

## What's In the Proposed Fiscal Year 2019 Budget for Early Childhood Development?

By Marlana Wallace

The proposed Fiscal Year (FY) 2019 budget includes some significant investments that improve the quality of early care and education for low-income infants and toddlers in DC. This represents a great first step, but much more is needed to build a truly comprehensive support system for early childhood development in DC.

Health and education are inextricably linked from birth to five. Good health care, strong family supports, and affordable quality early learning environments are all instrumental to the well-being of young children. The programs that are essential to the healthy development and early learning of children under five are spread across more than 10 District agencies, and include over 40 programs.<sup>1</sup> This report offers a partial picture of some of the most critical investments.

The proposed budget allocates the necessary funds to finally implement Paid Family Leave in DC, with tax collections starting next year and benefits slated to begin in 2020. The 2014 special education reforms are also fully funded, so more toddlers will benefit from early intervention services. Critically, the budget also brings funding for the District's child care subsidy program a little closer to the true cost of care, helping child care providers offer better learning environments for our youngest children (*Figure 1*).

But there are no new dollars to expand home visiting programs. The budget does not build in a plan for how to fully cover the huge difference between child care subsidy payments and the true costs of care, raise the abysmally low wages of early educators, or make early education

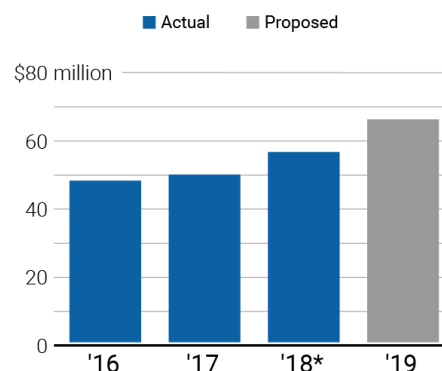
### SUMMARY

- Implementation of 2016 Universal Paid Family Leave Act supported with \$5.6 million in operating funds and \$19.9M in capital funds for FY 2019.
- No new local funds for home visiting program. DC continues to rely solely on \$1.5 million in federal grants.
- \$10 million increase for child care subsidies, bringing them a little closer to the cost of care.
- No new funding for T.E.A.C.H scholarships to support early educators earning higher credentials.
- Fully funds early intervention expansion, so toddlers with milder delays benefit from services too.
- Low Income Investment Fund chosen to administer last year's \$9 million investment in facilities assistance, for child care providers to grow number of slots by 1,000.
- \$2.5 million for child care tax credits for middle-income families.
- No additional funding proposed for "Birth-To-Three" legislation that charts a path to comprehensive supports for early childhood.

FIGURE 1.

### The Proposed Budget Increases Investment in Early Learning for Low-Income Infants and Toddlers to Help Cover the True Cost of Care

Total local spending on the child care subsidy program



Note: The FY 2018 total excludes a \$9 million one-time investment in facilities assistance. These funds continue in FY 2019 in a non-lapsing fund. FY 2018 also excludes \$2 million one-time expansion for the TEACH program. Both FY 2018 and FY 2019 totals exclude a \$2 million one-time investment in PreK enhancement classrooms. Local spending totals for the Child Care Subsidy Program do not include intra-District TANF dollars or federal dollars.

Source: Fiscal Year 2016-19 Budget & Financial Plans.

affordable for all families. But the pending “Birth to Three” legislation does all of these things. DC Council should make the enactment and funding of this legislation a top priority, for the benefit of DC’s youngest children, their families, and the future of our city.

### **Budget Fully Funds Start-Up Costs for Paid Family and Medical Leave in DC**

A strong foundation for early childhood development and early learning begins before birth. Families will see tremendous gains in economic security and public health from having paid leave to care for themselves or a new child. Paid family leave also reduces infant mortality, which remains high in Wards 5, 7, and 8.<sup>2</sup>

In December 2016, the DC Council passed the Universal Paid Leave Act (UPLA), which will provide eight weeks of paid leave for new parents to be with their children, six weeks to workers who need to care for an ill relative, and two weeks for workers to address their own health needs, beginning in 2020.

The Mayor’s proposed budget provides \$5.6 million in FY 2019 operating funds for paid family leave implementation and \$40 million in capital costs through 2023, with \$19.9 million in proposed funding for FY 2019. This funding will allow the paid leave program to move forward – eventually it will be self-funded through a payroll tax. Benefits from the program will allow private sector workers to be compensated for lost wages when taking time off to care for a new child. For more on the District’s other workforce supports, see [DCFPI’s Employment and Training Toolkit](#).

### **No New Local Dollars for Home Visiting Programs That Support Young Families**

The budget includes \$1.5 million in federal grant funds through the Maternal, Infant, and Early Childhood Home Visiting program (MIECHV), a federal program that supports evidence-based home visiting programs across the United States. Additionally, the budget includes a \$60,000

Innovation grant through MIECHV, which will support training for best practices in home visiting. For more on the District’s public health programs for FY 2019, see [DCFPI’s Health Care Toolkit](#).

Home visiting is a family support strategy to help pregnant women, children under five years old, and their families achieve the best possible outcomes in maternal and child health, and development. It promotes health care utilization by reengaging families struggling with barriers to care. Currently, Department of Health home visiting programs primarily serve some of the families of children aged 0 to 3 in Wards 5, 7, and 8 and homeless families.

To attract and retain a broadly skilled home visiting workforce capable of meeting the need for services, there must be an adequate and sustained investment in home visiting. Yet the District devotes relatively few local dollars to support the program compared to other jurisdictions. In fiscal year 2018, the District is spending less than \$2 million local dollars on DOH based home visiting programs.

### **The True Cost of Investing in Early Care and Early Education**

Currently, the District supports the education of about 5,100 infants and toddlers through the Child Care Subsidy/Voucher program, administered by the Office of the State Superintendent of Education (OSSE).<sup>3</sup> The program reimburses child care providers for the costs of educating low-income children.

The proposed FY 2019 budget includes an increase of \$10 million for educators serving low-income infants and toddlers. (see *Figure 1, pg. 1*). This builds on key investments in early education from last year’s budget, including new dollars for the child care subsidy program, and an investment in supplemental ‘at-risk’ funding for low-income three- and four-year-olds enrolled in public Pre-Kindergarten in community-based settings.<sup>4</sup>

Although the District has made great strides in improving the education of three- and four-year-olds, much more is needed to support the education of children under three.<sup>5</sup>

OSSE's 2016 report *"Modeling the Cost of Child Care in the District of Columbia"* finds that subsidy rates are insufficient to meet the cost of providing the quality of care and education our youngest residents need, and particularly so for the providers offering the highest quality care.<sup>6</sup>

This leaves many providers struggling to make ends meet, and contributes to a shortage of high-quality care (*Figure 2*). Teachers and staff earn far less than they deserve, and low-income families often cannot secure continuous, high-quality education for their young children.

This is particularly a problem for providers in low-income neighborhoods that primarily or exclusively serve children who are in the subsidy program, because they are taking a loss on each child they educate. Essentially all licensed infant and toddler slots in Wards 7 and 8 are used by children receiving subsidy, and over half of the slots in Wards 1, 4, and 5 are used by children receiving subsidy. The number of licensed

educational options for children with subsidies downtown in Wards 2, 3, and 6 is substantially lower.<sup>7</sup>

Quality early education is a smart investment in the future success of young children, and particularly so for low-income infants and toddlers. Access to high-quality, affordable early learning can reduce the difference in school readiness between low-income toddlers and their higher-income peers, which begins even before three years old. Children who receive quality care also grow up to earn more money as adults.<sup>8</sup>

DC Council should protect the \$10 million new dollars for the child care subsidy program. But this is only the first step of many to build a truly comprehensive support system for early childhood learning in the District.

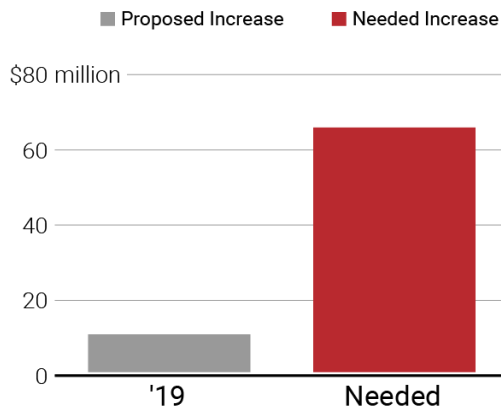
### No Increase to the T.E.A.C.H Scholarships to Support Early Educators Earning Higher Credentials

As part of an ongoing effort to improve the quality of early education in the District, OSSE recently increased the minimum education requirements of the early childhood workforce.<sup>9</sup> The Teacher Education and Compensation Helps (T.E.A.C.H) grant covers a large share of the costs of tuition, books, and paid release time, as well as a travel stipend and a bonus for early educators earning an associates or bachelor's degree in early childhood education. There were no new dollars allocated to T.E.A.C.H scholarships in FY 2019.

Early childhood educators deserve a salary that reflects the value they add to our city and raises in accordance with their qualifications and experience. Yet the professionals we rely on to lay the educational foundation for our children and future workforce are among the lowest paid, earning \$29,450 on average and rarely receiving health or retirement benefits.<sup>10</sup> Inadequate compensation often leads to high turnover, which interrupts the continuity of care for young

FIGURE 2.

#### \$65 Million Needed to Align Child Care Subsidies with the True Cost of Care



Source: Fiscal Year 2019 Budget & Financial Plans; Fiscal Impact Statement for "Birth to Three in DC"

children. Without better compensation and benefits, teachers may leave community-based organizations for DC Public Schools, or leave the field entirely.

Underinvestment in early childhood educators intensifies DC's deep racial and economic inequality. Low wages in this important sector contribute to both gender and racial disparities in earnings, as the District's early educators are largely women of color who must support their own families on meager wages.

Without deliberate policy strategies to raise compensation and benefits, teachers are likely to leave the field to earn more with a higher degree in other industries. The District needs to secure a qualified, professional workforce to educate the growing number of young children in the District. We need to both support current educators in attaining those credentials, and ensure that their salaries ultimately reflect the investment of time, energy, and money the new regulations demand.

### **Changes to the Laws That Govern the Child Care Subsidy Program**

The proposed Budget Support Act updates the laws that govern the District's Subsidized Child Care Program, so that they conform with current practice. These updates include eligibility for the child care subsidy program.

For their children to qualify for child care subsidies in the District, parents must meet both an income threshold and certain work or educational requirements.<sup>11</sup> (Though, even if families are considered eligible, the District may limit subsidized child care based on available resources and funding).

The Budget Support Act aligns the law with current practice by formally making subsidies available to children who meet the definition of a 'vulnerable child'. A 'vulnerable child' is defined as a child with documented special needs; experiencing homelessness; in foster care;

receiving or needing to receive protective services; having a parent with disabilities; or having a parent receiving vocational rehabilitation services.

### **Expanded Early Intervention Services Will Help More Toddlers Get Back on Track**

The proposed FY 2019 budget also funds three critical special education reforms that align services with best practices, including expanded eligibility for toddlers who need early intervention services. These reforms have been on hold since 2014 due to lack of funding.

Although there are no new funds explicitly identified in OSSE's budget for the early intervention expansion, the "subject to appropriations" language has been lifted and the money needed to fund the reform has been incorporated into OSSE's financial plan. Updated eligibility data and offsets from Medicaid payments resulted in a much lower fiscal impact than first estimated.<sup>12</sup> OSSE now estimates that 180 children will be eligible monthly, at a cost of \$865 per child.

Birth to age three is a crucial time for brain and body growth. Yet too many babies and toddlers fall behind because they have unaddressed developmental delays in areas like language or motor skills, especially low-income children.<sup>13</sup>

Almost half of children who get early intervention services completely catch up to their peers behaviorally by kindergarten (*Figure 3*).<sup>14</sup>

Starting this July, more toddlers with developmental delays will get back on track.

Identifying and investing in extra supports for students with developmental delays at earlier ages improves long-term academic trajectories and reduces the need for more costly special education services down the line. Currently, by high school, fewer than one in 10 special education students are college and career ready.<sup>15</sup>

For more on the special education reforms that benefit older students, see [DCFPI's PreK-12 Education Toolkit](#).

### FY 2018 Investments to Build the Supply of Early Learning Facilities Moving Forward

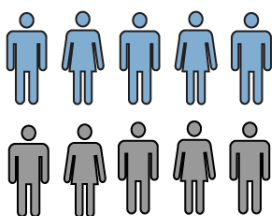
In the FY 2018 final budget, Mayor Bowser allocated one-time facilities assistance money to help child development centers grow by 1,000 seats over three years. The Low Income Investment Fund was selected by OSSE in February to administer these grants (\$9 million).

The District also commissioned a Supply and Demand study that is near completion. This study will help inform the locations of these expansions as well as other pending legislation on child care supply-building initiatives.

FIGURE 3.

### Almost Half of Early Intervention Recipients Catch Up to Peers by Kindergarten

■ Exhibiting Age Appropriate Behavior  
 ■ Still Working on Age Appropriate Behavior



Source: "The Outcomes of Early Intervention for Infants and Toddlers with Disabilities and Their Families", National Early Childhood Technical Assistance Center, July 2011

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### New Tax Credit for Child Care Is Not the Best Mechanism to Improve Affordability

The budget proposes a one-year refundable tax credit for child care expenses for kids up to three years old attending a licensed facility, up to a \$1,000 maximum per child, at an estimated cost of \$2.5 million. Families receiving childcare subsidy will not be eligible.<sup>16</sup> Although families with incomes up to \$750,000 will be eligible for the credit, it is expected that only 2,500 families will use it.<sup>17</sup>

Many families struggle to manage the steep costs of early care and education. In 2017, center-based early care and education in the District averaged \$23,000 a year.

Although this new child care tax credit will offset a small portion of that cost, it is not targeted at families who need it the most and is unlikely to inspire or enable families to switch to a higher quality provider.

Unlike tax credits, child care subsidies are highly targeted and connected to measures of continuous quality. Investing in the child care subsidy program drives the most resources to the highest quality care to the benefit of the children with the biggest barriers.

We ought to be investing much more to make quality early education affordable for all families, but the dollars should go first to improving the quality of care for the children and families who need it most.

### More is Needed: Charting a Path to Comprehensive Supports for Early Childhood Development

The DC Council should adopt and set aside funds for the pending "Birth to Three in DC" legislation. This legislation charts a path to a comprehensive system of supports for healthy early childhood development, including full funding of the child care subsidy program, and competitive compensation for early educators.<sup>18</sup>

The cost of the “Birth to Three in DC” legislation scales up over time to the sizeable investment the District needs and deserves. In FY 2019, according to the latest Fiscal Impact Statement (FIS), the legislation would require an additional \$13.2 million, though the FIS does not reflect the changes made to the legislation in committee.<sup>19</sup>

This legislation identifies and aligns child care subsidy reimbursements with the true cost of care over the next few years. It builds a fair, competitive teacher salary into the cost-of-care model and the level of reimbursements, with annual adjustments for rising cost of living. This will enable child care providers to attract and retain quality educators without falling further into the red. The legislation also adds on-site options for early childhood educators looking to improve their credentials to meet the upcoming, higher new standards.

This legislation prioritizes improving the quality of early education for the children with the greatest needs, by expanding the Quality Improvement Network.

Finally, this legislation expands essential health care programs and family supports, by providing local dollars to Help Me Grow, Healthy Futures, Healthy Steps, home visiting programs, and lactation support services. Help Me Grow is a referral service administered by the Department of Health to connect young families to the services they need, including home visiting. Healthy Futures is run by the Department of Behavioral Health and offers professional support and mental health consultation to children and families enrolled in child care centers. Healthy Steps is an innovative model that leverages well-child visits at the pediatrician’s office as a prime opportunity to connect families with needed wraparound services, which is currently privately funded.

Early childhood education lays the foundation for a lifetime of learning—it’s how we shape the

citizens and workers of tomorrow. To strengthen the quality of early education, our city must invest in the healthy development of young children on a much larger scale.

## EDUCATION RECOMMENDATIONS FOR THE DC COUNCIL ON THE FY 2019 BUDGET

### Proposed New Educational Investments to Preserve

- Enhancements to Child Care Subsidies: \$10 million new dollars
- Funding the Special Education Reforms: \$4.2 million in new funding
- Moderately Increasing the UPSFF: 3.9 percent increase
- Investing in Out-of-School Time: \$9.6 million new dollars
- Improving Mental Health Supports in Schools: \$3 million in new funding

### New Educational Investments to Prioritize in Fiscal Year 2019

- Commission a Revision to the 2013 Adequacy Study
- Pass and Fund the “Birth to Three in DC” Legislation
- Enact and Implement the “Student Fair Access to School Act”: \$16 million in Fiscal Year 2019
- Build on the Proposed Out-of-School Time Investment: add \$5.8 million more
- Increase funding for Community School Models
- Ensure at least \$2 million local dollars are actually spent on DOH-based home visiting programs
- Add to school based mental health supports to properly staff schools with clinicians from community based organizations: \$319,000

### Education Budget Improvements for the Long-Term

- Clearly connect “at-risk” revenues and budgeted expenses in the Initial School Budget Worksheets
- Instruct DCPS to add an “at-risk” cost code to the SOAR financial system
- Legislate a date by which all Local School Advisory Teams must receive their school’s initial budget
- Require charter schools to collect and publicize school-level ‘at-risk’ allocations and expenditures funded by ‘at-risk’ dollars
- Oversee a robust public process with meaningful opportunities for families and community members to advise on any changes to the DCPS Comprehensive Staffing Model
- Assemble a standing budget advisory committee comprised of a diverse group of school leaders, community advocates and parents
- Increase the ‘at-risk’ weight up from 0.219 to the recommended 0.37
- Automatically increase the Uniform Per Student Funding Formula by a cost of living adjustment

*See DCFPI's PreK-12 Education Toolkit to learn more about some of these recommendations*

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<sup>1</sup> Agencies include: the Office of the State Superintendent of Education, DC Public Schools, DC Public Charter Schools, Department of Employment Services, Department of Public Libraries, Department of Parks and Recreation, District Department of the Environment, Child and Family Services Agency, Department of Health, Department of Behavioral Health, and Department of Health Care Finance.

<sup>2</sup> Heymann, Jody et. al. (2011) “Creating and Using New Data Sources to Analyze the Relationship Between Social Policy and Global Health: The Case of Maternal Leave,” Public Health Reports, Vol. 126.3; “[Economic and Policy Impact Statement: Universal Paid Leave](#)” (2016) Council of the District of Columbia

<sup>3</sup> There were 5,124 infants and toddlers enrolled in a subsidized child care slot during Fiscal Year 2017. Office of the State Superintendent. (2018). *Question 18*, Fiscal Year 2018 Performance Oversight Hearing Responses. [Retrieved from the Committee on Education 2018 Dropbox.](#)

<sup>4</sup> Both DCPS schools and public charter schools receive an additional \$2,334 per student for low-income students and other students at-risk of falling behind academically. ‘At-risk’ funds are designed to promote equity: to ensure that low-income students get the same kinds of enriching opportunities and services as their higher-income peers, and to ensure that students who are struggling academically get the targeted supports they need to succeed in the classroom. They are supposed to help schools provide *supplemental* resources and expand important services for the students who need them most.

<sup>5</sup> Of the estimated 16,753 3- and 4-year old children in the District, 12,910 were enrolled in public pre-K programs in FY 2016. Office of the State Superintendent of Education, “[The State of PreK in the District of Columbia 2016](#)”

<sup>6</sup> Office of the State Superintendent of Education (2016) “[Modeling the Cost of Care in the District of Columbia](#)”

<sup>7</sup> One hundred percent of licensed infant and toddler slots in Wards 7 and 8 and over 50 percent in Wards 1,4, and 5 are used by children receiving subsidy. Office of the State Superintendent. (2018). *Question 18*, Fiscal Year 2018 Performance Oversight Hearing Responses. [Retrieved from the Committee on Education 2018 Dropbox.](#)

<sup>8</sup> Heckman, James, “[Lifecycle Benefits](#)”

<sup>9</sup> All assistant teachers and home caregivers must have a Child Development Associate Credential by December 2018, all teachers must have an Associates degree in early childhood education by December 2020, and all directors must have a Bachelor’s in early childhood education by December 2022. See [FAQ](#)

<sup>10</sup> Child Care Aware. (2017) “[2017 State Child Care Facts in the State of: District of Columbia](#)”

<sup>11</sup> Qualifying activities include: employment (including self-employment; participation in a job search; participation in a job training program; participation in a work experience program; participation in a Jobs Corps program; enrollment and attendance in high school or adult education program; enrollment and attendance in an undergraduate program; or enrollment and attendance in a high school or undergraduate summer school program.

<sup>12</sup> “[Fiscal Year 2019 Budget Support Act of 2018](#)”, as of March 20, 2018.

<sup>13</sup> Child Trends Data Bank, (2013) “[Screening and Risk for Developmental Delay](#)”

<sup>14</sup> “The Outcomes of Early Intervention for Infants and Toddlers with Disabilities and Their Families”, National Early Childhood Technical Assistance Center, July 2011

<sup>15</sup> Out of 1,171 students with disabilities who graduated in 2016, only 386 were employed, participating in college, or enrolled in another postsecondary degree program one year after graduation. Office of the State Superintendent of Education. (2018). *Question 46*, Fiscal Year 2018 Performance Oversight Hearing Responses. [Retrieved from the Committee on Education 2018 Dropbox.](#)

<sup>16</sup> “[Fiscal Year 2019 Budget Support Act of 2018](#)”, as of March 20, 2018.

<sup>17</sup> “[Fiscal Year 2019 Budget Support Act of 2018](#)”, as of March 20, 2018.

<sup>18</sup> B22-0203- “[Birth to Three for All in DC Act of 2018](#)”; [Fiscal Impact Statement](#), as of March 12, 2018

<sup>19</sup> [B22-0203 Fiscal Impact Statement](#), as of March 12, 2018