**In Brief**

An early childhood workforce investment tax credit, modeled after the Louisiana school readiness tax credit, rewards professional development for child care providers and can foster the quality early childhood education (ECE) workforce necessary to promote children’s learning and school readiness.

Quality child care matters for children’s healthy development, early learning, and safety.

- The quality of child care is directly related to the quality of the workforce.
- Low compensation for the child care workforce makes it hard to attract and retain quality staff.
- Low compensation makes it difficult for the current workforce to access the training and higher education necessary to acquire the knowledge and competencies for delivering high-quality child care.

An ECE workforce investment tax credit helps provide an incentive for professional development and rewards educational attainment with a refundable wage credit to increase pay. The tax credit is voluntary. The tax credit is earned. No one receives the tax credit unless they earn it through achieving higher certifications or higher education degrees (e.g., an Associate’s or Bachelor’s degree).

**The ECE Workforce Investment Tax Credit**

Boosting the wages of child care providers based on achieved competencies, certificates or educational levels is a voluntary, reward-based strategy that helps fill the gap between what parents can pay and the operating costs of high-quality child care.

**The Quality of Child Care Matters for Child Development and School Readiness**

Neuroscience research confirms that a child’s earliest years are critical for brain development. From birth to age five, the architecture of the brain is built rapidly, laying the foundation for all future social, emotional, cognitive, and physical development. In the first few years of life, more than 1 million new neural connections form every second.²

Because both genes and experiences play a role in brain development, children’s interactions with parents and child care providers influence the brain’s architecture. Particularly given the time that young children spend in child care, about 36 hours per week -- the average for young children with working mothers,³ it is essential that children have access to high-quality child care.

Yet, high-quality child care is not possible without a quality workforce.

**Linking ECE Workforce Tax Credits to High-Quality Child Care**

A tax credit is a public policy strategy to invest in a public good. With regard to the early educator workforce, the purpose of the tax credit is to incent professional development (e.g., the knowledge and competencies associated with promoting healthy child development and school readiness) and reward achievements with a refundable tax credit to increase wages in a field where compensation is extraordinarily low (e.g., the average child care worker earns $23,240 per year).⁴

State child care licensing requirements vary greatly and are generally related to meeting minimum health and safety standards. Little is known about the quality of care within licensed settings.
However, most states have embarked on some type of rating system, either through a quality rating and improvement system (QRIS) or some type of accountability system, which measures the quality of child care settings that are licensed.\(^5\)

Most of these systems are voluntary, which means that child care providers have a choice about whether to participate in such systems and whether to consent to observations that result in quality scores.

Linking tax credits to quality means that there will be some type of state designed quality system so that there is transparency in the public investment of tax credits in a targeted, accountable manner.

The tax credits are intended to improve the quality of child care by investing in the early educator workforce. Individuals earn the tax credits by their own achievements. However, in order to be eligible for a tax credit, they must work in an early learning setting that participates in a state quality system (e.g., a state QRIS or a state designed observational rating system where quality is measured and publicly reported).

**Quality Child Care Results for Children**

Currently, more than 15 million children under age six have working parents.\(^6\) Many of these children are in some type of child care setting every week.

Research shows that differences in vocabulary and language development occur early in a child’s life. At 18 months-old, large disparities in vocabulary and language processing are already evident between low-income children and their economically more well off peers. By 24 months-old, a 6 month gap occurs in processing skills critical to language development.\(^7\)

By age three, there is a 30 million word gap in words heard by low-income children.\(^8\) This is important because words heard and vocabulary use at age three are predictive of reading skills in grade three and school success in general.\(^9\)

What is clear about the research is that quality child care is critical for healthy child development. In addition, while all children benefit from high-quality child care, low-income children make the greatest gains (i.e., benefit the most).

Trained and educated staff who understand how to spur higher level thinking, encourage and promote language development, and engage children in a positive manner are the cornerstone to quality settings.

High-quality early care and learning programs that provide children access to enriching, safe, and stable relationships and environments, which are foundational to positive health, wellness, and educational outcomes, can make a lifelong difference for our youngest citizens and the prosperity of our country.

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\(^2\) Harvard University, Center on the Developing Child. [Brain Architecture](https://www.harvard.edu/)


\(^4\) U.S. Bureau of Labor Statistics, Occupational Statistics, [Child Care](http://www.bls.gov/)

\(^5\) The Build Initiative, [QRIS Compendium](http://www.thebuild.org/)

\(^6\) U.S. Census Bureau, [Table B23008](http://www.census.gov/ww/ww/ww.html), 2018 American Community Survey, 1 Year Estimates.

\(^7\) Fernald, A., Marchman, V., and Weisleder, A., (2013). *SES differences in language processing skill and vocabulary are evident at 18 months*. Developmental Science, 16(2), 234-248.


\(^9\) The Campaign for Grade Level Reading, [http://gradelevelreading.net/our-work/school-readiness](http://gradelevelreading.net/our-work/school-readiness)