November 4, 2026

The Honorable Janeese Lewis George
Mayor-elect of the District of Columbia

Dear Mayor-elect Lewis George,

Congratulations on your election as Mayor of the District of Columbia. On behalf of Under 3 DC, a coalition of more than 100 organizations, childcare providers, healthcare providers, early educators, families, advocates, researchers, and business leaders, we look forward to working with you and your administration to build a District where every family can find and afford high-quality childcare and preventative family supports and health services that meet their needs.

We share your belief that childcare is essential to a thriving city and that the educators who do this work deserve pay that reflects its value. We also understand that this work has not been undervalued by accident. Caring for young children has long been done by women, particularly Black and brown women, and low pay and inadequate public investment grow out of long-standing racism and sexism.

As a councilmember, you helped begin to repair that harm when you co-introduced the Homes and Hearts Amendment Act of 2021, which asked the District's highest earners to contribute more and funded the Early Childhood Educator Pay Equity Fund. When the Council approved the first payments, you said early educators deserved "to be paid wages that reflect their skill and their work and will allow the city to grow our child-care sector." That investment has since transformed the early childhood workforce and the quality of childcare, showing what is possible when bold policy is matched with sustained public investment.

You take office at a pivotal moment. In recent years, cuts and freezes have reduced early educator pay, a childcare subsidy waitlist has returned for the first time in two decades, and supports that help families navigate the system have lost funding. These setbacks fall hardest on Black and brown families, whom structural racism has left with less income and wealth and more exposed to high costs and disruptions in care, and on the communities where most live. Wards 5, 7, and 8, for example, face the greatest shortages of infant and toddler care.

Our recently released *Building Childcare for All: Recommendations for Candidates for DC Mayor* lays out a four-year roadmap for achieving a vision of Childcare for All. The roadmap begins with stabilization. Before the District expands eligibility or asks the system to serve substantially more families, it must ensure that families who already qualify for a childcare subsidy can access assistance, providers can remain open and expand, early educators can earn fair and sustainable compensation, and families can access early childhood health supports. It must also build the government infrastructure families and providers need to navigate the system successfully.

Repair and rebuild the early childhood system

Your first budget is the first opportunity to put that roadmap into action. It is also a chance to move beyond a subsidy system shaped by racialized welfare policies that treated childcare as, first and foremost, a work support. Instead, the District can treat childcare as a public good every child is entitled to, supported by a skilled, robust, and well-compensated workforce. We therefore urge your administration to make the following investments in the FY 2028 budget:

1. **Pay Equity Fund**
    - **FY 2028 request: $76.7 million to restore salaries to FY 2025 levels and $28.6 million for HealthCare4ChildCare to eliminate the waitlist and restore full benefits to participants for a total of $105.3 million.**

The Pay Equity Fund has helped the District grow and strengthen its early childhood workforce by providing salary supplements to more than 3,300 educators and healthcare to over 2,300 employees and their dependents across hundreds of childcare facilities. The Pay Equity Fund is a critical investment in the educators who make high-quality care possible and in the families who depend on them. Since its creation in 2022, the Pay Equity Fund has delivered on its promise to attract new educators to the field, encourage them to pursue more advanced degrees, and keep them in their jobs by offering competitive pay and benefits. Investments in the Pay Equity Fund have increased the workforce by 11 percent and yielded a 21 percent return on investment.

In FY 2027, DC lawmakers allocated $73.5 million for the PEF, leaving in place the lower salary minimums passed into law in FY 2026. For FY 2028, the District should invest $105.3 million to restore the FY 2025 minimum salary levels before the recent cuts and fully fund HealthCare4ChildCare (HC4CC), estimated at $28.6 million. Early educators have already experienced pay cuts and salary freezes even as their compensation should be growing with their experience and the cost of living. Restoring the FY 2025 minimum salary levels is

essential to reversing this erosion of educator pay and honoring the District's commitment to fair compensation for early educators.

Like the salary component of the Pay Equity Fund, the Health Benefits Exchange (HBX) has had to make policy changes to HC4CC to relieve cost pressures from rising premiums, changes to federal healthcare policies, and increasing participation in the program. For plan year 2027, HBX estimates that HC4CC will cost $19.8 million. The District only funds the program at $12 million annually, so HBX has 1) put a waitlist in place for both facilities and individuals, 2) transitioned large employers off of HC4CC, and 3) switched all participants currently enrolled in a PPO plan to an HMO plan. These changes limit the number of people and facilities eligible for HC4CC coverage and reduce participants' choices of providers they rely on for care.

With these policy changes, and one-time rollover funding and accrued interest, HBX can continue covering everyone currently participating in the program for FY 2027, but lawmakers will need to account for these higher costs in FY 2028. To undo the harmful policy changes implemented for plan year 2027 and to remove the waitlist, lawmakers should allocate $28.6 million to HC4CC in FY 2028. It is not yet clear how costs will grow beyond FY 2028, so an estimate across the financial plan is not provided. For more detailed information on the calculations behind these funding requests, please see Appendix A.

The District should prioritize fully funding the salary component and healthcare component of the Pay Equity Fund throughout the full four-year financial plan, rather than defunding and refunding it annually. This cycle has eroded trust among educators and directors and created significant challenges for childcare programs to build sustainable budgets and continue providing fair wages and healthcare to their staff. Early educators have also not received cost-of-living adjustments since the start of the Pay Equity Fund and have, instead, seen their salaries and benefits reduced. The table below offers a four-year roadmap to restore full pay early educators, ensuring the program remains successful in attracting and retaining qualified educators to early learning classrooms so childcare facilities can expand and more of DC's children can have access to high-quality care.

Lawmakers Must Account for Rising Costs to Ensure the Continued Success of the Pay Equity Fund

Annual cost of the Pay Equity Fund salaries associated with bolstering the program

	FY 2028 - revert to FY25 salary scale	FY 2029 - 3% cost-of-living adjustment (COLA)	FY 2030 - 3% COLA	FY 2031 - parity with DCPS
Cost of awards	$ 74,732,114	$ 85,790,818	$ 97,743,282	$ 141,086,410
OSSE admin costs	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000
Total cost of salary component	$ 76,732,114	$ 87,790,818	$ 99,743,282	$ 143,086,410

Source: DCFPI analysis of growing costs of Pay Equity Fund salary awards

Note: The current DCPS salary schedule ends in FY 2028, but historically, the cost-of-living adjustment is 3%, so this calculation assumes that DCPS teachers will continue to receive 3% cost-of-living adjustments when they negotiate their next contract.

The FY 2028 investment in the salary component of the program should be the first step toward restoring predictable salary growth and achieving true pay parity with DCPS teachers, as originally intended. The District should plan for $87.8 million in FY 2029 and $99.7 million in FY 2030 to allow for a three percent annual cost-of-living adjustment, and $143.1 million in FY 2031 to reach parity with DCPS teachers. Achieving pay parity requires significantly higher investments than the District has funded in previous years, but the longer lawmakers wait, the higher that cost will grow. DCPS teachers receive annual cost-of-living adjustments while Pay Equity Fund teacher wages have remained stagnant.

Early childhood educators cannot sustain a high-quality system while their compensation remains unpredictable or falls behind the cost of living. Fully funding the Pay Equity Fund is essential to retaining the workforce the District already has and to building the workforce needed to expand access in the future.

2. **Childcare Subsidy Program**
    - **FY 2027 Supplemental Request: Approximately $160.4 million to $167.6 million to clear the waitlist**
    - **FY 2028 Request: Approximately $170.7 million to $195.1 million to eliminate the waitlist and ensure that every eligible family can access assistance**

The Childcare Subsidy Program is the District's most important tool for making childcare affordable for over 8,000 families who could not otherwise afford it.[1] For the first time in two decades, however, the District has a childcare subsidy waitlist because of insufficient funding, preventing many eligible families from accessing the assistance they need. Without subsidies, families may be forced to leave or turn down jobs or educational opportunities, or rely on unstable childcare arrangements, while providers lose the enrollment and revenue they need to sustain their programs.

In FY 2027, the District allocated $153.2 million for the Childcare Subsidy program, including $114.2 million in recurring funding. That funding was estimated to be sufficient to serve approximately 8,200 children.[2] By June 2026, 8,658 children were enrolled in the program. Even with the waitlist in place, enrollment has continued to grow, increasing by about 16.4 percent month over month. To account for this growth in enrollment and clear every family from the waitlist during FY 2027, the Mayor will need to add $7.2 to $14.4 million in supplemental funding for the program, depending on how enrollment grows in FY 2027.[3]

For FY 2028, we estimate that the District will need $170.7 to $195.1 million in total funding for the program, including approximately $56.5 to $80.9 million in new dollars, depending on how enrollment grows between now and FY 2028.[4] This investment should allow the District to eliminate the current waitlist and establish a recurring funding floor that prevents future enrollment freezes as eligible families continue to seek assistance. The proposed funding

[1] Recent OSSE data.

[2] Estimate based on an average annual per child cost of $18,505.80, which was calculated based on spending and enrollment data from OSSE.

[3] If enrollment growth continues at 16.4%, month-over-month, in FY 2027 as it did in FY 2026, enrollment will peak at around 10,082 children and require $167.6 million in total funding. If enrollment growth declines at the rate in which it declined between FY 2025 and FY 2026 (growth dropped by 5% - from 21.4% to 16.4%), then projected month-over-month growth would be 11.4%, enrollment will peak at 9,648 children and require $160.4 million in total funding.

[4] If enrollment growth continues at 16.4%, month-over-month, in FY 2028 as it did in FY 2026, enrollment will peak around 11,740 children and require $195.1 million in total funding. If enrollment growth declines annually at the rate in which it declined between FY 2025 and FY 2026 (growth dropped by 5% - from 21.4% to 16.4%), then projected month-over-month growth would be 6.4%, enrollment will peak at 10,268 children and require $170.7 million in total funding.

range is wide, reflecting uncertainty about continued enrollment growth as the program undergoes significant changes - instituting a waitlist and then eliminating it. Lawmakers should plan for mid-year reprogramming and a supplemental budget strategy if enrollment grows beyond these anticipated rates and more funding is needed to provide a subsidy to every eligible family who needs one. For more detailed information on the calculations behind these funding requests, please see Appendix B.

Eliminating the waitlist is a necessary first step toward Childcare for All. The District should first ensure that every family already eligible for assistance can actually access it before expanding eligibility to additional income levels. OSSE should also begin conducting regular enrollment projections to anticipate future demand for childcare subsidies and to ensure that the District's annual budget reflects the funding needed to serve all eligible families and prevent future waitlists.

3. **Childcare Facilities Fund**
    - **FY 2028 request: $10 million in recurring funds to establish a new childcare facilities fund**

Childcare subsidies make childcare more affordable, but families also need access to available seats in programs that meet their needs. The District must preserve existing childcare capacity while investing in the facilities needed to meet current and future demand. We therefore ask that you establish a new, recurring $10 million Childcare Facilities Fund in FY 2028 to support repairs and renovations, facility expansion, new childcare facilities, and the creation and preservation of infant and toddler seats.

DC leads the nation in making pre-K available to all 3- and 4-year-olds, but infant and toddler care still lags far behind demand. Nearly 24,000 children ages 0-2 live in DC, but only 12,246 infant and toddler seats are available in licensed District childcare facilities.[5] To keep up with rising demand, the Mayor should create a new facilities fund that provides resources to existing providers to support repairs and expansions and to new providers to open new facilities. The facilities fund can be designed to target growth of seats that families need the most, like care during non-traditional hours, care offered in languages other than English, and in Wards 5, 7, and 8 where need is the highest.[6]

The District has successfully used facilities investments to expand childcare capacity, with prior investments in the Access to Quality Child Care Grant program creating more than 1,200 new

[5] Based on an updated analysis of population and utilization data by DC Action and DCFPI.
[6] For more information, see the "Stabilize and Grow the Supply of Childcare" section of Building Childcare for All.

seats. To continue growing childcare supply to meet rising demand, the Mayor should recommit funding to support facilities that can expand to offer more seats to families who need them.

4. **DC Leading Educators toward Advanced Degrees (DC LEAD)**
    - **FY 2028 request: $1.38 million to restore previous funds and serve current scholars and those on the waitlist**

DC LEAD helps early educators earn the credentials and degrees necessary to advance in the field, serve children well, and meet OSSE's workforce credential requirements. DC LEAD program funding was cut in FY 2027, leaving educators without support to earn higher degrees. The FY 2028 investment should restore DC LEAD to a level that can serve current scholars and the approximately 200 educators currently on the waitlist. In FY 2026, the program served 210 scholars.[7]

Fully funding DC LEAD is an important complement to the Pay Equity Fund, which compensates educators based on the credential or degree they hold. It is also a critical foundation of Childcare for All, which requires a growing workforce to keep pace with families' demand as childcare becomes more affordable. The District cannot build a stable, growing workforce without giving educators a realistic pathway to earn credentials, advance in their careers, and remain in the early childhood field.

5. **Childcare Resource and Referral (CCR&R)**
    - **FY 2028 request: $3.3 million total to strengthen DC's CCR&R through two complementary investments:**
    - **$1.3 million in new funds for a community-based pilot in Wards 7 and 8** to fund family navigators, provider business assistance and technical assistance coaches, and a backbone support role. It also includes funds to support community partnerships, outreach, and marketing.
    - **Approximately $2 million to move funding for childcare subsidy eligibility determination staff from the Department of Human Services (DHS) to the CCR&R (no new funds required).** Reallocate all existing DHS funding for subsidy eligibility determination staff (currently via an OSSE-DHS Memorandum of Understanding (MOU)) to the CCR&R, enabling the CCR&R to hire staff to take over this work.

For more detailed information on the calculations behind these two funding requests, please see Appendix C.

[7] Source: Updated information on waitlist and costs provided to Under 3 DC from the Southeast Children's Fund on September 1, 2026.

District families should not have to navigate a fragmented system on their own to find childcare, determine whether they qualify for assistance, complete a subsidy application, or resolve problems when something goes wrong. In our report on families' experiences navigating DC's Childcare Subsidy Program, parents described challenges including application delays, lost paperwork, unclear communication, and difficulty getting the support they needed to access childcare. These experiences underscore the need for a more coordinated system that combines accessible, hands-on assistance from trusted community partners with timely and reliable eligibility determinations. Unfortunately, FY 2027's budget goes in the opposite direction, eliminating DC Childcare Connections, DC's most recent CCR&R, and creating new, challenging barriers for families and providers seeking support.

In FY 2028, the District should invest in a new CCR&R that includes community-based childcare subsidy eligibility determination housed in your proposed Community Hubs in all eight wards, and a pilot of family and business supports to begin in Wards 7 and 8, with a goal of building out all CCR&R services District-wide based on community needs and learnings from the pilot. Housing eligibility determination staff where families are likely to go, rather than at a government agency, would better connect families seeking assistance with the community-based navigation and application support they need. This work should be robustly funded and delivered through qualified, contracted partners by reallocating all existing DHS funding for childcare subsidy eligibility determination staff - approximately $2 million - to the CCR&R.

A Wards 7 and 8 CCR&R family navigation and business support pilot would improve access to affordable childcare and identify best practices to expand those resources in those wards and across the District in years to come.[8] Ward-based family navigators would help families understand their childcare options, apply for subsidy vouchers, find available care, troubleshoot application and enrollment issues, and connect families to other early childhood supports, including home visiting and early intervention. Restoring and improving provider business assistance and technical assistance - including specialized assistance for family childcare providers - through the CCR&R would help childcare providers address operational challenges and strengthen their ability to serve families and use public dollars efficiently and effectively.[9] This pilot would cost approximately $1.3 million in new funding.

[8] The proposed pilot draws on conversations with national partners at Child Care Aware of America, consultants, and CCR&R operations in a comparable local jurisdiction.

[9] In the FY 2027 budget, DC eliminated the Shared Services Business Alliance, which provided child development facility business supports.

The District should use the pilot to evaluate demand, service delivery, and outcomes and inform a phased expansion, beginning in FY 2029 as resources allow. FY 2029 should also include investments in technology systems to coordinate referrals and track outcomes, and resources for educator professional development and support under the CCR&R. This phased approach would allow the District to test and strengthen the community-based model with the ultimate goal of ensuring that every District family can access trusted, community-based childcare navigation and support.

6. **State Early Childhood Development Coordinating Council (SECDCC)**
    - **FY 2028 request: $321,355 for two full-time staff**[10]

The District should move the State Early Childhood Development Coordinating Council (SECDCC) to the Office of the Deputy Mayor for Education (DME) and provide dedicated funding for two staff to support its work. There was no dedicated SECDCC funding in FY 2027. The FY 2028 budget should provide the staffing funds to make the SECDCC an effective coordinating body within the new administration, including a director-level staffer and a policy analyst-level staffer.

The District cannot build a strong early childhood system through the work of a single agency. Families, young children, childcare providers, health providers and others interact with multiple systems, including education, health, human services, early intervention, and agencies responsible for facility licensing, building permits, fire safety, and inspections. Therefore, we need a strong coordinating body with the authority, staffing, and accountability to bring agencies together around shared goals.

The reformed SECDCC should include decision-makers at the table, dedicated staff, standing committees and working groups, meaningful family, provider, and educator participation, clear workplans, and public reporting on progress. Its work should focus on coordinating agencies, identifying barriers that require mayoral attention, and holding agencies accountable for implementing the District's early childhood priorities.

[10] Source: DC Action analysis of comparable DC government positions (including salaries and benefits) via the DC Public Employee Salary Dataset.

7. **Access to Quality Child Care for Children with Disabilities Grant**
    - **FY 2028 request: $3.9 million to maintain funding and continue the grant program**

Finding childcare that can meet the needs of infants and toddlers with disabilities can be difficult for families, particularly when children need additional support to participate fully in an early learning setting. The District's Access to Quality Child Care for Children with Disabilities grant program helps address this gap by providing funding to childcare providers to offer dedicated slots for children with disabilities. Families who enroll in grant-funded slots receive services at no cost. Four providers currently receive funding through this competitive grant program.

With funding for the three-year grant set to expire at the end of FY 2027, the District should continue investing in this program in FY 2028 and across the financial plan. Maintaining funding helps preserve access to specialized childcare slots, supports providers in meeting children's needs, and ensures that families of young children with disabilities can access the early learning opportunities their children deserve.

8. **Early Childhood Health, Mental Health, Education, and Development Programs Requiring Continued or Restored Investment in FY 2027**
    - **FY 2028 request: Restore all funding levels**

The District's early childhood system extends beyond childcare and must continue to support children and families holistically. We ask the District to restore previous or existing local funding for critical early childhood health, mental health, education, and development programs in FY 2028. This includes the following in local dollars (note some of these programs have federal funds as well):

- **HealthySteps: $1.35 million**
    - The FY 2027 budget included $1.35 million in one-time funding for HealthySteps. Because there is currently $0 in the financial plan for this program for FY 2028, this request would require all new local funds.
    - HealthySteps is an evidence-based program that integrates behavioral and developmental support into pediatric primary care settings to ensure new parents can access personalized guidance on milestones, nutrition, and mental health, taking a two-generation approach to promoting healthy development and family well-being.

- **Healthy Futures: $3 million**
    - Purpose: Maintain FY 2027 local funding level for Healthy Futures.
    - Healthy Futures (early childhood mental health consultation program) integrates behavioral health professionals in child development centers and home providers to equip educators and families with strategies to support young children's mental health, address challenging behaviors, and create nurturing environments that foster healthy social-emotional development.
- **Home Visiting:**
    - **Child and Family Services Agency (CFSA): $770,000**
        - The FY 2027 budget zeroed out local funds for home visiting at CFSA. Our request is to increase local CFSA funding for home visiting to $770,000. This is reflective of the FY24 funding level.
    - **DC Health: $800,000**
        - Purpose: Maintain FY 2027 local funding level for home visiting at DC Health.
    - **Department of Health Care Finance (DHCF): $625,000**
        - Purpose: Maintain FY 2027 local funding level for home visiting at DHCF.
    - Home visiting in the District is spread across four agencies, 14 community-based organizations, and deploying 10 different models – totaling 20 different home visiting programs available for DC families. Funding is distributed across federal, local, and private funds. Grantees provide essential, evidence-based, one-on-one support to DC families in meeting their parenting goals, effectively reducing the occurrence of developmental delays, neglect, and abuse.
- **Strong Start Early Intervention: $5.6 million**
    - Purpose: Maintain FY 2027 local funding level for Strong Start Early Intervention.
    - This funding is necessary to ensure infants and toddlers under age three with developmental delays or disabilities receive early intervention and are put on a path to meet their full potential.
- **Quality Improvement Network (QIN): $1.65 million**
    - The FY 2027 budget includes $750,000 in local funds for the QIN. About $900,000 was cut from the QIN between FY 2026 and FY 2027. To continue operating the program as it is today will require $900,000 in additional local dollars.
    - The QIN supports programs meeting Early Head Start performance standards and ensures children in Wards 7 and 8 and dual language learners living in

communities with concentrated poverty have access to high-quality early education.

Together, these programs require approximately $13.8 million in FY 2028 funding, including approximately $3 million in new dollars. These investments support families during a child's earliest years, help identify and address developmental and behavioral health needs, strengthen educators' ability to support children, and improve children's long-term health and well-being. These are essential parts of a comprehensive early childhood system and should be funded as such.

Raise progressive revenue to fund Childcare for All

A system that sets up young children and their families to thrive requires sustained public investment. **Across our recommendations, the District needs approximately $333.1 million in total funding, including $194.1 million in new funding in FY 2028** (Appendix D). We recognize that fully funding the programs that matter most to District residents will be especially challenging in the FY 2028 budget cycle as revenue declines due to major changes in the local economy. Raising revenue through progressive tax reform is more urgent than ever to lessen the harm to DC residents - especially to Black and brown children and families who hold less wealth, experience higher rates of unemployment and child poverty, and are more vulnerable to federal cuts to the social safety net due to centuries of systemic racism - and help reduce the time it takes for the District's economy to recover.

To sustain a strong early childhood system, the District must address the undertaxation of extreme wealth and close loopholes on businesses who are not fairly contributing to the District's shared resources. A robust Wealth Proceeds Tax would raise needed revenue and reduce inequities by taxing more of the passive income–capital gains, dividends, royalties, etc.–of the District's wealthiest households who just benefitted from significant federal tax cuts. We urge you, in your capacity as a Councilmember, to work with the Council this fall to pass and implement the Wealth Proceeds Tax to apply to tax year 2026 as a simple and quick way for DC to raise hundreds of millions of dollars to end the subsidy waitlist in FY 2027, help plug FY 2028 funding gaps for necessary early childhood programs, and help struggling residents withstand the local recession and drastic federal safety net cuts.

We urge the Mayor to include a Business Activity Tax in your proposed FY 2028 financial plan, leveraging the feasibility analysis that the Office of the Chief Financial Officer (OCFO) is required to provide in January. Federal restrictions on DC exempt certain businesses whose owners live outside of DC, including major law, lobbying, and consulting firms, from paying the

District's primary business taxes. A Business Activity Tax would close this loophole, broaden the business tax base without increasing taxes on businesses that already meaningfully contribute to DC's collective resources. The Mayor must implement these and other progressive revenue proposals to strengthen the resilience of our tax base, invest in critical programs, and improve this District's economy for all its residents.

Investing in childcare and an early childhood system that supports families from before a child is born to age five is a prudent investment for the District and your legacy. Together, we can strengthen families' economic security, support the local workforce, and help ensure that every child has access to the care and early learning they need to thrive throughout their life.

Thank you for your consideration of our requests. We welcome your questions and look forward to discussing this letter further.

Sincerely,
Under 3 DC Coalition

Advocates for Justice in Education
Apple Tree Institute
Arnold and Porter Children's Center
Bread for the City
Bright Beginnings
Briya
CentroNia
Children's Equity Fund
Children's Law Center
CommuniKids
Community Educational Research Group
Community of Hope
DC Action
DC American Academy of Pediatrics
DC Appleseed
DCAEYC
DC Director's Exchange
DC Early Learning Collaborative
DC Family Child Care Association
DC Fiscal Policy Institute
DC for Democracy
DC Head Start Association
DC Hunger Solutions
DC Jobs with Justice
DC Primary Care Association
Early Childhood Innovation Network
Easter Seals
Educare DC
Empower ED
Fair Budget Coalition
The Hill Preschool
Howard University School of Nursing

Jews United for Justice

Jubilee Jumpstart

Kiddie University

Kings and Queens Child Care Center

La Clinica de Pueblo

Low Income Investment Fund

Martha's Table

MomsRising

Mary's Center

MLOV

Multi-Cultural Spanish Speaking Providers Association

National Children's Center

National Women's Law Center

Otero Strategy Group

PAVE DC

Petit Scholars

Point of Care Learning Academy

Ronald McDonald House Charities

Safe Shores

SPACEs in Action

United Planning Organization

Washington Area Women's Foundation

Appendix A - Pay Equity Fund Funding Calculations

Table 1: Change in number of participating educators by role and credential

	FY 2026, Q1	FY 2026, Q2	FY 2026, Q3	Growth rate	FY 2027 projected	FY 2028 projected
Assistant CDA	1,185	1,195	1,173	-1.0%	1,161	1,149
Assistant AA	435	445	456	4.8%	478	501
Lead CDA	384	346	311	-19.0%	252	204
Lead AA	547	556	564	3.1%	582	600
Lead BA	739	767	786	6.4%	836	889
Total educators	3,290	3,309	3,290	N/A	3,309	3,343

Source: DCFPI analysis of OSSE quarterly Pay Equity Fund data

Note: DCFPI determined the growth rate in number of educators by role and credential by analyzing quarterly updates from OSSE and applying those growth rates to the most recent counts of participating educators to arrive at projections for FY 2027. Those same growth rates were then applied to the FY 2027 projections to determine the FY 2028 projections.

Table 2: Cost projections for Pay Equity Fund based on projected change in number of educators (roles and credentials)

	FY 2028 Pay Equity Funding Formula Based on FY 2025 Salary Minimums
Total base awards	$54,679,310
Admin enhancement	$5,598,019
Equity adjustment	$10,928,801
Infant/toddler enhancement	$3,004,415
CDH enhancement	$530,569
Total awards to facilities	**$74,732,114**
HealthCare4ChildCare	$28,600,000
OSSE Admin	$2,000,000
TOTAL Cost of Program	**$105,332,114**

Source: DCFPI analysis of Pay Equity Fund funding formula and Health Benefits Exchange estimate of HC4CC costs.

Appendix B - Childcare Subsidy Program Calculations

Table 1, below, shows a month-to-month comparison of enrollment from FY 2024 to FY 2025 and from FY 2025 to FY 2026. In each month of FY 2026, enrollment in the program is higher than enrollment in FY 2025 (September 2026 has been omitted because that data has not yet been shared), showing that more families are accessing the program now than in past years. If the subsidy program continues its progress at a similar rate toward reaching all eligible families, we expect to see a 16.4% enrollment increase in FY 2027 over FY 2026 levels and in FY 2028 over FY 2027 projected enrollment. This enrollment growth assumption drives the high-end estimates for FY 2027 and FY 2028.

However, the percent by which enrollment grew dropped by about 5 percent between FY 2025 and FY 2026. If this trend continues, we expect to see an 11.4% enrollment increase in FY 2027 over FY 2026 levels and a 6.4% enrollment increase in FY 2028 over FY 2027 levels. These assumptions drive the low-end estimates for FY 2027 and FY 2028.

Table 1: Change in Childcare Subsidy Enrollment from FY 2024 to FY 2026

Month	**FY 2024 Enrollment**	**FY 2025 Enrollment**	**% increase from FY24 to FY25**	**FY 2026 enrollment**	**% increase from FY25 to FY26**
October	5,043	5,767	14.4%	7,033	22.0%
November	5,080	5,829	14.7%	7,078	21.4%
December	5,183	6,188	19.4%	7,373	19.1%
January	5,358	6,452	20.4%	7,526	16.6%
February	5,435	6,530	20.1%	7,673	17.5%
March	5,496	6,796	23.7%	7,917	16.5%
April	5,625	6,846	21.7%	8,189	19.6%
May	5,779	7,153	23.8%	8,488	18.7%
June	6,053	7,426	22.7%	8,658	16.6%
July	5,994	7,358	22.8%	7,976	8.4%
August	6,242	7,766	24.4%	81,12	4.5%
September	5,573	7,213	29.4%	Information not available	
Average growth rate			**21.4%**		**16.4%**

Source: DCFPI analysis of enrollment data provided by OSSE via data requests

Table 2: Monthly subsidy payments to child development facilities, FY 2026

Month	Number of Children	Subsidy Payment Amount Paid to Facilities
October	7,033	$11,687,039.31
November	7,078	$10,467,999.72
December	7,373	$12,050,517.00
January	7,526	$11,838,353.00
February	7,673	$11,164,924.00
March	7,917	$12,280,000.00
April	8,189	$12,454,034.00
May	8,488	$12,540,000.00
June	8,658	$13,100,000.00
July	7,976	$13,600,000.00
August	8,112	$11,300,000.00
September	*Information not yet available*	
Total spending (October-August)		**$132,482,867**
Average monthly spending		**$12,043,897**
Average monthly cost per enrolled child		**$1,542.15**

Source: Enrollment and spending data provided by OSSE to the DC Council

Note: Averages are based on the 11 months of data provided.

Table 3: Childcare Subsidy Enrollment and Spending Projections Based on 16.4% Growth Rate for FY 2027 and FY 2028

Month	Projected FY 2027 Enrollment	Projected FY 2027 Spending	Projected FY 2028 Enrollment	Projected FY 2028 Spending
October	8,190	$12,629,607.94	9,536	$14,706,605.75
November	8,242	$12,710,417.32	9,597	$14,800,704.60
December	8,586	$13,240,167.69	9,997	$15,417,574.88
January	8,764	$13,514,919.58	10,205	$15,737,511.00
February	8,935	$13,778,896.88	10,404	$16,044,900.59
March	9,219	$14,217,063.29	10,735	$16,555,125.51
April	9,536	$14,705,511.08	11,104	$17,123,900.82
May	9,884	$15,242,444.51	11,509	$17,749,135.44
June	10,082	$15,547,724.38	11,740	$18,104,620.01
July	9,288	$14,323,013.36	10,815	$16,678,499.56
August	9,446	$14,567,237.26	11,000	$16,962,887.22
September	8,501	$13,110,513.53	9,900	$15,266,598.50
TOTAL projected spending		**$167,587,516.83**		**$195,148,063.88**

Source: DCFPI analysis of enrollment data provided by OSSE via data requests

Note: September 2026 enrollment data was not yet available, so this analysis assumes a 10% drop in enrollment from August 2026 to September 2026 (consistent with annual enrollment patterns), which would be 7,301 children. The projections for September 2027 and September 2028 are based on the growth over this projected enrollment for September 2026.

Table 4: Childcare Subsidy Enrollment Projections Based on 11.4% Growth Rate for FY 2027 and 6.4% Growth Rate for FY 2028

Month	Projected FY 2027 Enrollment	Projected FY 2027 Spending	Projected FY 2028 Enrollment	Projected FY 2028 Spending
October	7,837	$12,086,149.44	8,341	$12,862,569.63
November	7,887	$12,163,481.55	8,394	$12,944,869.59
December	8,216	$12,670,436.49	8,744	$13,484,391.56
January	8,387	$12,933,365.66	8,925	$13,764,211.43
February	8,550	$13,185,983.88	9,100	$14,033,057.98
March	8,822	$13,605,295.76	9,389	$14,479,306.66
April	9,125	$14,072,725.40	9,712	$14,976,764.21
May	9,459	$14,586,554.31	10,066	$15,523,601.74
June	9,648	$14,878,697.83	10,268	$15,834,512.70
July	8,888	$13,706,686.75	9,459	$14,587,211.06
August	9,040	$13,940,401.57	9,620	$14,835,939.83
September	8,136	$12,546,361.41	8,658	$13,352,345.85
TOTAL projected spending		**$160,376,140.06**		**$170,678,782.24**

Source: DCFPI analysis of enrollment data provided by OSSE via data requests

Note: September 2026 enrollment data was not yet available, so this analysis assumes a 10% drop in enrollment from August 2026 to September 2026 (consistent with annual enrollment patterns), which would be 7,301 children. The projections for September 2027 and September 2028 are based on the growth over this projected enrollment for September 2026.

Appendix C - FY 2028 Proposed CCR&R Budget

This Ward 7 and 8 pilot would provide community-based family navigation and childcare provider business and technical assistance, test effective approaches to meeting community needs, and inform a phased expansion of CCR&R services across the District. The proposed pilot draws on conversations with subsidy program-enrolled parents, national partners at Child Care Aware of America, local early learning policy experts and consultants, and CCR&R operations in a comparable local jurisdiction.

Role	Number of staff	Suggested budget	Rationale / Notes
Family navigators	4 total 2 each in Ward 7 & Ward 8	$400,000 total ● $100,000/FTE	● Help families in Wards 7 & 8 find childcare, understand subsidy eligibility and connect to community resources. ● Budget includes salary, benefits, hiring, training costs, based on Pay Equity Fund scale and average salary for social workers in DC
Director	1	$200,000	● Coordinate the pilot, manage partnerships and referrals, manage staff, and track outcomes. ● Budget includes salary, benefits, hiring /training costs, based on navigator salary
Provider business support and technical assistance	5 total 2 each for centers in Ward 7 & 8; 1 specialist to support home-based facilities across both wards	$500,000 total ● $100,000/FTE	● Help childcare providers strengthen business operations including, compliance, staffing and operational challenges. ● Budget includes salary, benefits, hiring, training costs, based on Pay Equity Fund scale.
Marketing and outreach	–	$150,000	Build awareness of CCR&R pilot services among families, providers, and community partners in Wards 7 and 8.
Community based organization (CBO) co-location grants	–	$50,000 total ● Grants to cover rent and overhead at CBOs hosting CCR&R staff ● $25,000 grant per Ward (7&8)	Provide small pass-through grants to trusted CBOs or childcare facilities that host CCR&R staff and services.
Total new FY28 investment		**$1,300,000**	**Total costs for community-based pilot in Wards 7 and 8**

Subsidy eligibility determination specialists	~20 total ● Eliminate DHS's ~20 subsidy eligibility staff; hire specialists as staff of CCR&R ● Eligibility determination specialists would serve all families District-wide (not ward-based)	$2,000,000 total ● $0 in new funding ● ~$100,000/FTE	● Reallocate all funding for existing subsidy determination specialists within DHS to the CCR&R. ● Eligibility determination specialists hired under the CCR&R will be in a better position to coordinate with family navigators and CCR&R leadership to resolve eligibility issues and subsequently help families put their subsidy to use more efficiently, as DHS employees currently do not support families in finding or enrolling in childcare programs.
Total FY28 investment		**$3,300,000**	**Total costs for pilot and reallocation of DHS funds for subsidy eligibility determination staff**

Budget note: Per-position amounts are preliminary planning estimates for personnel costs, including salary, benefits, hiring and training where applicable but we encourage the Mayor's budget office to analyze compensation rates for comparable government employee and grant-funded positions to fund CCR&R pilot staff roles at parity.

Appendix D - Early Childhood Budget Requests Chart

Table 1: Fiscal Year 2028

Program	FY28 Funding Request (total)	FY28 New Dollars Needed*
Pay Equity Fund, including HealthCare4ChildCare	**$105.3 million**	$93.3 million
Childcare Subsidy Program	**$195.1 million**	$80.9 million
Facilities Fund	**$10 million**	$10 million
DC LEAD	**$1.38 million**	$1.38 million
Childcare Resource and Referral (CCR&R)	**$3.3 million**	$1.3 million
SECDCC staffing	**$321,355**	$321,355
Access to Quality Child Care for Children with Disabilities Grant	**$3.9 million**	$3.9 million
HealthySteps	**$1.35 million**	$1.35 million
Healthy Futures	**$3 million**	$0
Home Visiting	**CFSA: $770,000**	CFSA: $770,000
	DC Health: $800,000	DC Health: $0
	DHCF: $625,000	DHCF: $0
Strong Start Early Intervention	**$5.6 million**	$0
Quality Improvement Network (QIN)	**$1.65 million**	$900,000
Total	**~ $333.1 million**	**~ $194.1 million**

Table 2: Fiscal Year 2027

Program	FY27 Funding Request (total)	FY27 New Dollars Needed*
Childcare Subsidy Program	$167.6 million	$14.4 million
Total	**$167.6 million**	**$14.4 million**

*New dollars = funding above what is already included as recurring in the current financial plan

November 4, 2026

The Honorable Mayor Muriel Bowser
1350 Pennsylvania Avenue NW
Washington, DC 20004

Dear Mayor Bowser,

Over the past decade, the District of Columbia has built one of the country's most advanced early childhood systems. During your tenure, families gained access to more affordable, high-quality early learning, and new investments expanded childcare supply and preventive family supports and health services. The Pay Equity Fund also began closing the long-standing pay gap between early educators and their peers in DC Public Schools (DCPS). While we have not always agreed on the policies and investments needed to strengthen the system, we appreciate your administration's steps to expand eligibility for childcare assistance and support increased funding for early learning facilities. These gains belong to District families, educators, providers, and the public servants who made them possible, and they are worth protecting.

In your final months in office, you have an important opportunity to leave the District with the strongest possible foundation for early childhood. As you formulate the fiscal year (FY) 2028 budget that the next administration will inherit and complete, we urge you to prioritize the investments needed to sustain the progress made under your leadership and address the challenges that remain.

Repair and rebuild the early childhood system

A strong FY 2028 budget can help put the District's early childhood system on solid footing and move us closer to a system that is accessible, high-quality, and affordable for all DC families. We therefore urge the District to make the following investments in the FY 2028 budget:

1. **Pay Equity Fund**
    - **FY 2028 request: $76.7 million to restore salaries to FY 2025 levels and $28.6 million for HealthCare4ChildCare to eliminate the waitlist and restore full benefits to participants for a total of $105.3 million**

The Pay Equity Fund (PEF) has helped the District grow and strengthen its early childhood workforce by providing salary supplements to more than 3,300 educators and healthcare to

over 2,300 employees and their dependents across hundreds of childcare facilities. The Pay Equity Fund is a critical investment in the educators who make high-quality care possible and in the families who depend on them. Since its creation in 2022, the Pay Equity Fund has delivered on its promise to attract new educators to the field, encourage them to pursue more advanced degrees, and keep them in their jobs by offering competitive pay and benefits. Investments in the Pay Equity Fund have increased the workforce by 11 percent and yielded a 21 percent return on investment.

In FY 2027, DC lawmakers allocated $73.5 million for the PEF, leaving in place the lower salary minimums passed into law in FY 2026. For FY 2028, the District should invest $105.3 million to restore the FY 2025 minimum salary levels before the recent cuts and fully fund HealthCare4ChildCare (HC4CC), estimated at $28.6 million. Early educators have already experienced pay cuts and salary freezes even as their compensation should be growing with their experience and the cost of living. Restoring the FY 2025 minimum salary levels is essential to reversing this erosion of educator pay and honoring the District's commitment to fair compensation for early educators.

Like the salary component of the Pay Equity Fund, the Health Benefits Exchange (HBX) has had to make policy changes to HC4CC to relieve cost pressures from rising premiums, changes to federal healthcare policies, and increasing participation in the program. For plan year 2027, HBX estimates that HC4CC will cost $19.8 million. The District only funds the program at $12 million annually, so HBX has 1) put a waitlist in place for both facilities and individuals, 2) transitioned large employers off of HC4CC, and 3) switched all participants currently enrolled in a PPO plan to an HMO plan. These changes limit the number of people and facilities eligible for HC4CC coverage and reduce participants' choices of providers they rely on for care.

With these policy changes, and one-time rollover funding and accrued interest, HBX can continue covering everyone currently participating in the program for FY 2027, but lawmakers will need to account for these higher costs in FY 2028. To undo the harmful policy changes implemented for plan year 2027 and to remove the waitlist, lawmakers should allocate $28.6 million to HC4CC in FY 2028. It is not yet clear how costs will grow beyond FY 2028, so an estimate across the financial plan is not provided. For more detailed information on the calculations behind these funding requests, please see Appendix A.

The District should prioritize fully funding the salary component and healthcare component of the Pay Equity Fund throughout the full four-year financial plan, rather than defunding and refunding it annually. This cycle has eroded trust among educators and directors and created

significant challenges for childcare programs to build sustainable budgets and continue providing fair wages and healthcare to their staff. Early educators have also not received cost-of-living adjustments since the start of the Pay Equity Fund and have, instead, seen their salaries and benefits reduced. The table below offers a four-year roadmap to restore full pay to early educators, ensuring the program remains successful in attracting and retaining qualified educators to early learning classrooms so childcare facilities can expand and more of DC's children can have access to high-quality care.

Lawmakers Must Account for Rising Costs to Ensure the Continued Success of the Pay Equity Fund

Annual cost of the Pay Equity Fund salaries associated with bolstering the program

	FY 2028 - revert to FY25 salary scale	**FY 2029 - 3% cost-of-living adjustment (COLA)**	**FY 2030 - 3% COLA**	**FY 2031 - parity with DCPS**
Cost of awards	$ 74,732,114	$ 85,790,818	$ 97,743,282	$ 141,086,410
OSSE admin costs	$ 2,000,000	$ 2,000,000	$ 2,000,000	$ 2,000,000
Total cost of salary component	$ 76,732,114	$ 87,790,818	$ 99,743,282	$ 143,086,410

Source: DCFPI analysis of growing costs of Pay Equity Fund salary awards

Note: The current DCPS salary schedule ends in FY 2028, but historically, the cost-of-living adjustment is 3%, so this calculation assumes that DCPS teachers will continue to receive 3% cost-of-living adjustments when they negotiate their next contract.

The FY 2028 investment in the salary component of the program should be the first step toward restoring predictable salary growth and achieving true pay parity with DCPS teachers, as originally intended. The District should plan for $87.8 million in FY 2029 and $99.7 million in FY 2030 to allow for a three percent annual cost-of-living adjustment, and $143.1 million in FY 2031 to reach parity with DCPS teachers. Achieving pay parity requires significantly higher investments than the District has funded in previous years, but the longer lawmakers wait, the higher that cost will grow. DCPS teachers receive annual cost-of-living adjustments while Pay Equity Fund teacher wages have remained stagnant.

Early childhood educators cannot sustain a high-quality system while their compensation remains unpredictable or falls behind the cost of living. Fully funding the Pay Equity Fund is

essential to retaining the workforce the District already has and to building the workforce needed to expand access in the future.

2. **Childcare Subsidy Program**
    - **FY 2027 Supplemental Request: Approximately $160.4 million to $167.6 million to clear the waitlist**
    - **FY 2028 Request: Approximately $170.7 million to $195.1 million to eliminate the waitlist and ensure that every eligible family can access assistance**

The Childcare Subsidy Program is the District's most important tool for making childcare affordable for over 8,000 families who could not otherwise afford it.[11] For the first time in two decades, however, the District has a childcare subsidy waitlist because of insufficient funding, preventing many eligible families from accessing the assistance they need. Without subsidies, families may be forced to leave or turn down jobs or educational opportunities, or rely on unstable childcare arrangements, while providers lose the enrollment and revenue they need to sustain their programs.

In FY 2027, the District allocated $153.2 million for the Childcare Subsidy program, including $114.2 million in recurring funding. That funding was estimated to be sufficient to serve approximately 8,200 children.[12] By June 2026, 8,658 children were enrolled in the program. Even with the waitlist in place, enrollment has continued to grow, increasing by about 16.4 percent month over month. To account for this growth in enrollment and clear every family from the waitlist during FY 2027, the Mayor will need to add $7.2 to $14.4 million in supplemental funding for the program, depending on how enrollment grows in FY 2027.[13]

For FY 2028, we estimate that the District will need $170.7 to $195.1 million in total funding for the program, including approximately $56.5 to $80.9 million in new dollars, depending on

[11] Recent OSSE data.

[12] Estimate based on an average annual per child cost of $18,505.80, which was calculated based on spending and enrollment data from OSSE.

[13] If enrollment growth continues at 16.4%, month-over-month, in FY 2027 as it did in FY 2026, enrollment will peak at around 10,082 children and require $167.6 million in total funding. If enrollment growth declines at the rate in which it declined between FY 2025 and FY 2026 (growth dropped by 5% - from 21.4% to 16.4%), then projected month-over-month growth would be 11.4%, enrollment will peak at 9,648 children and require $160.4 million in total funding.

how enrollment grows between now and FY 2028.[14] This investment should allow the District to eliminate the current waitlist and establish a recurring funding floor that prevents future enrollment freezes as eligible families continue to seek assistance. The proposed funding range is wide, reflecting uncertainty about continued enrollment growth as the program undergoes significant changes - instituting a waitlist and then eliminating it. Lawmakers should plan for mid-year reprogramming and a supplemental budget strategy if enrollment grows beyond these anticipated rates and more funding is needed to provide a subsidy to every eligible family who needs one. For more detailed information on the calculations behind these funding requests, please see Appendix B.

Eliminating the waitlist is a necessary first step toward Childcare for All. The District should first ensure that every family already eligible for assistance can actually access it before expanding eligibility to additional income levels. OSSE should also begin conducting regular enrollment projections to anticipate future demand for childcare subsidies and to ensure that the District's annual budget reflects the funding needed to serve all eligible families and prevent future waitlists.

3. **Childcare Facilities Fund**
    - **FY 2028 request: $10 million in recurring funds to establish a new childcare facilities fund**

The District, under your leadership, has successfully used facilities investments to expand childcare capacity, with prior investments in the Access to Quality Child Care Grant program creating more than 1,200 new seats. To continue growing childcare supply to meet rising demand, the Mayor should recommit funding to support facilities that can expand to offer more seats to families who need them.

Childcare subsidies make childcare more affordable, but families also need access to available seats in programs that meet their needs. The District must preserve existing childcare capacity while investing in the facilities needed to meet current and future demand. We therefore ask that you establish a new, recurring $10 million Childcare Facilities Fund in FY 2028 to support repairs and renovations, facility expansion, new childcare facilities, and the creation and preservation of infant and toddler seats.

[14] If enrollment growth continues at 16.4%, month-over-month, in FY 2028 as it did in FY 2026, enrollment will peak around 11,740 children and require $195.1 million in total funding. If enrollment growth declines annually at the rate in which it declined between FY 2025 and FY 2026 (growth dropped by 5% - from 21.4% to 16.4%), then projected month-over-month growth would be 6.4%, enrollment will peak at 10,268 children and require $170.7 million in total funding.

DC leads the nation in making pre-K available to all 3- and 4-year-olds, but infant and toddler care still lags far behind demand. Nearly 24,000 children ages 0-2 live in DC, but only 12,246 infant and toddler seats are available in licensed District childcare facilities.[15] To keep up with rising demand, the Mayor should create a new facilities fund that provides resources to existing providers to support repairs and expansions and to new providers to open new facilities. The facilities fund can be designed to target growth of seats that families need the most, like care during non-traditional hours, care offered in languages other than English, and in Wards 5, 7, and 8 where need is the highest.[16]

4. **DC Leading Educators toward Advanced Degrees (DC LEAD)**
    - **FY 2028 request: $1.38 million to restore previous funds and serve current scholars and those on the waitlist**

DC LEAD helps early educators earn the credentials and degrees necessary to advance in the field, serve children well, and meet OSSE's workforce credential requirements. DC LEAD program funding was cut in FY 2027, leaving educators without support to earn higher degrees. The FY 2028 investment should restore DC LEAD to a level that can serve current scholars and the approximately 200 educators currently on the waitlist. In FY 2026, the program served 210 scholars.[17]

Fully funding DC LEAD is an important complement to the Pay Equity Fund, which compensates educators based on the credential or degree they hold. It is also a critical foundation of Childcare for All, which requires a growing workforce to keep pace with families' demand as childcare becomes more affordable. The District cannot build a stable, growing workforce without giving educators a realistic pathway to earn credentials, advance in their careers, and remain in the early childhood field.

5. **Childcare Resource and Referral (CCR&R)**
    - **FY 2028 request: $3.3 million total to strengthen DC's CCR&R through two complementary investments:**
    - **$1.3 million in new funds for a community-based pilot in Wards 7 and 8** to fund family navigators, provider business assistance and technical assistance coaches, and a backbone support role. It also includes funds to support community partnerships, outreach, and marketing.

[15] Based on an updated analysis of population and utilization data by DC Action and DCFPI.
[16] For more information, see the "Stabilize and Grow the Supply of Childcare" section of Building Childcare for All.
[17] Source: Updated information on waitlist and costs provided to Under 3 DC from the Southeast Children's Fund on September 1, 2026.

- **Approximately $2 million to move funding for childcare subsidy eligibility determination staff from the Department of Human Services (DHS) to the CCR&R (no new funds required).** Reallocate all existing DHS funding for subsidy eligibility determination staff (currently via an OSSE-DHS Memorandum of Understanding (MOU)) to the CCR&R, enabling the CCR&R to hire staff to take over this work.

For more detailed information on the calculations behind these two funding requests, please see Appendix C.

District families should not have to navigate a fragmented system on their own to find childcare, determine whether they qualify for assistance, complete a subsidy application, or resolve problems when something goes wrong. In our report on families' experiences navigating DC's Childcare Subsidy Program, parents described challenges including application delays, lost paperwork, unclear communication, and difficulty getting the support they needed to access childcare. These experiences underscore the need for a more coordinated system that combines accessible, hands-on assistance from trusted community partners with timely and reliable eligibility determinations. Unfortunately, FY 2027's budget goes in the opposite direction, eliminating DC Childcare Connections, DC's most recent CCR&R, and creating new, challenging barriers for families and providers seeking support.

In FY 2028, the District should invest in a new CCR&R that includes community-based childcare subsidy eligibility determination in all eight wards, and a pilot of family and business supports to begin in Wards 7 and 8, with a goal of building out all CCR&R services District-wide based on community needs and learnings from the pilot. Housing eligibility determination staff where families are likely to go, rather than at a government agency, would better connect families seeking assistance with the community-based navigation and application support they need. This work should be robustly funded and delivered through qualified, contracted partners by reallocating all existing DHS funding for childcare subsidy eligibility determination staff - approximately $2 million - to the CCR&R.

A Wards 7 and 8 CCR&R family navigation and business support pilot would improve access to affordable childcare and identify best practices to expand those resources in those wards and across the District in years to come.[18] Ward-based family navigators would help families understand their childcare options, apply for subsidy vouchers, find available care, troubleshoot application and enrollment issues, and connect families to other early childhood supports,

[18] The proposed pilot draws on conversations with national partners at Child Care Aware of America, consultants, and CCR&R operations in a comparable local jurisdiction.

including home visiting and early intervention. Restoring and improving provider business assistance and technical assistance - including specialized assistance for family childcare providers - through the CCR&R would help childcare providers address operational challenges and strengthen their ability to serve families and use public dollars efficiently and effectively.[19] This pilot would cost approximately $1.3 million in new funding.

The District should use the pilot to evaluate demand, service delivery, and outcomes and inform a phased expansion, beginning in FY 2029 as resources allow. FY 2029 should also include investments in technology systems to coordinate referrals and track outcomes, and resources for educator professional development and support under the CCR&R. This phased approach would allow the District to test and strengthen the community-based model with the ultimate goal of ensuring that every District family can access trusted, community-based childcare navigation and support.

6. **State Early Childhood Development Coordinating Council (SECDCC)**
    - **FY 2028 request: $321,355 for two full-time staff[20]**

The District should move the State Early Childhood Development Coordinating Council (SECDCC) to the Office of the Deputy Mayor for Education (DME) and provide dedicated funding for two staff to support its work. There was no dedicated SECDCC funding in FY 2027. The FY 2028 budget should provide the staffing funds to make the SECDCC an effective coordinating body within the new administration, including a director-level staffer and a policy analyst-level staffer.

The District cannot build a strong early childhood system through the work of a single agency. Families, young children, childcare providers, health care providers and others interact with multiple systems, including education, health, human services, early intervention, and agencies responsible for facility licensing, building permits, fire safety, and inspections. Therefore, we need a strong coordinating body with the authority, staffing, and accountability to bring agencies together around shared goals.

The reformed SECDCC should include decision-makers at the table, dedicated staff, standing committees and working groups, meaningful family, provider, and educator participation, clear workplans, and public reporting on progress. Its work should focus on coordinating agencies,

[19] In the FY 2027 budget, DC eliminated the Shared Services Business Alliance, which provided child development facility business supports.

[20] Source: DC Action analysis of comparable DC government positions (including salaries and benefits) via the DC Public Employee Salary Dataset.

identifying barriers that require mayoral attention, and holding agencies accountable for implementing the District's early childhood priorities.

7. **Access to Quality Child Care for Children with Disabilities Grant**
    - **FY 2028 request: $3.9 million to maintain funding and continue the grant program**

Finding childcare that can meet the needs of infants and toddlers with disabilities can be difficult for families, particularly when children need additional support to participate fully in an early learning setting. The District's Access to Quality Child Care for Children with Disabilities grant program helps address this gap by providing funding to childcare providers to offer dedicated slots for children with disabilities. Families who enroll in grant-funded slots receive services at no cost. Four providers currently receive funding through this competitive grant program.

With funding for the three-year grant set to expire at the end of FY 2027, the District should continue investing in this program in FY 2028 and across the financial plan. Maintaining funding helps preserve access to specialized childcare slots, supports providers in meeting children's needs, and ensures that families of young children with disabilities can access the early learning opportunities their children deserve.

8. **Early Childhood Health, Mental Health, Education, and Development Programs Requiring Continued or Restored Investment in FY 2027**
    - **FY 2028 request: Restore all funding levels**

The District's early childhood system extends beyond childcare and must continue to support children and families holistically. We ask the District to restore previous or existing local funding for critical early childhood health, mental health, education, and development programs in FY 2028. This includes the following in local dollars (note some of these programs have federal funds as well):

- **HealthySteps: $1.35 million**
    - The FY 2027 budget included $1.35 million in one-time funding for HealthySteps. Because there is currently $0 in the financial plan for this program for FY 2028, this request would require all new local funds.
    - HealthySteps is an evidence-based program that integrates behavioral and developmental support into pediatric primary care settings to ensure new parents can access personalized guidance on milestones, nutrition, and mental

health, taking a two-generation approach to promoting healthy development and family well-being.

- **Healthy Futures: $3 million**
    - Purpose: Maintain FY 2027 local funding level for Healthy Futures.
    - Healthy Futures (early childhood mental health consultation program) integrates behavioral health professionals in child development centers and home providers to equip educators and families with strategies to support young children's mental health, address challenging behaviors, and create nurturing environments that foster healthy social-emotional development.
- **Home Visiting:**
    - **Child and Family Services Agency (CFSA): $770,000**
        - The FY 2027 budget zeroed out local funds for home visiting at CFSA. Our request is to increase local CFSA funding for home visiting to $770,000. This is reflective of the FY24 funding level.
    - **DC Health: $800,000**
        - Purpose: Maintain FY 2027 local funding level for home visiting at DC Health.
    - **Department of Health Care Finance (DHCF): $625,000**
        - Purpose: Maintain FY 2027 local funding level for home visiting at DHCF.
    - Home visiting in the District is spread across four agencies, 14 community-based organizations, and deploying 10 different models – totaling 20 different home visiting programs available for DC families. Funding is distributed across federal, local, and private funds. Grantees provide essential, evidence-based, one-on-one support to DC families in meeting their parenting goals, effectively reducing the occurrence of developmental delays, neglect, and abuse.
- **Strong Start Early Intervention: $5.6 million**
    - Purpose: Maintain FY 2027 local funding level for Strong Start Early Intervention.
    - This funding is necessary to ensure infants and toddlers under age three with developmental delays or disabilities receive early intervention and are put on a path to meet their full potential.
- **Quality Improvement Network (QIN): $1.65 million**
    - The FY 2027 budget includes $750,000 in local funds for the QIN. About $900,000 was cut from the QIN between FY 2026 and FY 2027. To continue operating the program as it is today will require $900,000 in additional local dollars.

- The QIN supports programs meeting Early Head Start performance standards and ensures children in Wards 7 and 8 and dual language learners living in communities with concentrated poverty have access to high-quality early education.

Together, these programs require approximately $13.8 million in FY 2028 funding, including approximately $3 million in new dollars. These investments support families during a child's earliest years, help identify and address developmental and behavioral health needs, strengthen educators' ability to support children, and improve children's long-term health and well-being. These are essential parts of a comprehensive early childhood system and should be funded as such.

Raise progressive revenue to fund Childcare for All

A system that sets up young children and their families to thrive requires sustained public investment. **Across our recommendations, the District needs approximately $333.1 million in total funding, including $194.1 million in new funding in FY 2028** (Appendix D). We recognize that fully funding the programs that matter most to District residents will be especially challenging in the FY 2028 budget cycle as revenue declines due to major changes in the local economy. Raising revenue through progressive tax reform is more urgent than ever to lessen the harm to DC residents - especially to Black and brown children and families who hold less wealth, experience higher rates of unemployment and child poverty, and are more vulnerable to federal cuts to the social safety net due to centuries of systemic racism - and help reduce the time it takes for the District's economy to recover.

To sustain a strong early childhood system, the District must address the undertaxation of extreme wealth and close loopholes on businesses who are not fairly contributing to the District's shared resources. A robust Wealth Proceeds Tax would raise needed revenue and reduce inequities by taxing more of the passive income–capital gains, dividends, royalties, etc.–of the District's wealthiest households who just benefitted from significant federal tax cuts. We urge you, Mayor Bowser, to work with the Council this fall to pass and implement the Wealth Proceeds Tax to apply to tax year 2026 as a simple and quick way for DC to raise hundreds of millions of dollars to end the subsidy waitlist in FY 2027, help plug FY 2028 funding gaps for necessary early childhood programs, and help struggling residents withstand the local recession and drastic federal safety net cuts.

Investing in childcare and an early childhood system that supports families from before a child is born to age five is a prudent investment for the District and your legacy. Together, we can

strengthen families' economic security, support the local workforce, and help ensure that every child has access to the care and early learning they need to thrive throughout their life.

Thank you for your consideration of our requests. We welcome your questions and look forward to discussing this letter further.

Sincerely,
Under 3 DC Coalition

Advocates for Justice in Education
Apple Tree Institute
Arnold and Porter Children's Center
Bread for the City
Bright Beginnings
Briya
CentroNia
Children's Equity Fund
Children's Law Center
CommuniKids
Community Educational Research Group
Community of Hope
DC Action
DC American Academy of Pediatrics
DC Appleseed
DCAEYC
DC Director's Exchange
DC Early Learning Collaborative
DC Family Child Care Association
DC Fiscal Policy Institute
DC for Democracy
DC Head Start Association
DC Hunger Solutions
DC Jobs with Justice
DC Primary Care Association
Early Childhood Innovation Network
Easter Seals
Educare DC
Empower ED
Fair Budget Coalition
The Hill Preschool
Howard University School of Nursing
Jews United for Justice
Jubilee Jumpstart
Kiddie University
Kings and Queens Child Care Center
La Clinica de Pueblo
Low Income Investment Fund
Martha's Table
MomsRising
Mary's Center
MLOV
Multi-Cultural Spanish Speaking Providers Association

National Children's Center

National Women's Law Center

Otero Strategy Group

PAVE DC

Petit Scholars

Point of Care Learning Academy

Ronald McDonald House Charities

Safe Shores

SPACEs in Action

United Planning Organization

Washington Area Women's Foundation

Appendix A - Pay Equity Fund Funding Calculations

Table 1: Change in number of participating educators by role and credential

	FY 2026, Q1	FY 2026, Q2	FY 2026, Q3	Growth rate	FY 2027 projected	FY 2028 projected
Assistant CDA	1,185	1,195	1,173	-1.0%	1,161	1,149
Assistant AA	435	445	456	4.8%	478	501
Lead CDA	384	346	311	-19.0%	252	204
Lead AA	547	556	564	3.1%	582	600
Lead BA	739	767	786	6.4%	836	889
Total educators	3,290	3,309	3,290	N/A	3,309	3,343

Source: DCFPI analysis of OSSE quarterly Pay Equity Fund data

Note: DCFPI determined the growth rate in number of educators by role and credential by analyzing quarterly updates from OSSE and applying those growth rates to the most recent counts of participating educators to arrive at projections for FY 2027. Those same growth rates were then applied to the FY 2027 projections to determine the FY 2028 projections.

Table 2: Cost projections for Pay Equity Fund based on projected change in number of educators (roles and credentials)

	FY 2028 Pay Equity Funding Formula Based on FY 2025 Salary Minimums
Total base awards	$54,679,310
Admin enhancement	$5,598,019
Equity adjustment	$10,928,801
Infant/toddler enhancement	$3,004,415
CDH enhancement	$530,569
Total awards to facilities	**$74,732,114**
HealthCare4ChildCare	$28,600,000
OSSE Admin	$2,000,000
TOTAL Cost of Program	**$105,332,114**

Source: DCFPI analysis of Pay Equity Fund funding formula and Health Benefits Exchange estimate of HC4CC costs

Appendix B - Childcare Subsidy Program Calculations

Table 1, below, shows a month-to-month comparison of enrollment from FY 2024 to FY 2025 and from FY 2025 to FY 2026. In each month of FY 2026, enrollment in the program is higher than enrollment in FY 2025 (September 2026 has been omitted because that data has not yet been shared), showing that more families are accessing the program now than in past years. If the subsidy program continues its progress at a similar rate toward reaching all eligible families, we expect to see a 16.4% enrollment increase in FY 2027 over FY 2026 levels and in FY 2028 over FY 2027 projected enrollment. This enrollment growth assumption drives the high-end estimates for FY 2027 and FY 2028.

However, the percent by which enrollment grew dropped by about 5 percent between FY 2025 and FY 2026. If this trend continues, we expect to see an 11.4% enrollment increase in FY 2027 over FY 2026 levels and a 6.4% enrollment increase in FY 2028 over FY 2027 levels. These assumptions drive the low-end estimates for FY 2027 and FY 2028.

Table 1: Change in Childcare Subsidy Enrollment from FY 2024 to FY 2026

Month	**FY 2024 Enrollment**	**FY 2025 Enrollment**	**% increase from FY24 to FY25**	**FY 2026 enrollment**	**% increase from FY25 to FY26**
October	5,043	5,767	14.4%	7,033	22.0%
November	5,080	5,829	14.7%	7,078	21.4%
December	5,183	6,188	19.4%	7,373	19.1%
January	5,358	6,452	20.4%	7,526	16.6%
February	5,435	6,530	20.1%	7,673	17.5%
March	5,496	6,796	23.7%	7,917	16.5%
April	5,625	6,846	21.7%	8,189	19.6%
May	5,779	7,153	23.8%	8,488	18.7%
June	6,053	7,426	22.7%	8,658	16.6%
July	5,994	7,358	22.8%	7,976	8.4%
August	6,242	7,766	24.4%	8,112	4.5%
September	5,573	7,213	29.4%	Information not available	
Average growth rate			**21.4%**		**16.4%**

Source: DCFPI analysis of enrollment data provided by OSSE via data requests

Table 2: Monthly subsidy payments to child development facilities, FY 2026

Month	Number of Children	Subsidy Payment Amount Paid to Facilities
October	7,033	$11,687,039.31
November	7,078	$10,467,999.72
December	7,373	$12,050,517.00
January	7,526	$11,838,353.00
February	7,673	$11,164,924.00
March	7,917	$12,280,000.00
April	8,189	$12,454,034.00
May	8,488	$12,540,000.00
June	8,658	$13,100,000.00
July	7,976	$13,600,000.00
August	8,112	$11,300,000.00
September	*Information not yet available*	
Total spending (October-August)		**$132,482,867**
Average monthly spending		**$12,043,897**
Average monthly cost per enrolled child		**$1,542.15**

Source: Enrollment and spending data provided by OSSE to the DC Council

Note: Averages are based on the 11 months of data provided.

Table 3: Childcare Subsidy Enrollment and Spending Projections Based on 16.4% Growth Rate for FY 2027 and FY 2028

Month	Projected FY 2027 Enrollment	Projected FY 2027 Spending	Projected FY 2028 Enrollment	Projected FY 2028 Spending
October	8,190	$12,629,607.94	9,536	$14,706,605.75
November	8,242	$12,710,417.32	9,597	$14,800,704.60
December	8,586	$13,240,167.69	9,997	$15,417,574.88
January	8,764	$13,514,919.58	10,205	$15,737,511.00
February	8,935	$13,778,896.88	10,404	$16,044,900.59
March	9,219	$14,217,063.29	10,735	$16,555,125.51
April	9,536	$14,705,511.08	11,104	$17,123,900.82
May	9,884	$15,242,444.51	11,509	$17,749,135.44
June	10,082	$15,547,724.38	11,740	$18,104,620.01
July	9,288	$14,323,013.36	10,815	$16,678,499.56
August	9,446	$14,567,237.26	11,000	$16,962,887.22
September	8,501	$13,110,513.53	9,900	$15,266,598.50
TOTAL projected spending		**$167,587,516.83**		**$195,148,063.88**

Source: DCFPI analysis of enrollment data provided by OSSE via data requests

Note: September 2026 enrollment data was not yet available, so this analysis assumes a 10% drop in enrollment from August 2026 to September 2026 (consistent with annual enrollment patterns), which would be 7,301 children. The projections for September 2027 and September 2028 are based on the growth over this projected enrollment for September 2026.

Table 4: Childcare Subsidy Enrollment Projections Based on 11.4% Growth Rate for FY 2027 and 6.4% Growth Rate for FY 2028

Month	Projected FY 2027 Enrollment	Projected FY 2027 Spending	Projected FY 2028 Enrollment	Projected FY 2028 Spending
October	7,837	$12,086,149.44	8,341	$12,862,569.63
November	7,887	$12,163,481.55	8,394	$12,944,869.59
December	8,216	$12,670,436.49	8,744	$13,484,391.56
January	8,387	$12,933,365.66	8,925	$13,764,211.43
February	8,550	$13,185,983.88	9,100	$14,033,057.98
March	8,822	$13,605,295.76	9,389	$14,479,306.66
April	9,125	$14,072,725.40	9,712	$14,976,764.21
May	9,459	$14,586,554.31	10,066	$15,523,601.74
June	9,648	$14,878,697.83	10,268	$15,834,512.70
July	8,888	$13,706,686.75	9,459	$14,587,211.06
August	9,040	$13,940,401.57	9,620	$14,835,939.83
September	8,136	$12,546,361.41	8,658	$13,352,345.85
TOTAL projected spending		**$160,376,140.06**		**$170,678,782.24**

Source: DCFPI analysis of enrollment data provided by OSSE via data requests

Note: September 2026 enrollment data was not yet available, so this analysis assumes a 10% drop in enrollment from August 2026 to September 2026 (consistent with annual enrollment patterns), which would be 7,301 children. The projections for September 2027 and September 2028 are based on the growth over this projected enrollment for September 2026.

Appendix C - FY 2028 Proposed CCR&R Budget

This Ward 7 and 8 pilot would provide community-based family navigation and childcare provider business and technical assistance, test effective approaches to meeting community needs, and inform a phased expansion of CCR&R services across the District. The proposed pilot draws on conversations with subsidy program-enrolled parents, national partners at Child Care Aware of America, local early learning policy experts and consultants, and CCR&R operations in a comparable local jurisdiction.

Role	Number of staff	Suggested budget	Rationale / Notes
Family navigators	4 total 2 each in Ward 7 & Ward 8	$400,000 total ● $100,000/FTE	● Help families in Wards 7 & 8 find childcare, understand subsidy eligibility and connect to community resources. ● Budget includes salary, benefits, hiring, training costs, based on Pay Equity Fund scale and average salary for social workers in DC.
Director	1	$200,000	● Coordinate the pilot, manage partnerships and referrals, manage staff, and track outcomes. ● Budget includes salary, benefits, hiring /training costs, based on navigator salary.
Provider business support and technical assistance	5 total 2 each for centers in Ward 7 & 8; 1 specialist to support home-based facilities across both wards	$500,000 total ● $100,000/FTE	● Help childcare providers strengthen business operations including compliance, staffing, and operational challenges. ● Budget includes salary, benefits, hiring, training costs, based on Pay Equity Fund scale.
Marketing and outreach	–	$150,000	Build awareness of CCR&R pilot services among families, providers, and community partners in Wards 7 and 8.
Community based organization co-location grants	-	$50,000 total ● Grants to cover rent and overhead at CBOs hosting CCR&R staff ● $25,000 grant per Ward (7&8)	Provide small pass-through grants to trusted community based organizations or childcare facilities that host CCR&R staff and services.
Total new FY28 investment		**$1,300,000**	**Total costs for community-based pilot in Wards 7 and 8**

Subsidy eligibility determination specialists	20 total ● Eliminate DHS's ~20 subsidy eligibility staff; hire specialists as staff of CCR&R ● Eligibility determination specialists would serve all families District-wide (not ward- based)	$2,000,000 total ● $0 in new funding ● ~$100,000/FTE	● Reallocate all funding for existing subsidy determination specialists within DHS to the CCR&R. ● Eligibility determination specialists hired under the CCR&R will be in a better position to coordinate with family navigators and CCR&R leadership to resolve eligibility issues and subsequently help families put their subsidy to use more efficiently, as DHS employees currently do not support families in finding or enrolling in childcare programs.
Total FY28 investment		**$3,300,000**	**Total costs for pilot and reallocation of DHS funds for subsidy eligibility determination staff**

Budget note: Per-position amounts are preliminary planning estimates for personnel costs, including salary, benefits, hiring and training where applicable but we encourage the Mayor's budget office to analyze compensation rates for comparable government employee and grant-funded positions to fund CCR&R pilot staff roles at parity.

Appendix D - Early Childhood Budget Requests Chart

Table 1: Fiscal Year 2028

Program	FY28 Funding Request (total)	FY28 New Dollars Needed*
Pay Equity Fund, including HealthCare4ChildCare	**$105.3 million**	$93.3 million
Childcare Subsidy Program	**$195.1 million**	$80.9 million
Facilities Fund	**$10 million**	$10 million
DC LEAD	**$1.38 million**	$1.38 million
Childcare Resource and Referral (CCR&R)	**$3.3 million**	$1.3 million
SECDCC staffing	**$321,355**	$321,355
Access to Quality Child Care for Children with Disabilities Grant	**$3.9 million**	$3.9 million
HealthySteps	**$1.35 million**	$1.35 million
Healthy Futures	**$3 million**	$0
Home Visiting	**CFSA: $770,000**	CFSA: $770,000
	DC Health: $800,000	DC Health: $0
	DHCF: $625,000	DHCF: $0
Strong Start Early Intervention	**$5.6 million**	$0
Quality Improvement Network (QIN)	**$1.65 million**	$900,000
Total	**~ $333.1 million**	**~ $194.1 million**

Table 2: Fiscal Year 2027

Program	FY27 Funding Request (total)	FY27 New Dollars Needed*
Childcare Subsidy Program	$167.6 million	$14.4 million
Total	**$167.6 million**	**$14.4 million**

*New dollars = funding above what is already included as recurring in the current financial plan