

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



Glen Lee
Chief Financial Officer

MEMORANDUM

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

FROM: Glen Lee
Chief Financial Officer 

DATE: October 6, 2025

SUBJECT: Fiscal Impact Statement – Early Childhood Educator Pay Scales
Amendment Act of 2025

REFERENCE: Bill 26-176, Draft Committee Print as provided to the Office of Revenue
Analysis on October 2, 2025

Conclusion

Funds are sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill.

Background

The Early Childhood Educator Pay Equity Fund (ECE PEF) is used by the Office of the State Superintendent of Education (OSSE) to provide payments to Child Development Facilities (CDF) for the purposes of increasing early childhood educators' fixed salaries or wages to a level that meets or exceeds the minimum salaries established in law.¹ Current law requires the District to deposit \$72.1 million of local funds into the ECE PEF during fiscal year 2026. Funds are distributed from the ECE PEF on a quarterly basis using a CDF payroll funding formula that considers educator roles and credentials at each CDF participating in the program. The ECE PEF also covers educator health insurance premiums and OSSE administrative expenses.

The bill makes several technical and conforming changes² to the sections of D.C. Code that apply to the Pay Equity Program and the Early Childhood Educator Equitable Compensation Task Force. The bill also lowers the minimum salary levels that CDFs must pay early childhood educators to qualify

¹ D.C. Official Code § 4-410.02.

² By amending The Day Care Policy Act of 1979, effective September 19, 1979 (D.C. Law 3-16; D.C. Official Code § 4-401 et seq.).

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for payments from the ECE PEF, effective January 1, 2026 through September 30, 2026. Beginning January 1, 2026, CDFs must pay at a minimum:

Assistant Teacher		Lead Teacher	
Credential Level	Minimum Salary	Credential Level	Minimum Salary
Child Development Associate Credential (CDA)	\$49,400/year (\$23.75/hour)	Child development center teacher or expanded child development home caregiver with a CDA	\$49,400/year (\$23.75/hour)
Associate degree or higher or 60 hours of college-level coursework in any field	\$51,800/year (\$24.90/hour)	Child development home caregiver with a CDA	\$51,800/year (\$24.90/hour)
		Associate in Early Childhood Education (ECE); associate with at least 12 credit hours in ECE; 60 college credit hours with at least 12 credit hours in ECE	\$60,100/year (\$28.89/hour)
		Bachelor's or higher in ECE; or Bachelor's or higher with at least 12 credit hours in ECE	\$69,700/year (\$33.51/hour)

OSSE is currently required to maintain the solvency of the ECE PEF. The agency can adjust the program if funding in the ECE PEF is insufficient to cover the program's costs. The bill expands the options available to OSSE for containing program costs by allowing OSSE to reduce the minimum salary tables through rulemaking.

The bill also updates the information that OSSE must include in its annual February report to the Council and the public on ECE PEF minimum salary tables. OSSE's report must include:

- Recommended minimum salaries for the upcoming fiscal year, adjusted to reflect the year-over-year percentage change in the Chained Consumer Price Index for All Urban Consumers for the Washington-Baltimore, DC-MD-VA-WV area;
- A comparison of the District's minimum salaries with those in surrounding jurisdictions, including educators in pre-kindergarten and kindergarten classrooms, and recommendations for keeping District salaries competitive across the region;
- A comparison of the District's minimum salaries with those for comparable positions under the current operative contract with the Washington Teachers' Union;
- An assessment of the projected funding needed for the upcoming fiscal year to make full payments to all CDFs with existing agreements with OSSE to implement the ECE salary scale; and
- A discussion of the Early Childhood Pay Equity Program impacts and outcomes, and recommendations, if any, for improving the program's impact, funding formula, or administrative operations to enhance outcomes and cost efficacy.

The bill requires the Office of the Chief Financial Officer (OCFO) to submit a public report to the Council on a quarterly basis, indicating the fiscal year expenditures from the ECE PEF to date and the total remaining fund balance. The report must be submitted no later than 21 days following the end of each quarter.

Financial Plan Impact

Funds are sufficient in the fiscal year 2026 through fiscal year 2029 budget and financial plan to implement the bill. The fiscal year 2026 budget includes \$72.1 million in the ECE PEF, which covers

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the cost of the CDF payroll funding formula through fiscal year 2026. The reduction of minimum salary levels ensures that the ECE PEF has sufficient funding to cover program costs in fiscal year 2026. OSSE can complete the updated reporting requirements with existing staff members in the Division of Early Learning. The OCFO can complete quarterly reporting on the ECE PEF without additional resources.