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Pathways to High-Quality Child Care: The Workforce Investment Credit

The investments we make now in our future workforce—today's youngest generation—lay the groundwork for a prosperous economy tomorrow.

The science related to brain development shows that a child's experiences in the first years of life set the foundation for learning, including school readiness. As with other construction projects, the quality of materials used to build this foundation—early learning settings such as child care and Pre-K—has significant implications for children's lifelong knowledge acquisition, skills, and capabilities.

We can promote high-quality child care by investing in the professional development and adequate compensation of child care providers.

In Brief

An early childhood workforce investment 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 care.

A Quality Early Educator Workforce is Needed

A well-trained and qualified early care and education (ECE) workforce is essential to produce desired results: children eager to learn, happy, healthy, and well-prepared to succeed in school and life.

Attracting and retaining such a workforce is a longstanding challenge in the United States because pay is based on what parents can afford. This limitation impacts the ability of early childhood educators to advance their education and training and acquire research-based skills and competencies that best promote early learning in young children.

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.

High-Quality Child Care Can Influence Children's Brain Development Over the Course of Their Lives

Currently, about 14.4 million children under age six have working parents.[1] Many of these children are in some type of child care setting every week. Numerous studies have shown that all children, and particularly children from low-income families, benefit from high-quality care.[2] This care can help launch a lifetime of better health, education, and career outcomes.

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 future social, emotional, cognitive, and physical development. Because both genes and experiences play a role in brain development, children's interactions with the adults and environments around them influence the brain's architecture.[3] Research shows that the quality of care can either positively or negatively affect a child's development.[4]

Improving the ECE Workforce Has Multiple Benefits

A high-quality ECE workforce is necessary for high-quality child care and early learning. The right scaffolding can support the capacity of the ECE workforce to help children build strong brains in the earliest years of life. However, many child care providers have not had the education and professional training that can support them in their role as vital agents of children's early learning and skill development.

The workforce is underdeveloped as a result of the dominant business model in the child care industry. Parent fees are the only source of revenue to cover operating expenses for most programs (such as rent, utilities, materials, insurance, and wages for staff). Parents struggle with the high cost of care, which often leads to decisions to hire staff at the lowest wages possible so that programs can keep parent fees as low as possible. As a result, the median hourly wage for an individual working in child care is $13.71 per hour (about $28,520 per year).[5]

Low pay restricts the ability to hire and retain quality staff and leads to turnover, which research has shown is about 25 percent among centers with turnover.[6] Low pay can also contribute to provider stress, which research demonstrates can lead to lower quality classrooms.

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

The Louisiana Approach Works

Practical, viable solutions to the challenge of developing a high-quality ECE workforce already exist. Louisiana pioneered its School Readiness Tax Credits in 2007.[7] One component of that package provides ECE directors and staff with a refundable credit linked to their educational attainment at four levels and work experience in a quality program. The credit amount increases as the credentials rise.

Only those individuals who voluntarily join the registry, achieve professional development, and have been working for at least six months in a licensed program that participates in the state quality rating system qualify for the credit.[8]

The ECE Workforce Investment Credit Is a Sensible Solution

Raising a healthy population of future workers, citizens, and parents starts with high-quality child care settings. Quality care depends on attracting, retaining, and growing a well-trained workforce that is fairly compensated for its skills and expertise.

The keys to designing a workforce investment credit are:

- Making the credit refundable so that the lowest paid providers can benefit from a wage increase;
- Indexing the credit to inflation;
- Structuring the credit large enough to matter (e.g., at least a 10 percent increase); and
- Linking the credit to qualifications.

The framework for this policy is already in place. Because it is voluntary, individuals working in child care select whether to participate and only receive the credit for educational levels actually achieved.

Business Leaders Understand Workforce Quality

Business leaders know a quality workforce matters. Investing in quality early learning settings can lead to more children starting school ready to learn. When children start school ready to learn, they are more likely to experience positive academic and health outcomes, which in turn will lead to a stronger future workforce and more engaged citizens.

The bottom line: investing in a quality ECE workforce allows parents to work, supports children's healthy development, promotes a skilled workforce pathway and more sustainable regional economies in communities across the country—now and in the long-term.

Notes

[1] U.S. Census Bureau, 2022 *American Community Survey 1 Year Estimates*, Table B23008, Age of Own Children Under 18 Years in Families and Subfamilies by Living Arrangements by Employment Status of Parents.

[2] Yoshikawa, H., Weiland, C., Brooks-Gunn, J., Burchinal, M., Espinosa, L., Gormley, W., Ludwig, J., Magnuson, K., Phillips, D., Zaslow, M., *Investing in our future: The evidence base for preschool education*, Policy Brief, Society for Research in Child Development and the Foundation for Child Development (2013).

[3] Harvard University, Center on the Developing Child, *Brain Architecture.*

[4] U.S. Department of Health and Human Services, National Institutes of Health, National Institute of Child Health and Human Development, *The NICHD Study of Early Child Care and Youth Development* (2006).

[5] U.S. Bureau of Labor Statistics, Occupational Employment and Wages, *Child Care Workers* (2022).

[6] Whitebook, M., Phillips, D., and Howes, C., Worthy Work, Still Unlivable Wages: The Early Childhood Workforce 25 Years After the National Child Care Staffing Study. Center for the Study of Child Care Employment, University of California Berkeley. 2014.

[7] Louisiana School Readiness Credits, FAQs for Child Care Staff

[8] Ibid.

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