



# Invest in Virginia's Child Care Workforce

## A Refundable Tax Credit for Child Care Professionals

### The Problem

Child care programs cannot compete with other employers. Low wages make recruitment and retention extremely difficult. When programs lose teachers, children lose stable relationships, and parents lose the ability to work. This limits economic participation for families and employers across the Commonwealth.

### Why It Matters

Child care is the workforce behind all other workforces. Parents can't work if they can't find child care, and businesses can't fill jobs if parents are home due to lack of care. In Virginia, child care workforce shortages are forcing programs to close classrooms and place families on waitlists.

- The median wage for a Virginia child care worker is **\$14.49/hour** (\$30,150 annually)<sup>1</sup>—lower than 97% of all other occupations.<sup>2</sup>
- More than one-third (**36%**) of Virginia's child care workforce relies on public assistance programs such as SNAP, TANF, or Medicaid.<sup>2</sup>

### The Solution: A Refundable Child Care Workforce Tax Credit

A refundable tax credit recognizes and rewards the professional growth of child care workers while stabilizing the field. It provides annual financial support based on education level and years of service in quality-rated programs (like VQB5).

Proven models from other states:

- Louisiana (since 2007): \$2,130–\$4,258 annual credit based on credentials.<sup>3</sup>
- Colorado & Nebraska: Similar refundable tax credits to reward retention and education.
- Maine & Minnesota: Monthly wage supplements following the same principles.

### Economic Impact

When families lack access to affordable child care, the Commonwealth loses an estimated \$3.1 billion each year in lost wages, productivity, and tax revenue.<sup>4</sup> Investing in the workforce keeps programs open, supports parents' employment, and strengthens local economies.

### Policy Recommendation

Enact legislation to establish a refundable tax credit for child care workers, adjusted annually for inflation.

This investment will:

- Reward and retain skilled educators
- Strengthen child care access for families
- Support Virginia's long-term economic growth

Example Tiered Model

CDA or equivalent	\$2,000
Associate Degree	\$3,000
Bachelor's or higher	\$4,000

**866-KIDS TLC**

**vachildcare.com**

<sup>1</sup> U.S. Bureau of Labor Statistics, Occupational Employment and Wage Statistics, 2024

<sup>2</sup> McLean, C., Austin, L.J.E., Powell, A., Jaggi, S., Kim, Y., Knight, J., Muñoz, S., & Schlieber, M. (2024). Early Childhood Workforce Index – 2024. Center for the Study of Child Care Employment, University of California, Berkeley.

<sup>3</sup> Louisiana Pathways School Readiness Tax Credits, Northwestern State, University of Louisiana, 2025

<sup>4</sup> Bishop, S. \$122 Billion: The Growing Annual Cost of the Infant-Toddler Child Care Crisis. ReadyNation / Council for a Strong America. 2023