

119TH CONGRESS
1ST SESSION

S. 1676

To amend the Internal Revenue Code of 1986 to address the teacher and school leader shortage in early childhood, elementary, and secondary education, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MAY 8, 2025

Mr. DURBIN (for himself and Ms. SMITH) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to address the teacher and school leader shortage in early childhood, elementary, and secondary education, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Retaining Educators
5 Takes Added Investment Now Act” or the “RETAIN
6 Act”.

1 **SEC. 2. PURPOSE.**

2 The purpose of this Act is to create a refundable tax
3 credit for early childhood educators, teachers, early child-
4 hood education program directors, school leaders, and
5 school-based mental health services providers in early
6 childhood, elementary, and secondary education settings
7 that rewards retention based on the time spent serving
8 high-need students.

9 **SEC. 3. FINDINGS.**

10 Congress finds the following:

11 (1) The shortage of experienced, qualified early
12 childhood educators and elementary school and sec-
13 ondary school teachers is a national problem that
14 compromises the academic outcomes and long-term
15 success of students.

16 (2) The shortage is the result of many factors
17 including low pay, frequent turnover in school lead-
18 ership, poor teaching conditions, and inadequate
19 teacher supports.

20 (3) The shortage is worse in high-poverty areas
21 where the factors contributing to the shortage are
22 particularly acute and have an increased negative
23 impact on teachers of color remaining in the field.

24 (4) A child's access to high-quality early child-
25 hood education is critical to supporting positive out-
26 comes, and early childhood educators—

1 (A) play an important role in setting the
2 foundation for future learning, and

3 (B) promote the development of vital skills,
4 habits, and mindsets that children need to be
5 successful in school and in life.

6 (5) In 2024, the national median pay of early
7 childhood educators was a mere \$37,120, with many
8 early childhood educators relying on government as-
9 sistance programs such as Medicaid, the supple-
10 mental nutrition assistance program established
11 under the Food and Nutrition Act of 2008 (7 U.S.C.
12 2011 et seq.), or the temporary assistance for needy
13 families program established under part A of title IV
14 of the Social Security Act (42 U.S.C. 601 et seq.),
15 and struggling to provide for their own families.

16 (6) Studies have demonstrated that well-quali-
17 fied, experienced teachers are the single most impor-
18 tant school-based element contributing to a child's
19 academic achievement and success.

20 (7) In the 2023–2024 academic year, the aver-
21 age teacher salary in public elementary schools and
22 secondary schools was only \$72,030. When adjusted
23 for inflation, the average teacher salary has declined
24 by 5 percent over the past decade.

1 (8) On average, public elementary school and
2 secondary school teachers were paid 23.5 percent
3 less than other college graduates working in non-
4 teaching fields, and many teachers struggle with
5 large amounts of student loan debt.

6 (9) In the 2023–2024 academic year, the aver-
7 age teacher salary for a first-year teacher in a public
8 elementary school or secondary school was \$46,526.

9 (10) An experienced, well-qualified education
10 workforce must also be reflective of the diversity of
11 the student body across race, ethnicity, and dis-
12 ability.

13 (11) Higher pay for teachers can result in a
14 more diverse teacher workforce, and minority stu-
15 dents often perform better on standardized tests,
16 have improved attendance, and are suspended less
17 frequently when they have at least one same-race
18 teacher.

19 (12) Experienced, well-qualified school leaders
20 and school-based mental health service providers are
21 essential for providing strong educational opportuni-
22 ties and services for students and promoting teacher
23 retention through improved professional supports
24 and teaching conditions.

1 (13) In 2024, the teaching profession experi-
 2 enced the lowest levels of employment in 50 years.

3 **SEC. 4. REFUNDABLE TAX CREDIT FOR TEACHER AND**
 4 **SCHOOL LEADER RETENTION.**

5 (a) IN GENERAL.—Subpart C of part IV of sub-
 6 chapter A of chapter 1 of subtitle A of the Internal Rev-
 7 enue Code of 1986 is amended by inserting after section
 8 36B the following new section:

9 **“SEC. 36C. TEACHER AND SCHOOL LEADER RETENTION**
 10 **CREDIT.**

11 “(a) ALLOWANCE OF CREDIT.—

12 “(1) IN GENERAL.—In the case of an individual
 13 who is employed in a position described in paragraph
 14 (2) during a school year ending with or within the
 15 taxable year, there shall be allowed as a credit
 16 against the tax imposed by this subtitle for the tax-
 17 able year an amount equal to the applicable amount
 18 (as determined under subsection (b)).

19 “(2) ELIGIBLE POSITIONS.—The positions de-
 20 scribed in this paragraph shall consist of the fol-
 21 lowing:

22 “(A) An eligible early childhood educator.

23 “(B) An eligible early childhood education
 24 program director.

1 “(C) An eligible early childhood education
2 provider.

3 “(D) An eligible teacher.

4 “(E) An eligible paraprofessional.

5 “(F) An eligible school-based mental
6 health services provider.

7 “(G) An eligible school leader.

8 “(b) APPLICABLE AMOUNT.—

9 “(1) IN GENERAL.—For purposes of this sec-
10 tion, the applicable amount shall be an amount de-
11 termined based on the number of school years for
12 which the individual has been continuously employed
13 in any position described in subsection (a)(2), as fol-
14 lows:

15 “(A) Subject to paragraph (2), for the first
16 year of employment, \$5,800.

17 “(B) For the second continuous year of
18 employment, \$5,800.

19 “(C) For the third and fourth continuous
20 year of employment, \$7,000.

21 “(D) For the fifth, sixth, seventh, eighth,
22 and ninth continuous year of employment,
23 \$8,700.

24 “(E) For the tenth continuous year of em-
25 ployment, \$11,600.

1 “(F) For the eleventh, twelfth, thirteenth,
2 fourteenth, and fifteenth continuous year of em-
3 ployment, \$8,700.

4 “(G) For the sixteenth continuous year of
5 employment, \$7,000.

6 “(H) For the seventeenth, eighteenth,
7 nineteenth, and twentieth continuous year of
8 employment, \$5,800.

9 “(2) FIRST YEAR.—For purposes of the first
10 year of employment ending with or within a taxable
11 year, an individual must have been so employed for
12 a period of not less than 4 months before the first
13 day of such taxable year.

14 “(3) LIMITATION BASED ON TOTAL NUMBER OF
15 SCHOOL YEARS.—In the case of any individual who
16 has been employed in any position described in sub-
17 section (a)(2) for a total of more than 20 school
18 years, the applicable amount shall be reduced to
19 zero.

20 “(c) INFLATION ADJUSTMENT.—

21 “(1) IN GENERAL.—In the case of any taxable
22 year beginning after 2026, each of the dollar
23 amounts in subsection (b)(1) shall be increased by
24 an amount equal to—

25 “(A) such dollar amount, multiplied by

1 “(B) the cost-of-living adjustment deter-
 2 mined under section 1(f)(3) for such calendar
 3 year by substituting ‘calendar year 2025’ for
 4 ‘calendar year 2016’ in subparagraph (A)(ii)
 5 thereof.

6 “(2) ROUNDING.—If any increase determined
 7 under paragraph (1) is not a multiple of \$100, such
 8 increase shall be rounded to the nearest multiple of
 9 \$100.

10 “(d) SUPPLEMENTING, NOT SUPPLANTING, STATE
 11 AND LOCAL EDUCATION FUNDS.—

12 “(1) IN GENERAL.—A State educational agency
 13 or local educational agency shall not reduce or ad-
 14 just any compensation, or any assistance provided
 15 through a loan forgiveness program, to an employee
 16 of the State educational agency or local educational
 17 agency who serves in any position described in sub-
 18 section (a)(2) due to the individual’s eligibility for
 19 the credit under this section.

20 “(2) METHODOLOGY.—Upon request by the
 21 Secretary of Education, a State educational agency
 22 or local educational agency shall reasonably dem-
 23 onstrate that the methodology used to allocate
 24 amounts for compensation and for loan forgiveness
 25 to the employees described in paragraph (1) at

1 qualifying schools or qualifying early childhood edu-
2 cation programs ensures that employees at each
3 qualifying school or qualifying early childhood edu-
4 cation program in the State or served by the local
5 educational agency, respectively, receive the same
6 amount of State or local funds for compensation and
7 loan forgiveness that the qualifying school or quali-
8 fying early childhood education program would re-
9 ceive if the credit under this section had not been
10 enacted.

11 “(e) INFORMATION SHARING.—The Secretary of
12 Education and the Secretary of Health and Human Serv-
13 ices shall provide the Secretary with such information as
14 is necessary for purposes of determining whether an early
15 childhood education program or an elementary school or
16 secondary school satisfies the requirements for a quali-
17 fying early childhood education program or a qualifying
18 school, respectively.

19 “(f) DEFINITIONS.—For purposes of this section—

20 “(1) ESEA DEFINITIONS.—The terms ‘elemen-
21 tary school’, ‘local educational agency’, ‘secondary
22 school’, ‘State educational agency’, and ‘educational
23 service agency’ have the meanings given the terms in
24 section 8101 of the Elementary and Secondary Edu-
25 cation Act of 1965 (20 U.S.C. 7801).

1 “(2) ELIGIBLE EARLY CHILDHOOD EDUCATION
2 PROGRAM DIRECTOR.—The term ‘eligible early child-
3 hood education program director’ means an em-
4 ployee or officer of a qualifying early childhood edu-
5 cation program who is responsible for the daily in-
6 structional leadership and managerial operations of
7 such program.

8 “(3) ELIGIBLE EARLY CHILDHOOD EDUCATION
9 PROVIDER.—The term ‘eligible early childhood edu-
10 cation provider’ means an individual—

11 “(A) who—

12 “(i) has an associate’s degree or high-
13 er degree in early childhood education or a
14 related field, or

15 “(ii) is enrolled during the taxable
16 year in a program leading to such an asso-
17 ciate’s or higher degree and is making sat-
18 isfactory progress toward such degree, and

19 “(B) who is responsible for the daily in-
20 structional leadership and managerial oper-
21 ations of a qualifying early childhood education
22 program in a home-based setting.

23 “(4) ELIGIBLE EARLY CHILDHOOD EDUCA-
24 TOR.—The term ‘eligible early childhood educator’
25 means an individual—

1 “(A) who—

2 “(i) has an associate’s degree or high-
3 er degree in early childhood education or a
4 related field, or

5 “(ii) is enrolled during the taxable
6 year in a program leading to such an asso-
7 ciate’s or higher degree and is making sat-
8 isfactory progress toward such degree,

9 “(B) who has credentials or a license
10 under State law for early childhood education,
11 as applicable, and

12 “(C) whose primary responsibility is for
13 the learning and development of children in a
14 qualifying early childhood education program
15 during the taxable year.

16 “(5) ELIGIBLE PARAPROFESSIONAL.—The term
17 ‘eligible paraprofessional’ means an individual—

18 “(A) who is a paraprofessional, as defined
19 in section 3201 of the Elementary and Sec-
20 ondary Education Act of 1965 (20 U.S.C.
21 7011),

22 “(B) who meets the applicable State pro-
23 fessional standards and qualifications pursuant
24 to section 1111(g)(2)(M) of such Act (20
25 U.S.C. 6311(g)(2)(M)),

1 “(C) whose primary responsibilities involve
2 working or assisting in a classroom setting, and

3 “(D) who is employed in a qualifying
4 school or a qualifying early childhood education
5 program.

6 “(6) ELIGIBLE SCHOOL-BASED MENTAL
7 HEALTH SERVICES PROVIDER.—The term ‘eligible
8 school-based mental health services provider’ means
9 an individual—

10 “(A) described in section 4102(6) of the
11 Elementary and Secondary Education Act of
12 1965 (20 U.S.C. 7112(6)), and

13 “(B) who is employed in a qualifying
14 school or a qualifying early childhood education
15 program.

16 “(7) ELIGIBLE SCHOOL LEADER.—The term
17 ‘eligible school leader’ means a principal, assistant
18 principal, or other individual who is—

19 “(A) an employee or officer of a qualifying
20 school, and

21 “(B) responsible for the daily instructional
22 leadership and managerial operations in the
23 qualifying school.

24 “(8) ELIGIBLE TEACHER.—The term ‘eligible
25 teacher’ means an individual who—

1 “(A) is an elementary school or secondary
 2 school teacher who, as determined by the State
 3 or local educational agency, is a teacher of
 4 record who provides direct classroom teaching
 5 (or classroom-type teaching in a nonclassroom
 6 setting) to students in a qualifying school, and

7 “(B)(i) meets applicable State certification
 8 and licensure requirements, including any re-
 9 quirements for certification obtained through
 10 alternative routes to certification, in the State
 11 in which such school is located and in the sub-
 12 ject area in which the individual is the teacher
 13 of record, or

14 “(ii) is enrolled during the taxable year in
 15 a program leading to State certification and li-
 16 censure as described in clause (i) and is making
 17 satisfactory progress toward such certification
 18 and licensure requirements.

19 “(9) QUALIFYING EARLY CHILDHOOD EDU-
 20 CATION PROGRAM.—

21 “(A) IN GENERAL.—The term ‘qualifying
 22 early childhood education program’ means an
 23 early childhood education program, as defined
 24 in section 103 of the Higher Education Act of

1 1965 (20 U.S.C. 1003), that, regardless of set-
2 ting—

3 “(i) serves children who receive serv-
4 ices for which financial assistance is pro-
5 vided in accordance with the Child Care
6 and Development Block Grant Act of 1990
7 (42 U.S.C. 9857 et seq.), the Head Start
8 Act (42 U.S.C. 9831 et seq.), or the child
9 and adult care food program established
10 under section 17 of the Richard B. Russell
11 National School Lunch Act (42 U.S.C.
12 1766), and

13 “(ii) participates in a State tiered and
14 transparent system for measuring program
15 quality.

16 “(B) SPECIAL RULE.—Notwithstanding
17 subparagraph (A), an early childhood education
18 program that does not satisfy the requirements
19 of subparagraph (A)(ii) shall be deemed to be
20 a qualifying early childhood education program
21 until September 30, 2025, if the program—

22 “(i) satisfies all requirements of sub-
23 paragraph (A) except for clause (ii) of
24 such subparagraph, and

1 “(ii)(I) meets the Head Start program
 2 performance standards described in section
 3 641A(a) of the Head Start Act (42 U.S.C.
 4 9836a(a)), if applicable, or

5 “(II) is accredited by a national
 6 accreditor of early learning programs as of
 7 the date of enactment of the Retaining
 8 Educators Takes Added Investment Now
 9 Act.

10 “(10) QUALIFYING SCHOOL.—The term ‘quali-
 11 fying school’ means—

12 “(A) a public elementary school or sec-
 13 ondary school that—

14 “(i) is in the school district of a local
 15 educational agency that is eligible for as-
 16 sistance under part A of title I of the Ele-
 17 mentary and Secondary Education Act of
 18 1965 (20 U.S.C. 6311 et seq.), or

19 “(ii) is served or operated by an edu-
 20 cational service agency that is eligible for
 21 such assistance, or

22 “(B) an elementary school or secondary
 23 school that is funded by the Bureau of Indian
 24 Education and that is in the school district of

1 a local educational agency that is eligible for
2 such assistance.”.

3 (b) W-2 REPORTING OF CONTINUOUS EMPLOYMENT
4 FOR CERTAIN POSITIONS AT QUALIFYING EARLY CHILD-
5 HOOD EDUCATION PROGRAMS OR QUALIFYING
6 SCHOOLS.—Section 6051(a) of the Internal Revenue Code
7 of 1986 is amended by striking “and” at the end of para-
8 graph (16), by striking the period at the end of paragraph
9 (17) and inserting “, and”, and by inserting after para-
10 graph (17) the following new paragraph:

11 “(18) in the case of an employee who is em-
12 ployed in a position described in subsection (a)(2) of
13 section 36C, the number of school years for which
14 such employee has been continuously employed in
15 any such position.”.

16 (c) CONFORMING AMENDMENTS.—

17 (1) The table of sections for subpart C of part
18 IV of subchapter A of chapter 1 of subtitle A of the
19 Internal Revenue Code of 1986 is amended by in-
20 serting after the item relating to section 36B the fol-
21 lowing:

“Sec. 36C. Teacher and school leader retention credit.”.

22 (2) Section 6211(b)(4)(A) of such Code is
23 amended by inserting “36C,” after “36B,”.

1 (3) Paragraph (2) of section 1324(b) of title
 2 31, United States Code, is amended by inserting
 3 “36C,” after “36B,”.

4 (d) EFFECTIVE DATE.—The amendments made by
 5 this section shall apply to taxable years beginning after
 6 December 31, 2025.

7 **SEC. 5. DEVELOPING INTERAGENCY DATA SERIES.**

8 The Secretary of Labor, in coordination with the Sec-
 9 retary of Treasury, the Secretary of Education, and the
 10 Secretary of Health and Human Services, shall—

11 (1) develop and publish on the internet website
 12 of the Bureau of Labor Statistics a data series that
 13 captures—

14 (A) the average base salary of teachers in
 15 elementary schools and secondary schools,
 16 disaggregated by—

17 (i) employment in public elementary
 18 schools and secondary schools that receive
 19 assistance under part A of title I of the El-
 20 ementary and Secondary Education Act of
 21 1965 (20 U.S.C. 6311 et seq.),

22 (ii) employment in public elementary
 23 schools and secondary schools that do not
 24 receive such assistance, and

25 (iii) geographic region, and

- 1 (B) the average base salary of early child-
- 2 hood educators, disaggregated by highest level
- 3 of degree attained, and
- 4 (2) update the data series under paragraph (1)
- 5 on an annual basis.

