Joint Hearing:
Bolstering Early Growth Investment Amendment Act of 2017 (BEGIn Act) and
Infant Toddler Developmental Health Services Act of 2017

Before the Committee on Education, Chair David Grosso
Committee on Health, Chair Vincent Gray
Committee on Finance, Chair Jack Evans

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The DC Appleseed Center for Law and Justice is a non-profit research and advocacy organization in the District of Columbia focused on making the National Capital Area a better place to live and work. Thank you for the opportunity to testify today on two important bills: The Bolstering Early Growth Investment Amendment Act of 2017 (BEGIn Act) and the Infant Toddler Developmental Health Services Act of 2017. These bills demonstrate the District's commitment to infants and toddlers, child care providers, early childhood teachers, and District parents of young children.

DC Appleseed has been studying the issues of Early Care and Education (ECE) for several years, with a special focus on creating access for low-income families and supporting the educators and business owners in the field. As a member of the Birth-to-Three Policy Alliance, we commend the Council's attention to the needs of young children. The first 1,000 days are critical for brain development and we know that the resources available to DC families to make the most of this crucial period depend on race, place, and income – an inequity that we must address.

These bills cover a lot of ground toward building a better ECE and childhood health systems in DC, and in low-income neighborhoods particularly. We support a great deal of what's in them, especially efforts to improve child care subsidy reimbursement rates and improve educator compensation. The bills share many common themes and goals, but each has unique strategies for achieving these goals. We encourage the Council to merge these bills where possible, taking promising pieces from each to create one model system, and to eliminate the potential confusion and inefficiency of implementing two similar laws.

In our view, the most important ways that these bills help to ensure that all children have a supported start no matter their needs or neighborhood are:

1. Tie subsidy program reimbursement rates to the cost of care for infants and toddlers;
2. Increase compensation for ECE educators;
3. Improve support services for providers, including shared services; and
4. Expand programs that support early intervention and childhood health.

Before we get into the specifics, here's what we know about where the District's child care system is now: In the District of Columbia, both families and providers must reckon with not only the high cost of care, but also the shortage of available slots in high-quality child development centers and homes. Such care is not only an essential support for working parents; research shows that structured environments with nurturing educators are essential for developing healthy cognition and social-emotional skills in the earliest years of a child's life. Brain development in a child's first three years provides the building blocks for all future learning, and children deprived of appropriate stimulation in that crucial period will struggle to meet their full potential. Not only that, but they will continue to require increasingly expensive services to remediate issues that were not addressed early. Access to high-quality early learning environments can reduce the achievement gap between children who grow up in low-income and higher-income families. But that cannot happen without appropriate and adequate support and investment.

Despite the high costs to families, and the crucial role of such care, the business model for child care providers is not lucrative or sustainable. The costs for maintaining the space, programming, and staff often exceed monthly revenues. This is especially true of providers serving low-income families. Most providers are forced to manage these circumstances, in part, by compensating staff with low wages and minimal benefits.

We are heartened by the recent groundswell of conversation and policy action around this issue, and so appreciate the efforts of Councilmembers Robert White and Vincent Gray have put into these bills. To make meaningful change in the outcomes of our highest risk children, the District needs a coordinated, well-financed system of support for infants and toddlers that spans early learning, health and family support services. These two bills are key steps in that work. They also represent an exciting opportunity to make sound investments in the District's littlest learners. A study out of University of Chicago based on the Abecedarian Project shows a $7.30 return (in health, education, and social service savings as well as additional tax revenue) for every dollar spent on high quality early care and education.

Reimbursement Rates Must Cover the Full Cost of Providing Care

Both of these bills require that reimbursement rates cover the full cost of providing care to low-income children. And both indicate that OSSE should use cost modeling to determine the cost of care. The biggest difference between them is that the BEGIn Act specifies that the cost of care model should take into account an adjusted salary scale that targets parity with the k-12 system, as well as other factors such as special needs and operating in high poverty neighborhoods. We support these specific features of the BEGIn Act, and encourage the Council to retain them going forward.

The child care subsidy program operated by the Office of the State Superintendent for Education (OSSE) allows low-income parents to access high quality child care so they can be sure their child has safe and nurturing care while they work or study. Families receive what amounts to a voucher to access certain centers and homes that meet licensing or higher standards and contract with OSSE. (It should be noted that it falls on parents to find a slot in a center and home that accepts vouchers, and these slots are not always available when and where they are needed.) OSSE reimburses the providers on a per child basis at the end of the month at a set rate differentiated by age of child and quality tier of the center or home. However, current reimbursement rates are insufficient to fund high-quality early learning programs, keep child care businesses open, give low-income families buying power, and compensate teachers adequately for their work.

Findings from our 2016 report with DC Fiscal Policy Institute on the cost of providing child care - *Solid Footing: Reinforcing the Early Care and Education Economy for Infants and Toddlers in DC* – revealed the daily and ongoing struggles of providers to keep their doors open with the rates in the child care subsidy program. We found that gold-rated providers (the highest quality tier of the Going for the Gold Quality Rating and Improvement System or QRIS) were paid only about two-thirds of the total costs per child. This amounted to a shortage, in 2015, of at least $38 million between the subsidies received by gold-level providers to care for low-income children and the actual costs of that care. This number does not include what is needed to bridge the tuition gap for the many silver- and bronze-level providers.

OSSE's own 2015 cost modeling study found that many providers faced an estimated loss of between $1,000-$2,000 per child, per year depending upon the size of the program and the mix of services provided. While providers are working miracles to provide the highest quality care despite their limited resources, there were real risks of their financial situations impacting the quality of their work – from not being able to maintain and upgrade their facilities or buy appropriate supplies or equipment, to cutting field trips and other resources that enhance the experience of low-income children, to relying on donations, taking out personal debt to float their expenses, and paying wages that they know would not attract and retain staff. Others have turned away families in the subsidy program or declined to participate altogether.

Without a significant increase, children with the highest needs will not have access to the highest quality services, and the supply of subsidized child care will shrink instead of grow. Teachers will continue to go without the fair compensation they deserve. Standards for licensing are going up with new regulations and expectations, so reimbursement must go up, too. This legislation would give us a way forward to fund the subsidy program so that we can be sure that providers do not have to cut corners in caring for and educating our highest need children.

Both bills aim to raise reimbursement to cover the cost of care. The BEGIn Act also lays out a variety of factors that must and should be considered when calculating the cost of care and setting appropriate reimbursement rates. These factors include, perhaps most importantly, competitive compensation for teachers, the costs of caring for children with special needs, and extra costs associated with serving a predominantly low-income population that struggles with food insecurity and purchasing basic supplies like diapers. The Infant Toddler Developmental Health Services Act requires rates to align with the established 2016 Cost of Care study which uses current (low) compensation rates. Both pieces of legislation compel the District to determine the full cost of subsidized care within a specified timeline, but these timelines are different; one requires alignment by October 1, 2018, the other within 180 days of enactment. These timelines should be reconciled to align with the most expedient approach that is reasonable considering the work they require. But, in the meantime, the Council should make a down-payment toward higher rates by providing $38 million in additional funding for Fiscal Year 2019, which is the aforementioned gap we identified in 2015. We also suggest rates should be published at least two months in advance for planning purposes for service providers.

Under federal guidelines, OSSE is required to use cost modeling and to update this cost-of-care model bi-annually. The timelines for this legislation should also align with that requirement and require the update to apply to the reimbursement rates as well. The cost-of-care modeling process should be transparent and require the inclusion of child care program administrators in the process, as well as require public communications that explain the assumptions that feed the cost model.

Research demonstrates that growing up in poverty or low-income households can have long-term effects on children and their academic success. The subsidy program serves some of our highest need children, the ones who most need high-quality services to be ready to learn in school. Investing in early education is an important step in reducing the achievement gap and racial disparities in the District. Ensuring that subsidy payments cover the true cost of delivering services at the expected quality level is one of the most direct ways of targeting this investment.

Compensation for ECE Educators Must be Increased

Right now, the financial model of delivering child care is premised on low pay for infant and toddler educators in community-based programs. In the District, an early educator can expect to make around $26,900 per year – about 27% of the Area Median Income (AMI) for a family of three. They are paid about the same as coat check or locker room attendants, though neither coats nor lockers require nurturing and stimulation from a trained and experienced educator. National data also suggests that the ECE workforce receives less competitive compensation packages than other professionals who work with young children, and are less likely to have access to paid sick leave, retirement benefits, and other crucial worker supports. It is essential that this issue gets sufficient and dedicated attention in any conversation about the early care and education system.

These bills can create the change we believe is necessary in two concrete steps:

- Creation of a salary scale that pays early learning teachers commensurate with their qualifications and experience, striving for parity with DCPS; and
- Providing funding for programs to meet this scale, beginning with those that serve children living in poverty.

It is important to have high-quality teachers with the right skills and experience facilitating learning for the youngest children. To attract and keep the best teachers, we need to increase the respect they're given, along with the wages and benefits they're paid. Increasing reimbursement rates alone will not ensure revenues will cover increased wages, and only through a significant and re-formulated increase can providers afford an appropriate pay raise. A dedicated mechanism – such as the salary scale – is important to ensure employees will see the difference.

There have been recent changes to regulations about teacher qualifications, and this Council has initiated a study of the ramifications of those higher standards. Qualifications are an important factor in providing quality care. But without adequate supports to achieve credentials and better compensation upon completion, we will not retain the high-quality workforce our youngest children deserve. Further, current and aspiring teachers need more support while they pursue further education whether compelled or voluntary. They are likely to leave the field once they earn their credentials unless wages and benefits are increased. The District should continue to improve supports for the workforce to ensure their vital, long-term sustainability in the District.

Over the last year we have been trying to collect more information about the workforce, in order to better inform policy decisions to improve supports and compensation such as those before us. From October through December 2016, DC Appleseed surveyed early care and education professionals in all eight wards of the District. We asked educators about their demographics, experience working in ECE, challenges, qualifications, and existing supports for their professional goals. Our *White Paper: Results from a Survey of DC's Early Childhood Education Workforce* and accompanying recommendations are now public.

Some of our stand-out findings from our survey respondents – both expected and unexpected – include:

- The District's ECE workforce is comprised mostly of women (91.6%), the majority of whom are Black (including 54% African American; and 6% African/Caribbean).
- While most of the educators surveyed had attended at least some college, a large proportion of the sample did not have the credentials necessary to meet the District's new licensing rules, which will require Lead Teachers to hold an associate degree and center directors to hold bachelor's degrees by 2020. For example, 46.8% of Lead Teachers of infants and toddlers would need to complete additional schooling.
- Economic anxieties loom large among DC's early educators: nearly 80% of our sample regularly worried about their ability to pay their monthly bills.
- Nearly half rely on public benefits (and food stamp uptake is low for working adults, so probably more are eligible).
- More than one-fifth (21%) of ECE professionals worked an additional job at least seasonally to supplement their earnings.
- Despite these challenges, results from our survey suggested a commitment to the field. About 80% of both teachers and directors surveyed indicated that they intended to stay in the field for at least three more years.

Infant and toddler teachers should receive pay that recognizes the importance and skill-level of their work. They should not have to suffer economic anxiety, work additional jobs, or struggle to find the time for professional growth. This not only harms them, but has the potential to reduce their effectiveness in the classroom simply because those who have to worry about their own families and basic needs have less energy and attention for their jobs. The preponderance of women of color in DC's ECE workforce means that there is an opportunity here to advance both gender and racial equity.

We believe, as in other health and education arenas, pay should be commensurate with credentials and experience. The District currently requires that teachers in Pre-K Enhancement-funded classrooms are paid according to the rate of a starting pre-k teacher in DCPS. To achieve true parity, this rate would increase as experience and credentials increased, as they do in the k-12 system, recognize differences in the hours worked per year, and would require that all pre-k teachers, regardless of setting, have access to a robust benefits package as well. There is a reason that turnover in community-based pre-k settings tends to be four times the rate of turnover of elementary school teachers. The DC Commission on Early Childhood Teacher Compensation, convened under 2010 pre-k legislation, recommended in 2013 that Lead Teachers of infants and toddlers with an associate degree should start out in the field making a salary of $41,863, and increase with every year of experience. They recommended that a new Lead Teacher with a bachelor's degree should earn a salary of $48,962, the equivalent to a pre-K teacher with the same credentials and experience.

Both pieces of legislation require the development of a salary scale though there are some differences. The Infant Toddler Health Developmental Health Act requires that compensation be adequate to "recruit and retain qualified teachers." The BEGIn Act calls for parity with the k-12 system, and a starting salary for those with a CDA at least 15% higher than minimum wage, to honor the education and commitment that goes into acquiring a CDA and to differentiate these professionals from those working jobs that require no credentials, sometimes not even a high school diploma. We believe strongly that parity of wages and benefits with k-12 should be the target, though we recognize that we must move forward in a thoughtful and gradual way. We agree with our Bainum Policy Alliance colleagues that this issue should be studied carefully to ensure compensation levels are adequate, appropriate and funded through the right mechanism. This could be done by a task force, as recommended in the BEGIn Act, or through OSSE as called for by the Infant Toddler Developmental Health Act. The most important thing will be that we partner with national and local experts, including providers, and that there be transparency in order to ensure buy-in with the final results.

Providers Need Business Supports to Sustain and Increase the Supply of Child care
Adequate reimbursement rates and educator pay are two of the four pillars in these bills vital to better supporting the ECE system. The third pillar is better support for those who operate the businesses. We need to grow the supply of high-quality early learning programs in the District through administrative supports, access to facilities, and expansion of grants. We appreciate the recognition of the current difficulties and challenges to opening and maintaining a thriving business. Some of the mechanisms identified for supporting businesses include creation of incentives for developers and landlords to furnish space for childcare facilities, creating shared service models, and developing an office to support navigation of licensing processes.

When it comes to expanding supply of slots for infants and toddlers, the District must make coordinated, targeted investments that benefit all families, especially those with the least resources. We recognize several ongoing activities from the Council and the Mayor's office to increase access to facilities and grants. We hope what emerges from these efforts is a clear, unified system of supports and incentives that is easy to access and navigate for providers. This includes the efforts to expand facilities available, including in District buildings, for programs to open and grow. In our research, we've heard many stories about how difficult it can be to find affordable space that is appropriate for childcare facilities. Even providers who have been in their locations for years are seeing increased rents or pressure to move when development occurs in their neighborhoods. We welcome the kind of creative thinking we see in this legislation, including the possibility of offering financial incentives to landlords and developers to accommodate childcare. We are not experts in the best real estate mechanisms to use, but we do know this is an important piece of the puzzle to expanding supply. We want to highlight the potential to utilize the Bainum Family Foundation's study on supply and demand, to be released early 2018, to support decisions about targeting investments to the areas with the lowest supply and highest demand for infant and toddler care. We also want to encourage consideration of the relationship between population and job growth to availability of ECE program slots, and encourage participation of public and private property developers in helping to find solutions to reconcile ECE supply and demand.

The BEGIn Act would create a new Office of Early Childhood Development within OSSE to help providers get and maintain licenses. This responds to a very real need for coordination and better communication between OSSE, the Department of Consumer and Regulatory Affairs and other appropriate agencies involved in the many steps to opening a child care business and changing or renewing existing licenses. We have heard complaints from providers about the burden of the process. Some believe this coordination would bring welcome relief to the navigation challenges of zoning and licensing so they can open their doors; others worry that the location within OSSE will duplicate and complicate existing processes in ways that are not helpful to providers. We recommend this Committee give additional thought to how best to serve provider needs, based on guidance from those who have participated in this process. One possibility is that this higher coordinating function should be located outside of OSSE at the Deputy Mayor level, where authority exists to support better coordination.

The BEGIn Act also contemplates creation of a shared services model available to all providers from centers and homes. The concept is being piloted in the District among a limited number of home providers, replicating successful models from elsewhere around the country. And the seeds of shared services already exist for all providers in the form of an online resource hub where providers have access to volume discounts on necessary products which can help providers realize cost savings on supplies. Further opportunities are needed to further leverage buying power to access professional services, such as behavioral specialists or IT support, as well as administrative support for HR, finance and facilities. We know from our research for *Solid Footing* that providers often forgo, delay or skimp on these services out of financial necessity. It may even be possible, at some point, for providers to access benefits like retirement savings accounts for their employees, something that is now beyond reach for most. Our research has led us to believe that shared service models could save providers time and money and, assuming adequate revenues, invest those savings in better support for their teachers and classrooms, thus improving outcomes for children. We are glad it is being piloted by OSSE now for home providers.

We propose that the legislation contemplate expanding that pilot gradually before opening to include any ECE center or home in the District. Shared services for ECE is a complex undertaking, taking into account different business cultures as well as operations. Shared services networks have experienced growing pains in other locations; the District may want to take a deliberate and studied pace in rolling out these new systems.

Lastly, we support the expansion of the duties and membership of the State Early Childhood Development Coordinating Council (SECDCC). The proposal builds on the entity's strengths and gives it a more substantive role in system building. Adding two seats for an in-home and center provider will ensure the experiences of on-the-ground stakeholders are adequately represented.

Data-Driven Expansions of Health Services Can Strengthen System for Children with Special Needs

The two bills before us share many of the same purposes and strategies related to reimbursement, compensation and business support. A unique feature of the Infant Toddler Developmental Health Services Act is the focus on expanding health services to providers and families. If these bills are combined or reconciled, we hope to see many of these pieces preserved to ensure the health system addresses families' health needs and addresses social determinants of health. This is especially important as the healthcare landscape seems uncertain in the face of federal policy changes and the closure of vital providers in the District.

We support expanding the ability of pediatric and prenatal practices to provide and connect families to resources, creating a coordinated referral system to these resources, and expanding programs such as mental health consultation. Focusing these expansions in Wards 7 and 8 is a strategic step.

Data will be an important guide in the proposed expansion of the particular programs – HealthySteps, Help Me Grow, home visiting, and Healthy Futures. HealthySteps can improve health and education outcomes for children who live in Wards 7 and 8 and we know the current HealthySteps programs are already making a difference. To ensure that Healthy Steps can be sustained, we also think it is important to work with Managed Care Organizations and Medicaid to develop a reimbursement policy that provides long-term funding. We also support expanding Help Me Grow, as it is an important mechanism to connect families to services through one, coordinated system.

However, we are concerned about a lack of shared data and integrated systems, making it difficult to assess the efficacy and the impact of the District's investments here. OSSE is currently trying to shore up and/or replace current data systems that lack the ability to interface with other health and education systems, and is aiming to build a comprehensive early childhood data system that will contribute to the

SLED, and to the District's ability to support families with young children. We need to look at these data projects comprehensively, to ensure cross functionality and non-duplication. Likewise, we support the expansion of home visiting services, but we have not seen clear data or evidence about the most appropriate target population for this expansion. A needs assessment may be helpful in identifying the population for which home visiting is the most appropriate family support strategy, and the Home Visiting Council should be consulted in the development and completion of this assessment. Again, each of these services serves a critical function to supporting families, and want to ensure that the goal of a more robust set of services is achieved through data-driven investments.

Finally, we support the expansion and funding of Healthy Futures and other mental health supports child development programs. Healthy Futures has been a very successful model, and we would like to see it and other high-quality, evidenced-based strategies expanded to increase mental health supports in child development programs, but suggest the legislation leave open what model will be expanded. We would note that one of the factors that has prevented Healthy Futures from reaching its full potential in the District has been staff turnover in participating programs. Though Healthy Futures was imagined as a limited term capacity-building investment per program, the reality has been that Healthy Futures clinicians have needed to stay in selected programs to continue to provide both direct services and staff supports because high turnover rates have limited the impact of the capacity-building. Therefore, the investments in staff compensation are just as important to the success of the health program components of this legislation as they are to ECE quality.

We learned in our research over the past several years that serving children with special needs, including health conditions, and mental health and behavioral challenges, can be costly for providers. There can be a long period of time from when a child starts in a program to when a challenge or need is officially assessed. Then another wait before services are provided. Throughout that time, providers serve the child's higher needs daily, sometimes requiring additional staff, and spend extra time working with parents to support them and navigate the assessment process. These demands on the time and resources of providers must be acknowledged and compensated if we are going to create a truly inclusive system for children with special needs, and ensure that parents of children with special needs have sufficient ECE options.

Conclusion

The District faces significant inequities, one of the most important being the educational achievement gap, which perpetuates the dramatic wealth gap between white residents and residents of color. Investing in high quality early childhood care and education is an investment in closing these gaps. Such an investment for infants and toddlers will reap benefits to education, as well as community health and the economy. Together, the strategies proposed in these bills aim to elevate and solve some of the biggest challenges for the ECE economy: reimbursement rates for the child care subsidy program, compensation for ECE educators, business supports for providers, and programs supporting holistic family and childhood health. We commend the efforts of these Committees for the efforts to address these challenges and create a sustainable, accessible, high-quality child care system for the District's youngest children.