

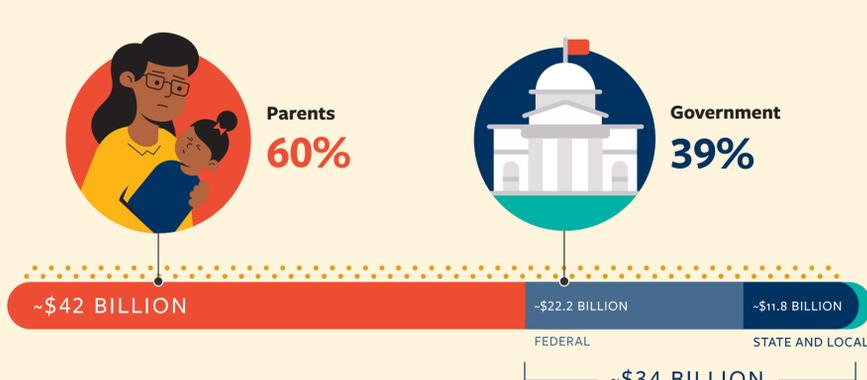


We Need Major Reform that Prioritizes the Needs of our Child Care Workforce

Tax credits & vouchers won't fix our child care crisis

Underfunded and broken. That's the U.S. early care and education system in a nutshell. It's expensive for parents yet doesn't pay teachers a living wage, and it drives inequities for families and [racial pay gaps](#) within the workforce. Proposals for more investment may sound promising, and they are — with the right policy changes. But just expanding vouchers and tax credits does not improve the system.

1 Who Pays Now and How?



Sources

<https://www.ffyf.org/abcs-of-federal-early-learning-and-care-funding-streams/>
<https://learningpolicyinstitute.org/product/understanding-californias-early-care-education-system-report>

Essentially, parents' fees pay for most child care in this country. Next are [federal, state](#), and local subsidies. **Overlooked are the tens of billions of dollars that child care providers and teachers unwillingly contribute each year in income lost due to being paid [poverty-level wages](#).**

The current system shortchanges children, families, and teachers. Only a fraction of families with low income who need child care are eligible for subsidies. For everyone else, the cost is so high that many parents (mostly women) either leave the paid labor force or reduce their paid work hours to care for their children — to the tune of \$30–35 billion in lost income annually. Early educators cannot depend on a living wage, health care, or safe and supportive work environments, conditions that are more important than ever due to COVID-19.

2 Don't Add a Third Story to a Crumbling Foundation



Proposals to fund an expanded system through tax credits and vouchers only make a difficult situation more complex without fixing existing problems. It's like building a third story addition to a house with a crumbling foundation.

Vouchers and **tax credits** are designed to help some families with costs, which is good. For example, during the pandemic, **vouchers** have ensured that essential workers' children have access to education. Unfortunately, that help does not ensure better compensation for staff working in child care programs that accept vouchers. Tax credits mostly relieve middle- and upper-income parents, leaving out millions of low-income working parents. Families still must struggle to pay their weekly child care bill, even if they get some relief at tax time. And neither state nor federal child care credits fund programs directly or improve teacher wages. Some states offer tax credits for educators, but at just \$1500 to \$3100 per year, they are no substitute for a reliable income.

3 Tear it Down and Build From Scratch



It's high time for [foundational reform](#) that prioritizes workforce needs. Tinkering with the existing structure of vouchers and tax credits will keep wages low and perpetuate the cycle of inequities and harm imposed on early educators.

A revamped early care and education system must relieve the financial burden on families and support appropriate levels of compensation for educators. For starters, we need per-child funding formulas that account for the true cost of care, including staff compensation, and local wage standard requirements for any program that receives public funding.

We cannot have a functional early care and education system until we ensure that educators earn fair compensation and gain the economic security they deserve.



Learn more about our recommendations and join the conversation <https://csce.berkeley.edu/>

"We Need Major Reform that Prioritizes the Needs of our Child Care Workforce" is generously supported by a grant from the [Heising-Simons Foundation](#).

© Center for the Study of Child Care Employment 2021