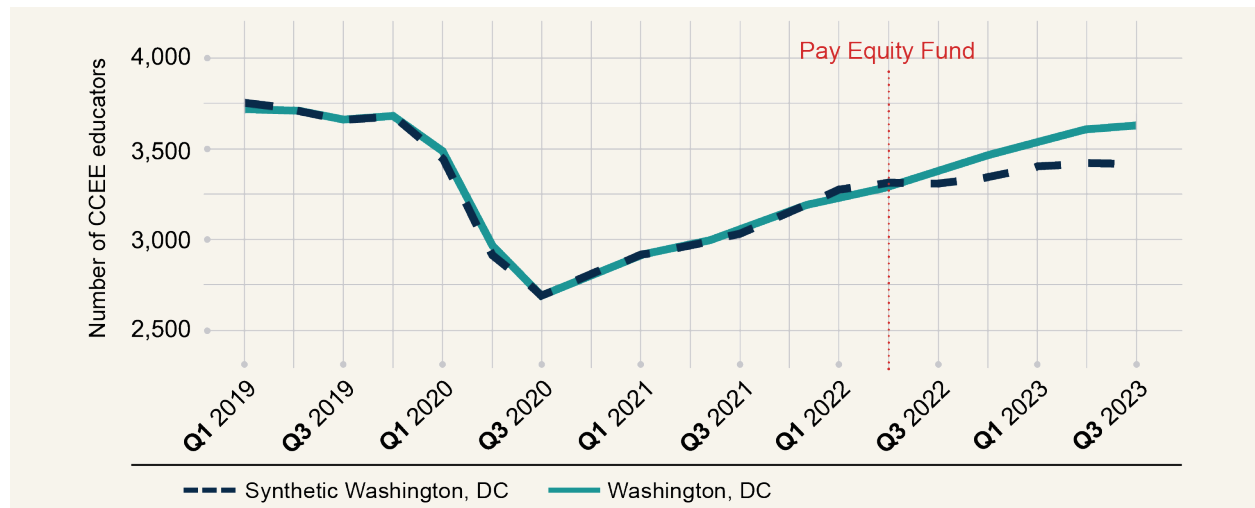
The PEF had a statistically significant positive impact on the number of CCEE educators in Washington, DC. On average, the PEF increased CCEE employment levels by 146 educators, or about 5 percent, in each quarter over the first two years.

This impact also grew over time—by the end of FY 2023, it was 219 educators, or nearly 7 percent larger than our best estimate of what CCEE employment levels would have been without the program. This positive impact was statistically significant because it was larger than impacts in virtually all other U.S. counties. These results suggest that the PEF effectively supported the hiring and retention of educators in Washington, DC, through its first two years of operation.

The PEF had no statistically significant impact on average weekly wages for CCEE educators.

The effects of the PEF on wages (as reported from employer payrolls) remained close to zero since payments began. This was consistent with our expectations because payments were delivered directly to educators, outside of their regular wages. There was no evidence of other wage effects, such as from retaining educators longer or recruiting more qualified staff.

CCEE employment levels for Washington, DC, estimated with and without Pay Equity Fund



The PEF had a modest negative impact on the number of CCEE establishments, although this finding was not statistically significant. On average, Washington, DC, had 9 fewer CCEE establishments compared to the Synthetic Washington, DC, with impacts ranging from 0 to 14 fewer establishments in individual quarters following the start of the program. These impacts were not statistically significant, however, suggesting the PEF enabled existing establishments to increase staffing amidst documented staffing shortages in the sector.

Implications and next steps

As the nation’s first publicly funded CCEE educator wage supplement, the PEF represents a significant step toward addressing compensation inequities in the CCEE sector. The positive impacts of the PEF on CCEE employment levels in the first two years of the program are promising because they suggest that substantial wage supplements can support CCEE labor supply in a setting as large and diverse as Washington, DC. This project will continue to evaluate the PEF’s effectiveness, including through analysis of educator retention and recruitment and impacts on CCEE services, the economic value of the program, and the consequences of changes to the PEF’s operations and funding in FYs 2024 and beyond.

¹ McLean, C., L. J. E. Austin, M. Whitebook, and K. L. Olson. “Early Childhood Workforce Index – 2020.” Berkeley, CA: Center for the Study of Child Care Employment, University of California, Berkeley, 2021. <https://cscce.berkeley.edu/workforce-index-2020/report-pdf/>.

² Grunewald, R., R. Nunn, and V. Palmer. “Examining Teacher Turnover in Early Care and Education.” Minneapolis, MN: Federal Reserve Bank of Minneapolis, April 2022. <https://www.minneapolisfed.org/article/2022/examining-teacher-turnover-in-early-care-and-education>.

³ Doromal, J. B., K. Weisner, and D. Bassok. “Staffing Challenges at Virginia Child Care Centers: Differences by Centers’ Subsidy Participation Status.” University of Virginia, EdPolicyWorks, May 2022. https://www.see-partnerships.com/uploads/1/3/2/8/132824390/see_partnerships_va_staffing_challenges.pdf.

⁴ Markowitz, A. J. “Within-Year Teacher Turnover in Head Start and Children’s School Readiness.” University of Virginia working paper, May 2019. <https://education.virginia.edu/documents/epwworkingpaper-70teacherturnoverin-headstart2019-05pdf>.

⁵ Schochet, O. “Jobs in the Balance: The Two-Year Labor Market Impacts of Washington, DC’s Early Childhood Educator Pay Equity Fund. Final Report” Mathematica, May 2024. <https://www.mathematica.org/publications/two-year-labor-market-impacts-of-washington-dcs-early-childhood-educator-pay-equity-fund>.

⁶ Greenberg, E., V. Nelson, J. B. Doromal, H. Sandstrom, S. Bose, and E. Lauderback. “Toward Pay Equity: A Case Study of Washington DC’s Wage Boost for Early Childhood Educators.” Urban Institute, June 2023. <https://www.urban.org/research/publication/toward-pay-equity-case-study-washington-dc-wage-boost-early-childhood-educators>.