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February 24, 2021

Dear Members of the Early Childhood Finance and Policy Committee:

I am writing in support of H.F. 1125, a bill to create a state tax credit for child care professionals. This tax credit was originally a recommendation of the Minnesota Early Learning Foundation (MELF), a non-profit led by business and civic leaders interested in improving Minnesota's early education system.

Minnesota's children, communities, and economy all benefit greatly from child care professionals who are 1) delivering evidence-based kindergarten-readiness best practices; and 2) providing stable learning continuity to young children. This bill effectively gives child care professionals a much needed and deserved pay raise, but does it a way that also incentivizes two behaviors that we know are very important for young Minnesotans' early learning.

Reward Use of K-Readiness Best Practices to Improve Learning Outcomes

Broad adoption of evidence-based kindergarten-readiness best practices, as measured by the Parent Aware Ratings, is very important for Minnesota children. Researchers find that use of best practices contributes to kindergarten-readiness, and we know that children who are prepared for kindergarten are much more likely to be successful in subsequent grades, and in their adult lives.

Economists find that children who have high-quality early education experiences generate significantly lower government expenses for things such as special education, unemployment, human services, health care, law enforcement, and prison over their lifetimes. For that reason, economists find that investing in helping low-income children access quality early learning programs that prepared them for kindergarten yields up to $16 in societal benefits for every $1 invested. However, it's critically important to understand that such an extraordinary return-on-investment (ROI) is only realized when investing in *quality* programs that actually prepare children for kindergarten.

Researchers find that investing in lower-quality programs not only doesn't yield such an extraordinary ROI, it can actually set children back. The National Institutes of Health Eunice Kennedy Shriver Institute of Child Health and Human Development finds children's attendance of low-quality programs is associated with worse problem behaviors, cognitive performance, language skills and school-readiness scores.

Obviously, there is a strong public interest in having more child care professionals adopting these best practices. Therefore, with a carrot approach, rather than a stick approach, this credit rewards professionals in programs committed to the use of best practices.

Reward Retention to Improve Learning Continuity

Researchers also find that child care professional continuity in programs is extremely important for children's early learning. For young children their relationships with the adults around them is a critically important component of their early learning. When children experience a rapidly changing array of caregivers, due to staff turnover, the quality of children's learning continuity suffers significantly. Again, with a carrot approach, rather than a stick approach, this tax credit would reward child care professionals for remaining in the field.

Additionally, the tax credit itself effectively gives eligible child care professionals a pay raise of $1,000 to $3,000 per year, and we hope this annual pay increase will decrease the likelihood that a child care professional retires early or change professions, which also hurts children's learning continuity.

We Urge Passage of H.F. 1125

Again, we feel strongly that the adoption of this tax credit would give child care professionals a much-deserved pay increase, while rewarding the kinds of choices that most benefit Minnesota's children, and ultimately Minnesota's communities, fiscal health, and economy.

We thank the Committee for its consideration, and would be pleased to answer any questions you have. I can be reached at maas@closegapsby5.org or 612-367-6395.

Sincerely,

Ericca Maas
Executive Director
Close Gaps by 5