


Government of the District of Columbia
Office of the Chief Financial Officer



Jeffrey S. DeWitt
Chief Financial Officer

MEMORANDUM

TO: The Honorable Phil Mendelson
Chairman, Council of the District of Columbia

FROM: Jeffrey S. DeWitt
Chief Financial Officer 

DATE: September 14, 2018

SUBJECT: Updated Fiscal Impact Statement – Birth-to-Three for All DC Act of 2018

REFERENCE: Bill 22-203, Enrolled Original as passed by Council on June 26, 2018.

The following Fiscal Impact Statement has been updated to reflect changes made to the bill at Second Reading.

Conclusion

Funds are not sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill will cost \$2.26 million in fiscal year 2019 and \$227.1 million over the four-year financial plan. The bill also has substantial costs that fall outside of the four-year financial plan.

The bill has been drafted to subject certain of its sections to inclusion in a budget and financial plan. Provisions which have no cost or have been funded are cited in the Financial Plan Impact section below.

Background

The bill establishes several new programs and expands existing programs that address the health and development of children under three years old. In addition, the bill subsidizes early child care for all families in the District of Columbia. The specifics on each program addressed in the bill are outlined below.

Healthy Steps Pediatric Primary Care Demonstration

The bill establishes a Healthy Steps Pediatric Primary Care Demonstration grant program for primary care health clinics located in Wards 5, 7, and 8. Healthy Steps coordinates on-site specialist services for families during well-child primary care visits and provides lactation support services. Specialists

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offer screenings for common concerns and adapting to life with a baby or young child. Specialists provide families with guidance and support between visits and coordinate care to address the family's specific needs.

The bill delegates the task of establishing the Healthy Steps grant program to the Department of Health (DOH). As the lead agency, DOH will be responsible for the program's application process and oversight of the program, including data collection and program evaluation. DOH is required to budget \$300,000 in local funding during fiscal year 2019 and an additional \$300,000 each fiscal year starting in 2020 and continuing until fiscal year 2023. Healthy Steps grant funding must be used for:

- Implementation of Healthy Steps;
- National Committee on Quality Assurance Patient-Centered Medical Home recognition;¹
- International Board Certified Lactation Consultants;
- Community health navigator;
- Training, evaluation, and service delivery;
- Data collection; and,
- Training to make organizations trauma-informed.

The bill requires DOH to work with an external evaluation contractor to produce an annual report on the program's outcomes. The external evaluation partner is required to lead an advisory committee comprised of community stakeholders and service providers. No more than 20 percent of the total funds allocated towards the Healthy Steps grant program can be used to hire an external evaluation contractor.

Help Me Grow Expansion and Evaluation

The bill requires the Department of Health (DOH) to expand the Help Me Grow Program throughout the District by October 1, 2019. Help Me Grow is a resource and referral system to address the developmental and health needs of young children by providing a dedicated communication line for health professionals, families, and service providers. The expanded Program must include a centralized, culturally competent, toll-free phone line for families, health professionals, and service providers.² The Program must also keep an up-to-date directory of public and private programs and services available to District families with children.

The bill requires DOH to maintain a data system that allows Help Me Grow to aggregate data on families and children under five, including their needs, service gaps, effectiveness of the referral process, home visiting referrals, and enrollment. DOH must develop a centralized screening and referral mechanism to link families with appropriate support programs. DOH must also identify gaps in knowledge among pre-natal and pediatric primary care providers regarding developmental screening, and DOH must provide Help Me Grow and developmental screening training to District-based providers.

The bill requires DOH, in collaboration with the Department of Health Care Finance (DHCF), to develop a plan by January 1, 2021 to provide a unique child identifier upon generation of a birth

¹ The Patient-Centered Medical Home is a model of care that puts patients at the forefront of care. See: <http://www.ncqa.org/programs/recognition/practices/patient-centered-medical-home-pcmh>

² At a minimum, the toll-free line should include services in all languages required to comply with the Language Access Act of 2004, effective June 19, 2004 (D.C. Law 15-167; DC Official Code § 2-1931 et seq.), including but not limited to oral language services for any person calling and translations of vital documents as required, including but not limited to Spanish, Vietnamese, Chinese, Amharic, and French.

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certificate, to be used for tracking data on children's developmental screening results, referrals, and other data related to child health and well-being.

DOH is required to produce an annual report providing information on the health status of children under three and other metrics consistent with the goals of the Program. DOH must also provide, beginning January 1, 2020, a semi-annual report on progress towards expanding Help Me Grow throughout the District, including barriers to implementation.

Home Visitation for Vulnerable Children

The bill requires DOH to conduct, by April 30, 2019, a comprehensive needs assessment for home visiting in the District. This needs assessment must include:

- A neighborhood-level analysis on the number and location of families who would most benefit from home visits;
- A determination of capacity among existing home visiting programs; and,
- An assessment of the District's capacity to support the implementation of home visiting services.

The home visiting needs assessment must be updated every five years and may occur as a unique report or in a broader early childhood needs assessment. DOH must also produce an annual report, beginning January 1, 2019, on home visiting funding, outcomes, and progress towards providing visitation services to all families identified in the comprehensive needs assessment.

The bill requires DOH to complete, by December 31, 2019, a home visitor workforce study that articulates the size and stability of the home visiting workforce. This study must include analysis of qualitative and quantitative data including the number of home visitors currently providing services, the pool of potential home visitors, home visitor workloads, and home visitor retention rates.

The bill requires \$710,566 in local funds be budgeted towards the home visiting program in fiscal year 2019 and an ongoing \$2 million beginning in fiscal year 2020.

Home Visiting for Early Head Start

The bill requires the Office of the State Superintendent of Education (OSSE) and DOH to issue a grant award or contract, beginning October 1, 2019, and annually thereafter, to a nonprofit organization, to provide Early Head Start Home Visiting to immigrant families and District of Columbia families with an infant or toddler residing in the D.C. General Family Shelter or its replacement units.

The grantees or contractors are required to:

- Be a licensed child development facility with an existing OSSE contract to provide subsidized child care services;³
- Demonstrate quality by maintaining a rating in the top two tiers of the District's current quality rating system;
- Demonstrate an understanding of best practice service provision to homeless families;

³ Pursuant to Section 3 of the Day Care Policy Act of 1979, effective September 19, 1979 (D.C. Law 3-16; D.C. Official Code § 4-402).

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- Possess the ability to implement programs promoting healthy prenatal outcomes for pregnant women, the development of infants and toddlers, and healthy family functioning; and
- Agree to provide DOH with an annual audit on its financial health and its use of the award.

Lactation Certification Preparatory Program

The bill requires DOH to establish a lactation certification preparatory program (LCPP) beginning in fiscal year 2020 in collaboration with an institute of higher learning and an existing provider of a lactation consultant preparatory course. DOH is required to provide a subsidy to students in the LCPP. The LCPP must offer the following:

- A culturally and linguistically competent coursework module providing instruction in required educational areas necessary to become a certified International Board Certified Lactation Consultant;
- Assistance with identifying sites to obtain the required clinical practice experience; and,
- Mentorship from experienced International Board Certified Lactation Consultants⁴ to help prepare for the International Board of Lactation Consultant Examiners exam and a career in lactation support.

Community Resource Inventory

The bill requires DHCF to lead a community resource inventory program in consultation with OSSE, Fire and Emergency Management Services (FEMS), and community partners. DHCF must develop or procure a web based, community resource inventory that is accessible to health and social support organizations and has the capacity to communicate and track referrals by fiscal year 2020. The inventory must contain all District-run, District-funded, and District-administered programs and must be operated in a standard and adaptable format.

The community resource inventory will be used across agencies to screen residents for behavioral health, developmental health, and social determinants of health needs, including housing needs, trauma, food access needs, and child care needs. Screening results associated with home visiting services must be shared with the database established through the Help Me Grow program. If applicable, the community resource inventory will refer residents to appropriate federal, District, and community resources.

DHCF is required to submit, within 180 days after the bill becomes effective, a plan to the Mayor and the Council detailing how the community resource inventory will be deployed across agencies. DHCF must identify all tools used to screen residents for social needs and determine the feasibility of utilizing a universal tool for all social needs screenings in District-run, District-funded, and District-administered programs, including standardizing a set of social needs questions.

Healthy Futures

The bill requires the Department of Behavioral Health (DBH) to expand the Healthy Futures program, or another evidence-based program, by 75 child care centers each year until fiscal year 2023 to provide behavioral health consultation in all child care facilities accepting child care subsidy

⁴ Professional who provides lactation support services and who possesses current certification from the International Board of Lactation Consultant Examiners.

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recipients. The Healthy Futures program offers child and family-centered consultation services to care providers and family members, focusing on building their skills and capacity to promote social-emotional development, prevent escalation of challenging behaviors, and make appropriate referrals for additional assessments and services.

By August 1, 2019, DBH must submit a plan to the Mayor, Council, Interagency Coordinating Council, State Early Childhood Development Coordinating Council, and the Quality Improvement Network Interagency Steering Committee to expand Healthy Futures or another evidence-based program that provides behavioral health care services to support the mental health of infants, toddlers, and their families.

Reimbursement for Infant and Toddler Services at Child Development Homes and Centers

By December 1, 2018, OSSE must develop a competitive lead teacher and teacher assistant compensation scale for child development homes and centers participating in OSSE's subsidy program. The salary scale for these child development workers must be equal to the average salary of a District of Columbia Public School (DCPS) elementary school teacher with the equivalent role, credentials, and experience and include similar options for health coverage, retirement, and vacation, holiday, and sick leave. The initial compensation scale must be accompanied by a timeline that determines how the compensation scale will be phased into the cost model so that reimbursement rates cover full compensation parity for lead and assistant teachers by fiscal year 2023. There are approximately 1,750 early child care workers in the District.⁵

The bill requires OSSE to establish, by August 1st of each calendar year, subsidy program⁶ reimbursement rates for infant and toddler child development centers⁷ and child development homes.⁸ On February 1, 2019, February 1, 2024, and triennially thereafter, OSSE must produce a report that details the findings from a cost modeling analysis,⁹ updated to include salary scale adjustments. OSSE must detail its findings through a report that includes a description of the methodology used to determine the cost of care,¹⁰ including cost analysis based on:

- Quality rating under the Quality Rating and Improvement System (QRIS);
- Type of facility and licensed capacity;
- Number and age of children and number of classrooms;
- Proportion of subsidy participation and subsidy reimbursement rate;
- Proportion of children served or eligible for Early Head Start;
- Proportion of children served who have special needs;

⁵ May 2016 State Occupational Employment and Wage Estimates District of Columbia. Bureau of Labor Statistics, Last Modified March 31, 2017. See: https://www.bls.gov/oes/current/oes_dc.htm#25-0000

⁶ The District of Columbia operates a federally-funded child care assistance program that helps eligible families pay for child care.

⁷ Child development centers are facilities located on premises other than a dwelling occupied by the operator of the facility.

⁸ Child development homes are child development facility located in a private dwelling occupied by the operator of the facility.

⁹ The cost modeling analysis is the methodology used to determine the cost of delivering services and reimbursement rates to achieve financial solvency.

¹⁰ Cost of care is the daily per-child dollar amount necessary for a child development center or home to deliver services to achieve financial solvency and is differentiated at each level of the District's current Quality Rating and Improvement System by provider type and size.

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- Application of the compensation scale, including benefits, at different stages of the phasing in process;
- Adequacy of specialized professional services for children with special needs;
- Participation in a shared service alliance, including the Quality Improvement Network (QIN); and,
- Location in, or adjacent to, an area of concentrated poverty.

The report must include proposed daily reimbursement rates to specific types of providers/facilities as well as the total anticipated cost of subsidy reimbursements for the upcoming program year, based on the current and anticipated population of children enrolled.

The bill requires OSSE to gradually increase subsidy rates each fiscal year in order to reimburse providers at an amount sufficient to cover the cost of care and implementation of the new teacher salary scale. The bill specifies that OSSE must increase reimbursement rates on the following schedule:

- October 1, 2019 - 20 percent of the full cost of care and teacher salary scale rate
- October 1, 2020 - 50 percent of the full cost of care and teacher salary scale rate
- October 1, 2021 - 75 percent of the full cost of care and teacher salary scale rate
- October 1, 2022 - 100 percent of the full cost of care and teacher salary scale rate

District Subsidized Child Care Expansion

The District of Columbia operates a federally-funded child care assistance program that helps eligible families below 250 percent of the Federal Poverty Level (FPL) pay for child care. The program currently operates with a \$112.6 million budget and provides subsidy payments directly to child care facilities for nearly 4,000 zero to three-year-olds and 4,600 three to five-year-olds.

OSSE currently reimburses providers based on a daily rate per child that is pre-determined based on the size and quality of a child care facility.¹¹ The amount paid by OSSE to providers per child is reduced by a family co-payment amount that is based on a sliding scale.¹² Families pay child care providers a co-payment and OSSE pays the remaining balance of the daily rate per child.

The bill expands the pool of subsidy eligible infants and toddlers each year starting in fiscal year 2025 by increasing the maximum allowable family income for eligible families. By fiscal year 2028, the bill expands the subsidy program to all infants and toddlers in the District, regardless of household income. The bill specifies that the subsidy expansion must be phased in using the following schedule:

- October 1, 2024 – income cannot exceed 300 percent of the federal poverty level;
- October 1, 2025 – income cannot exceed 350 percent of the federal poverty level;
- October 1, 2026 – income cannot exceed 400 percent of the federal poverty level; and
- October 1, 2027 – all children are eligible regardless of income.

If the District has a shortage of available capacity to accommodate all eligible infants in toddlers and must establish a waitlist for subsidized child care, OSSE must give priority to children of families with very low incomes, children with families whose assets do not exceed \$1 million, and vulnerable children.

¹¹ See Chapter 5-A Section 203 of the District of Columbia Municipal Regulations.

¹² See Chapter 5-A Section 204 of the District of Columbia Municipal Regulations.

The bill caps the percentage of annual income a family would pay towards child care expenses. The table below outlines the maximum percentage of gross income a family must pay towards child care costs depending on the fiscal year. The remaining monthly child care tuition balance will be paid by the District via the subsidy program.

Subsidy Expansion Implementation Schedule		
First Eligibility Year	Income Group	Maximum % of gross income for child care co-payment
	(% FPL)	
2024	0% to 100%	0%
	100% to 133%	1%
	133% to 167%	2%
	167% to 200%	3%
	200% to 233%	4%
	233% to 250%	5%
2025	233% to 267%	5%
	267% to 300%	6%
2026	300% to 333%	7%
	333% to 350%	8%
2027	333% to 367%	8%
	367% to 400%	9%
2028	More than 400%	10%

Expanding the Quality Improvement Network

OSSE must lead an initiative to ensure the availability of infant and toddler child care that meets Early Head Start Standards for families living in Wards 7 and 8, as well as Dual Language Learners living in concentrated poverty, by 2023 and all Early Head Start eligible infants and toddlers by 2025.

OSSE is required to:

- Identify, by January 1, 2019, all child development home and child development center providers serving 50 percent or more Early Head Start eligible children in Wards 7 and 8 and/or 25 percent or more Dual Language Learners;
- Analyze whether the child development homes and child development centers identified have the capacity to provide services at the highest QRIS level;¹³ and
- Determine whether QIN has sufficient resources to build capacity in all child development facilities to provide services at the highest QRIS level, meet Early Head Start Standards, and ensure culturally and linguistically competent care for all children, including children with developmental delays and disabilities.

¹³ OSSE is in the process of transitioning from Going for the Gold to Capital Quality, the District of Columbia’s enhanced QRIS. In Fall/Winter 2018, the QRIS for all licensed, subsidized child development facilities in D.C. will transition to the Capital Quality.

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OSSE currently provides funding to three organizations - CentroNia, United Planning Organization, and Mary's Center - to serve as QIN hubs for 17 child development centers and 14 child development homes. These hubs employ professionals that provide support to directors, teachers, children, and families enrolled in these child development centers and homes.

Early Childhood Development Facility Coordinators

The Director of the Department of Consumer and Regulatory Affairs (DCRA) and OSSE must designate at least one employee to serve as an Early Childhood Development Facility Coordinator. DCRA and OSSE must post the designated Coordinator's name, direct telephone number, and e-mail address on the agency's respective websites. Coordinators will serve as their respective agency's primary contact for early childhood development providers, helping applicants and current licensees navigate the licensing process within their respective agency.

The OSSE Coordinator is responsible for operating as a liaison to government agencies responsible for approvals, certifications, and inspections necessary for licensure and license renewal. In addition, he or she must provide guidance on accessing grant and subsidy opportunities.

The DCRA Coordinator is responsible for assisting early childhood development providers to obtain certificate of occupancy and building permits, including securing facility inspections and providing regulatory and zoning guidance.

Workforce Development

The bill requires the University of the District of Columbia (UDC) to cover tuition, fees, and other expenses for partnering with at least three community-based child development centers on the Community College's Early Childhood Infant and Toddler degree program. The selected child development centers will offer onsite classes for early childhood professionals, with one site offering coursework in a language other than English. UDC and the selected child development centers will make financial support available to ensure degree completion.

Financial Plan Impact

Funds are not sufficient in the fiscal year 2019 through fiscal year 2022 budget and financial plan to implement the bill. The bill will cost \$2.26 million in fiscal year 2019 and \$227.1 million over the four-year financial plan. The bill also has substantial costs that fall outside of the four-year financial plan.

Healthy Steps Pediatric Primary Care Demonstration

Sections 102(e) requires DOH to identify and provide incentives for the use of lactation services and community-based social services and section 102(f) requires DOH to determine the feasibility of co-locating nutrition services for women, infants and children with Healthy Steps providers. DOH can absorb the cost of these provisions. Expanding the Healthy Steps program as required in the bill will cost \$300,000 fiscal year 2019 and \$3 million over the four-year financial plan. The bill requires that \$300,000 be budgeted each fiscal year to award a grant to one primary care clinic to implement the Healthy Steps program. The fiscal year 2019 DOH budget includes sufficient funding to implement the grant program at one clinic in fiscal year 2019 (required under Section 102 (g)(1)) and the

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evaluation required under Section 103, but funding for additional grants in fiscal year 2020 and beyond is subject to appropriations.

Healthy Steps Pediatric Primary Care Demonstration					
	FY 2019(a)	FY 2020	FY 2021	FY 2022	Total
Total Cost	\$300,000	\$600,000	\$900,000	\$1,200,000	\$3,000,000

Table Notes:

- a) From the above funding, DOH must also contract for an evaluation of the program and must not spend more than \$60,000 in fiscal year 2019.

Help Me Grow Expansion and Evaluation

Creating a unique child identifier upon generation of a birth certificate and using it to track screening results and health data will require upgrades to computer systems at DOH, Children and Family Services Agency, the Department of Human Services, DBH, OSSE, District of Columbia Public Schools, District of Columbia Public Charter Schools, DHCF, Department of Youth Rehabilitation Services, and the Department of Disability Services. Agencies will also need to update or create forms, procedures, policies, rules, and statutes that contribute to data collection. Agencies will need to conduct outreach and education to a multitude of stakeholders to ensure proper implementation. The unique child identifier system as part of the Help Me Grow Program will cost \$2.93 million in fiscal year 2020 and \$4.43 million over the four-year financial plan.

Help Me Grow Expansion and Evaluation					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Total Cost	\$0	\$2,930,400	\$1,000,000	\$500,000	\$4,430,400

Home Visitation for Vulnerable Children

The bill requires DOH to allocate \$710,566 in fiscal year 2019 and \$2 million annually starting in fiscal year 2020 to support home visitation activities. The total cost of the home visitation funding is \$6.71 million over the four-year financial plan. The fiscal year 2019 budget includes sufficient funding to implement the requirement of Section 105(b)(1); however additional funds must be allocated to support the \$2 million expense starting in fiscal year 2020.

Home Visitation for Vulnerable Children					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Total Cost	\$710,566	\$2,000,000	\$2,000,000	\$2,000,000	\$6,710,566

The funds allocated in the budget can also be used to support the home visiting reports required by DOH under paragraphs (a), (b)(1) and (c) of Section 106.

Home Visiting for Early Head Start

The bill requires OSSE to issue a grant award or contracts to a nonprofit organization beginning October 1, 2019, and annually thereafter, that provide Early Head Start Home Visiting to homeless families with an infant or toddler residing in the D.C. General Family Shelter or D.C. General Family Shelter replacement units and immigrant families. In total, there are approximately 115 homeless

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children and 700 immigrant children that would qualify for the Early Head Start Home Visiting program. The total cost of the program will be \$11.33 million in fiscal year 2020 and \$34.6 million over the four-year financial plan.

Home Visiting for Early Head Start					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Homeless Children	\$0	\$1,999,388	\$2,034,377	\$2,069,978	\$6,103,743
Immigrant Children	\$0	\$9,330,475	\$9,493,758	\$9,659,899	\$28,484,132
Total	\$0	\$11,329,863	\$11,528,135	\$11,729,877	\$34,587,875

Table Notes:

a) Assumes cost of \$13,100 per homeless child and 1.75 percent annual cost growth thereafter.

Lactation Certification Preparatory Program

The bill requires DOH to establish a LCPP in fiscal year 2020 in collaboration with an institute of higher learning and an existing provider of a lactation consultant preparatory course. To establish a program, DOH will need \$150,000 to partner and develop a program with an institute of higher learning, \$100,000 in funds to provide subsidies to twenty students each year,¹⁴ and \$7,000 in funds to obtain and maintain licensing and accreditation for the program. In total, the cost of establishing the LCPP and providing subsidies for students will be \$252,750 in fiscal year 2020 and \$464,000 over the four-year financial plan.

Lactation Professional Certification Preparatory Program					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Program Development	\$0	\$150,000	\$0	\$0	\$150,000
Subsidy for 20 students (\$5,000/student)	\$0	\$101,750	\$103,531	\$105,342	\$310,623
Licensing and Accreditation	\$0	\$4,000	\$1,000	\$1,000	\$6,000
Total Cost	\$0	\$252,750	\$104,531	\$106,342	\$463,623

Table Notes:

a) Assumes 1.75 percent annual cost growth.

Community Resource Inventory

DHCF must develop or procure a web based, Community Resource Inventory that is accessible to health and social support organizations and has the capacity to communicate and track referrals. To develop the platform, DHCF will need funding to develop a universal screening tool, upgrade data systems across multiple agencies,¹⁵ provide incentives and support to community health providers, and hire employees to manage the rollout. In total, the Community Resource Inventory will cost \$765,000 in fiscal year 2019 and \$4.19 million over the four-year financial plan.

¹⁴ Tuition for a similar Lactation Consultant specialized certificate offered by the University of California San Diego is approximately \$5,000 per student. See: <https://extension.ucsd.edu/courses-and-programs/lactation-consultant-pathway-2>

¹⁵ Including DOH, DBH, DHCF, Department of Disability Services, Child and Family Services Agency, and the Department of Youth Rehabilitation Services.

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An off-the-shelf platform¹⁶ is available that could be procured to function as a Community Resource Inventory in the District. If this system were used, it could potentially result in cost savings since DDCF would not need to develop its own system. However, since DDCF has yet to evaluate whether this platform is appropriate for the District, the agency assumes it will need to develop the platform in house. The fiscal year 2019 budget includes one-time funding of \$500,000 towards the cost of designing and implementing a cost screening tool. Funds are not sufficient in the financial plan to implement the remaining components of the community resource inventory.

Community Resource Inventory					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Development of Online Resource Center and License Fee	\$100,000	\$50,000	\$50,000	\$50,000	\$250,000
Design, implementation, and support costs for screening tool	\$500,000	\$1,500,000	\$1,000,000	\$250,000	\$3,250,000
Personnel Costs ^(a)	\$165,014	\$169,964	\$175,063	\$180,315	\$690,357
Total Cost	\$765,014	\$1,719,964	\$1,225,063	\$480,315	\$4,190,357

Table notes:

- a) Includes one Grade-12, Step 5 Program Analyst and one Grade 9, Step 5 Administrative Support Specialist. Assumes 3 percent growth to account for salary increases and a fringe rate of 21.1 percent.

Mental Health Consultation for Child Development Facilities

The bill expands the Health Futures program by 75 child care facilities each fiscal year beginning in fiscal year 2020. On average it costs \$20,000 per child care facility to offer the services mandated in the bill. The cost of expanding the Healthy Futures program is \$1.53 million in fiscal year 2020 and \$9.37 million over the four-year financial plan.

Mental Health Consultation for Child Development Facilities					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Total Cost	0	\$1,526,250	\$3,105,919	\$4,740,408	\$9,372,577

Table Notes:

- a) Assumes \$20,000 cost per child development center that does not currently have a mental health consultation and cost increase of 1.75 percent.

Reimbursement for Infant and Toddler Services at Child Development Homes and Centers

By October 1, 2020, and annually thereafter, OSSE must reimburse subsidy program providers at the cost of care as determined by the most recent cost modeling analysis. OSSE is already using a cost modeling analysis to influence the subsidy reimbursement rate it selects each year;¹⁷ however, the agency has yet to fully achieve reimbursement rates at a level that match the average market rate cost of child care. To reimburse providers at the cost of care based on the implementation schedule required in the bill, OSSE will need additional funds beginning in fiscal year 2020. OSSE currently spends \$15,820 annually per subsidy receiving child, whereas the annual market rate cost per child in the District is \$23,089.¹⁸

¹⁶ See: <https://about.auntbertha.com/>

¹⁷ See: <https://osse.dc.gov/publication/child-care-report-cost-living-and-monthly-utilization>

¹⁸ See: <https://usa.childcareaware.org/wp-content/uploads/2017/11/DistrictofColumbia2017.pdf>

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The bill requires a gradual increase to subsidy rates until they are equivalent to the total cost of providing care to children. The cost of this increase is estimated to be \$8 million in fiscal year 2020 and \$60.78 million over the four-year financial plan. Any increase in the subsidy rate paid to providers must be paid for from local funds. To the extent that future cost modeling analyses show an increase in the cost of care, the District will need to either add local funding or serve fewer children.

Fiscal Impact of the Cost of Care Implementation Schedule		
Fiscal Year	Percentage of Total Cost of Care	Total
2020	20%	\$8,009,642
2021	50%	\$20,693,837
2022	75%	\$32,074,428
2023	100%	\$44,183,949

Tale Notes:

- a) Assumes 3,963 subsidy enrolled children.

Child care providers will likely respond to an increase subsidy reimbursement rate by enrolling more subsidy eligible children. Currently, the number of available subsidy slots is limited to the extent of the program's appropriated funds. In fiscal year 2019, OSSE has enough funding in its budget to serve a maximum of 3,963 subsidy eligible children. The OCFO's Office of Revenue Analysis (ORA) assumes that the number of available slots will remain the same throughout the financial plan; however, it is possible that OSSE will increase the number of available subsidy slots to meet currently unserved demand.

The bill also requires OSSE to develop a competitive lead teacher and teacher assistant compensation scale equivalent to DCPS for child development homes and child development centers. The compensation scale must be gradually increased and included in reimbursement rate beginning in fiscal year 2020. There will be a substantial increase to the child care subsidy rate when the standardized compensation scale based on the average teacher salary for DCPS elementary teachers is included within reimbursement rate calculations. According to Bureau of Labor Statistics data, the average salary and benefits¹⁹ for a child care worker in the District in 2016 was \$29,889 whereas the average teacher salary and benefits for a DCPS early childhood teacher in fiscal year 2019 was \$93,000, a difference of \$63,111 per year.²⁰

Assuming that 1,110 child care workers²¹ in the District would receive this pay increase along with a fringe benefit rate²² equal to DCPS, OSSE would require an additional \$14 million in fiscal year 2020 and \$101.57 million over the financial plan to increase child care subsidy reimbursements to account for the salary scale implementation schedule required in the bill.

¹⁹ Assuming a 14.9 percent fringe rate.

²⁰ May 2016 State Occupational Employment and Wage Estimates District of Columbia. Bureau of Labor Statistics, Last Modified March 31, 2017. See: https://www.bls.gov/oes/current/oes_dc.htm#25-0000

²¹ There is a total of 1,750 child care workers in the District and 63.4 percent of the District's licensed capacity serves subsidy eligible children.

²² The fringe benefit rate for DCPS in fiscal year 2018 is 14.9 percent.

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Salary Scale Implementation Schedule		
Fiscal Year	Percentage of Total Salary Scale Cost	Total Cost
2020	20%	\$14,010,685
2021	50%	\$35,026,713
2022	75%	\$52,540,070
2023	100%	\$70,053,426

Table Notes:

- a) Assumes 1,100 child care works service 3,963 children

The agency also requires one additional employee to develop a salary scale and complete additional cost of care analysis each year. OSSE's fiscal year 2019 budget includes \$100,183 of local funds to hire this employee.

The total fiscal impact of gradually increasing the child care subsidy rate to reimburse providers for the cost of car and standardized salary scale is \$22.02 million in fiscal year 2020 and \$162.36 million over the financial plan.

Reimbursement for Infant and Toddler Services at Child Development Homes and Centers					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Teacher Salary Scale Implementation	\$0	\$14,010,685	\$35,026,713	\$52,540,070	\$101,577,468
Cost of Care ^(a)	\$0	\$8,009,642	\$20,693,837	\$32,074,428	\$60,777,907
Total Cost	\$0	\$22,020,327	\$55,720,550	\$84,614,498	\$162,355,375

Table Notes:

- a) Assumes no increase in the number of current subsidy slots (3,963 subsidy slots each fiscal year). An estimated 11,406 children are eligible to participate.
- b) Assumes budget growth of 1.75 percent and tuition cost growth of 2.4 percent.

District Subsidized Child Care Expansion

The bill codifies current eligibility requirements for the District's subsidized child care program beginning in fiscal year 2019. The bill limits the program to families that have an annual income below 250 percent of the FPL or 85 percent of the District of Columbia's State Median Income. The family's assets cannot exceed \$1,000,000. The District's subsidy program already uses these eligibility guidelines²³ so there are no additional costs to implementing the first eligibility expansion in Section 201 of the bill.

The bill also gradually expands the subsidy program to include all District children under the age of three by fiscal year 2028 and limits families' copayments using a sliding schedule based on household income. Although these subsidy expansion costs fall outside the financial plan, they will require a significant amount of resources to implement. The expansion also requires OSSE to devote additional staff and information technology resources to the program, beginning two years prior to the subsidy expansion.

²³ See Chapter 5-A Section 201 of the District of Columbia Municipal Regulations

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There will be approximately 26,650 children under three living in the District in 2028.²⁴ The subsidy expansion will be available to a minimum of 9,000 children and up to an estimated 16,200 children,²⁵ depending on child care facility capacity. The low-end of the range assumes that the current child care facility capacity (9,000) will be the same in 2028, while the high end assumes capacity will grow at an accelerated pace in response to the implementation of policies contained in this bill.

OSSE will need additional employees to help handle compliance and oversight of the expanded subsidy program. In total, OSSE will need 24 additional employees over the course of the subsidy program expansion. OSSE will also need funding for supplies and materials to support the newly hired employees. The total personnel and non-personnel cost associated with implementing the expansion will be between \$1.65 million and \$2.85 million in fiscal year 2028. Since the bill ties co-payments to income groups, OSSE will need to develop an eligibility tool²⁶ to pre-screen children prior to enrollment in the subsidy program. The development of this tool is estimated to cost \$2 million in fiscal year 2024 and ongoing maintenance is expected to cost \$10,000 annually.

Child care subsidy payments under this provision of the bill alone will require in fiscal year 2028 between \$73.52 million and \$215.88 million in new subsidy payments. (These are additional to an estimate \$117.75 million in fiscal year 2028 local fund spending for current subsidized slots under the bill.²⁷) The expansion costs take into account the proposed ratio of family copayment to OSSE payment established by the bill and the projected cost of care in 2028.²⁸ When combined with the bill's requirement to incorporate into the cost of care a teacher salary equivalent to DCPS elementary school teachers, the subsidy expansion payments increase to a low estimate of \$145.36 million, up to \$382.15 million²⁹. Including OSSE agency costs, the District will need to allocate between \$147.02 and \$385.01 million in fiscal year 2028 to expand the subsidy program to all District residents.

²⁴ Estimated by using the 2016 U.S. Census Public Use Microdata Sample data and an annual increase in the number of births by 0.5 percent.

²⁵ Families where 10 percent of earnings is higher than the market rate tuition will not qualify for the subsidy program. Additionally, 30 percent of District zero to three-year-olds will likely seek alternative options to child development facilities (family member, out-of-state daycare, nanny, stay at home parent).

²⁶ Similar to the eligibility tool used in Denver, Colorado. See: <https://dpp.org/>

²⁷ OSSE currently budgets \$57.2 million for subsidy payments to providers serving zero to three-year-olds. ORA projects that this amount will grow to \$68 million in fiscal year 2028 using current financial plan growth assumptions. ORA also assumes that OSSE will reimburse providers at the cost of care, resulting in an additional \$49.75 million being budgeted to pay tuition for children under 250 percent of the FPL.

²⁸ Subsidy reimbursement rates at the cost of care are estimated to be \$29,970 per child at child development centers and \$21,196 per child at child development homes. ORA assume 2.4 percent cost growth each year using fiscal year 2017 market rate costs as a baseline. See: <https://usa.childcareaware.org/wp-content/uploads/2017/11/DistrictofColumbia2017.pdf>

²⁹ In total, ORA estimates that between 1,044 and 2,416 additional teachers will need to be hired to educate additional zero to three-year-olds. Based on 4:1 infant to teacher ratio, 6:1 toddler to teacher ratio (As required by Section 121 of Chapter 1, Subtitle A of Title 5 of the District of Columbia Municipal Regulations).

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District Subsidized Child Care Expansion FY 2028 Costs		
	Low Estimate	High Estimate
Subsidy Slots	9,000	16,200
Subsidy Expansion Tuition Payments ^(a)	\$73,523,539	\$215,883,529
Subsidy Expansion Teacher Salary Increase ^(b)	\$71,841,182	\$166,268,893
Subtotal: Subsidy Payments	\$145,364,721	\$382,152,421
2028 OSSE Agency Costs	\$1,651,191	\$2,854,567
Total Subsidy Expansion Costs	\$147,015,912	\$385,006,988

Table Notes:

- a) Tuition payments for children who are not currently eligible for the program.
- b) Cost of care reimbursement requirement under bill's teacher salary provisions

Expanding the Quality Improvement Network

The bill requires OSSE to expand the QIN so that all eligible children have access to Early Head Start program performance standards in Ward 7 and 8 by 2023 and citywide by 2025. Expanding the QIN will not increase subsidy expenditures if providers are reimbursed at the cost of care as required by the bill; however, the organizations that operate QIN hubs will need additional funding. Generally, QIN hub organizations receive \$1.5 million per 200 children served and OSSE currently allocates \$3.5 million annually in QIN hub grants. Expanding the QIN program to the estimated 3,000 Early Head Start eligible children in Ward 7 and 8 will require an additional \$19 million in grants for QIN hubs in fiscal year 2023. To expand the program District-wide to nearly 4,200 children by fiscal year 2025, OSSE will need an additional \$27.82 million to set aside for QIN hub grants. These costs fall outside of the fiscal year 2019 budget and financial plan.

Early Childhood Development Facility Coordinators.

The bill requires OSSE and DCRA to hire early childhood coordinators to serve as point persons for providers when seeking services at both agencies. OSSE already employs a staff member that serves as a facility coordinator. DCRA also employs a facility coordinator and the position is funded through a memorandum of understanding (MOU) with OSSE. In total, the MOU between the agencies facilitates the transfer of \$200,000 from OSSE to DCRA. This MOU is set to expire at the end of fiscal year 2018, so OSSE must budget \$200,000 in each fiscal year to continue to fund a DCRA facility coordinator.

Early Childhood Development Facility Coordinators					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Continuation of DCRA MOU	\$200,000	\$200,000	\$200,000	\$200,000	\$800,000

Workforce Development

The fiscal year 2019 budget and financial plan includes funding to cover tuition, fees, and other expenses associated with Section 202(c) under which the Community College will select three community-based child development centers to partner with its Early Childhood Infant and Toddler degree program. The partnership program will cost \$185,300 in fiscal year 2019 and \$766,000 over the four-year financial plan.

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The following table is a summary of the costs incurred as a result of the bill. In total, the bill will cost \$227.1 million over the four-year financial plan.

Bill 22-203 - Birth-to-Three for All DC Act of 2018					
Total Fiscal Impact (\$ in thousands)					
	FY 2019	FY 2020	FY 2021	FY 2022	Total
Healthy Steps	\$300	\$600	\$900	\$1,200	\$3,000
Help Me Grow Expansion and Evaluation	\$0	\$2,930	\$1,000	\$500	\$4,430
Home Visitation Evaluation	\$711	\$2,000	\$2,000	\$2,000	\$6,711
Home Visiting for Vulnerable Children	\$0	\$11,330	\$11,528	\$11,730	\$34,588
Lactation Professional Certification	\$0	\$253	\$105	\$106	\$464
Community Resource Inventory	\$765	\$1,720	\$1,225	\$480	\$4,190
Mental Health Consultation	\$0	\$1,526	\$3,106	\$4,740	\$9,373
Cost of Care and Teacher Salary Scale	\$100	\$22,124	\$55,827	\$84,724	\$162,775
District Subsidized Child Care Expansion	\$0	\$0	\$0	\$0	\$0
Expanding the Quality Improvement Network	\$0	\$0	\$0	\$0	\$0
Early Childhood Development Facility Coordinators	\$200	\$200	\$200	\$200	\$800
Workforce Development	\$185	\$189	\$194	\$198	\$766
Total Fiscal Impact	\$2,261	\$42,872	\$76,084	\$105,879	\$227,096