

Testimony to House Education Committee on HB 19-1005: Bringing an Early Childhood Educator Tax Credit to Colorado

Thank you Madame Chair and thank you to Reps. Buckner and Wilson for bringing this important bill forward. My name is Bill Jaeger and I am the Vice President of Early Childhood and Policy Initiatives at the Colorado Children's Campaign. Thank you for the opportunity to testify in support of HB 1005 to bring a highly successful, efficient approach to a vexing problem to our state: the growing teacher shortage in our early care and education sector. The tax credit approach you see in front of you today has been pioneered in Louisiana and Nebraska with strikingly positive results and, as such, was endorsed in the Teacher Shortage Action Plan that was developed in response to Madame Chair's House Bill 1003 from two years ago.

In short, there are three realities facing the education system today that underscore the importance of this approach:

- 1) Our understanding of the importance of the first few years of life has grown dramatically in recent years. Like building a house, the experiences a child has in the first few years of life lay foundation for what is to come.
 - a. A child's brain undergoes a remarkable period of growth from birth to three years—producing more than 1 million new neural connections every second. This brain development is influenced by a child's relationships, experiences and environment. Dr. Jack Shonkoff, director of the Center on the Developing Child at Harvard University, said: "The message is pretty clear now from the science that the only way to dramatically decrease the gaps in achievement is to begin providing rich learning experiences much sooner than standard school aged entry."
- 2) The need for affordable early care and education is a reality for today's working families. Most Colorado families live paycheck to paycheck and rely on early care and education so they can work.
 - a. About 246,000 children in Colorado under age six have all have all parents in the workforce and must depend on some form of child care every week. That is nearly two-thirds (62.2 percent) of all children in the state under the age of six. Colorado's leaders know that the ability to attract and retain a qualified workforce is critical. They need staff who reliably come to work and show up focused on the job—but that is hard for parents who can't find reliable child care. Instability in the early care and education industry affects not just the quality children experience but also their parents' attachment to the workforce.
 - b. Use of paid child care is highly correlated with labor force participation among women in particular, with over half (53.1% percent) of children under the age of 5 with a mother who is working full-time participating in paid child care. In addition, turnover in the child care industry drives costs that are passed on to parents, affecting the overall affordability of child care. In a recent report on turnover in the industry in Colorado, 70 percent of child care program leaders had experienced staff turnover in the prior 12 months and the national average annual turnover rate in the industry exceeds 30 percent of all staff each year. The turnover rate is driven, in no small part, the low wages in the industry.
- 3) Despite early care and education's importance in supporting both child development and families' economic self-sufficiency, the costs are often prohibitive and quality is highly variable. The keystone of quality is the nature of the interaction between teacher and child. But when our early childhood educators make \$12 or \$13 per hour, it is difficult to attract and retain

professionals, who are the ones who ensure children's early experiences are high quality, to this field. Despite low wages, providers are dedicating 70% to 80% of budgets to their workforce and running on very thin margins. And we know that parents can't be asked to pay more for early care and education.

- a. Half of all child care professionals, compared to just a quarter of the entire U.S. workforce, were enrolled in one or more public assistance programs, and more child care professionals were enrolled in public support programs than all other U.S. workers with comparable levels of education. Nationally, child care educators' enrollment in these programs translates into annual public assistance of \$1.5 billion.

As such, we are left with a dilemma – how to recruit and retain quality educators without passing heavier costs onto parents? One of the answers should be the passage of HB 19-1005. An Early Childhood Educator tax credit is an administratively efficient, research-based approach to improving the attraction and retention of a vital segment of our workforce that many of the rest of the economy relies upon.

It is worth pointing to Louisiana's success with this same tax credit in promoting the number of credentialed early childhood educators and the quality of those in the workforce:

- During the first 7 years of their EC Educator Tax Credit (2008-1015), credentialing of educators increased dramatically – the number of early childhood staff engaging in professional development increased from 1,247 to 5,853. While Teacher Level 1 experienced the largest increase (from 963 to 3,598, an increase of 374%) the number of staff that attained higher credentials (at Pathway Levels 2, 3 and 4) increased almost eight-fold, from 284 to 2,156.
- The bottom line is clear: if financial incentives are in place, child care center teachers and directors will pursue the training and education needed to increase their credentials. And those credentials help improve teaching practices, which help children prepare for school and life.

We know that early care and education has tremendous spillover benefits for Colorado's economic development: for each new child care job created in our state, more than 1.5 additional jobs are created in the larger state economy. Despite our economy's need for quality, affordable early care and education, the number of students enrolling in an early childhood education preparation program at Colorado's community colleges has dropped by 30 percent in only two years, from 4,217 to 2,929 students.

Research shows that a child's earliest experiences affect brain development, that brain development is cumulative, and that the architecture of the brain can impede later language, cognitive, social, and emotional capacity. Investing in early learning and development is the best foundation we have to address our current and future human capital needs. These investments have both immediate and long-term benefits to the individual child and to society at large by ensuring that children start school ready to learn and preempting a lifetime of remediation at a far higher cost.

We thank the sponsor for bringing this bill forward and encourage your support of this bill and are happy to answer any questions you might have.