



## TAX CREDITS FOR THE EARLY CHILDHOOD WORKFORCE

Minnesota's early childhood workforce - the teachers, assistant teachers, aides, family home providers/business owners, early childhood family educators and the like - are the foundation upon which the rest of the early childhood system depends. **Minnesota needs qualified, diverse, supported and fairly compensated early childhood educators so that parents can go to work, businesses can hire employees and children can thrive.**

In order to attract and retain the early childhood workforce, reduce turnover as well as foster children's developmental needs, Minnesota needs to provide more support for new and current early childhood educators. The median hourly wage in Minnesota for a child care worker is only \$11.44 per hour or \$23,795 per year. A bachelor's degree in early childhood is the lowest paid degree you can earn in the United States. Early childhood professionals in Minnesota work long hours, receive few benefits and struggle to meet their own families' needs. Minnesota's early childhood workers are so poor that 32% of them qualify for public assistance themselves; Minnesota pays \$43 million per year in public assistance to the early childhood workforce.<sup>1</sup>

Minnesota received a recent grant from the National Governors Association to examine compensation issues related to early childhood care and education. A report from the workgroup was published in January of 2018.<sup>2</sup> One of the recommendations included in this report is that Minnesota should consider and support both refundable and non-refundable tax credits for individuals (as supplement to pay, and/or as reward for educational attainment) and non-refundable tax credits for providers (for meeting quality standards, or for increasing staff compensation). In considering alternatives for Minnesota, the workgroup determined that any tax credit proposal should:

- Tie compensation to quality program measures
- Tie the tax credit to compensation for staff
- Measure impact
- Recognize and address issues of equity
- Use refundable tax credits for individual care giver/educators

Tax incentives support increased quality in early care and education by rewarding quality, increasing compensation (and therefore recruitment and retention of well trained staff), and addressing equity. Beyond this, these tax credits are a strong economic development strategy. For the community as a whole, the investment in early care and education provides a significant economic benefit to the community by supporting businesses ability to hire and retain workers and by providing additional compensation to the early childhood professionals.

More information about the work to transform the early childhood workforce can be found at: [www.ecworkforcemn.org](http://www.ecworkforcemn.org).

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<sup>1</sup> This report can be accessed online at: [http://mn.gov/gov-stat/pdf/MN\\_Workforce\\_Compensation\\_Advisory\\_Group\\_Summary.pdf](http://mn.gov/gov-stat/pdf/MN_Workforce_Compensation_Advisory_Group_Summary.pdf)

<sup>2</sup> *Early Childhood Workforce Index 2016*, Center for the Study of Child Care Employment, University of California.