**Early Educator Workforce Tax Credit – Making the Business Case**

April 2025

* Access to high quality child care is important to enable parents to work and also for the healthy development and school readiness of children.
* Business leaders understand that a high-quality program depends on a high-quality workforce. The two are tied together. It’s just not possible to have a high-quality program unless the workforce upon which the program is based is also high-quality.
* An early childhood educator refundable tax credit can serve as a strong incentive for those in the early childhood workforce to obtain competency credentials such as an infant and toddler credential or a Child Development Associate (CDA) credential. Or, an incentive to obtain an Associate’s degree or a Bachelor’s degree.
* A critical problem currently is that the child care field pays low wages. It is difficult for those individuals who are working in child care to obtain the training they need or access college coursework. And, when they do, there is no guarantee that their pay will increase.
* The median wage for child care workers is about $15.41 per hour; $32,000 per year. The field is predominantly women, and if they are raising their own children, this income level qualifies them for public assistance such as Medicaid or food assistance.
* Child care is a business. The operating budget for child care programs is comprised of parent fees and state subsidies for low-income children. Because child care is already unaffordable for many parents, program directors try to hold costs down so that parents can afford it. However, what this means for staff is low wages. And, what this means for program directors is high turnover which is costly for programs and can undermine efforts to promote healthy child development.
* A refundable tax credit operates as a wage supplement. The tax credit is voluntary. And, it’s only received if individuals earn it – they achieve a credential in the field or complete higher education coursework and obtain an A.A. or a B.A.
* Through decades of research, we know more today than we did years ago about the science of early brain development. We know that this early wiring that occurs sets the architecture for all future learning. Brains are built from the bottom up, which means that a solid foundation is critical. It’s like building a house – the foundation and frame matter.
* Accountability for public investments is important. That’s why a tax credit approach makes sense. It’s voluntary. It’s earned. It’s tied to achievements.
* The ultimate beneficiaries of investing in the early educator workforce are the children who are in child care. Research shows that children who attend high-quality child care programs are more likely to start school ready to succeed. This is a critical support to help put children on a pathway to succeed in school and in life.