

LOUISIANA SCHOOL READINESS TAX CREDITS DRIVING QUALITY IN EARLY CARE AND EDUCATION



Louisiana School Readiness Tax Credits

Early Care and Education has evolved far beyond the babysitting of yesteryear. Research now shows that **as much as 90% of brain development happens between birth and age 4**. In addition, in Louisiana, nearly seven out of 10 children age five and under have both parents, or their single parent, in the workforce, and therefore must rely on child care, which costs almost as much a public college tuition. It is critical that working parents of young children have access to a **high quality early care and education program**.

Since the tax credits began in 2008:

- More than 6 times as many child care centers have achieved ratings of at least 3 out of 5 stars.
- The number of at-risk children attending a 3 star or greater center has more than doubled.
- The number of teachers achieving a Teacher Level 1 credential increased 374%, and the number of staff that attained higher credentials increased almost eight-fold.

This tax program works. In addition, the SRTC have been used as the state match and maintenance of effort for the federal Child Care and Development Block Grant, which supports a host of early care and education services. **The \$16.7 million in tax credits secure \$25 million in federal funds for Louisiana.**

Five SRTCs, One Goal: Increase Access to High-Quality Early Care and Education

- **The Child Care Provider Credit** is for child care centers with a rating of at least 2 out of 5 Stars. It is based on the center's quality level and number of Child Care Assistance children served (i.e. low income families receiving a public child care subsidy because the parents are working, in school, or job training). The credit is refundable and available to both tax paying and non-profit centers.
2015: 250 centers; \$3.9 million
- **The Child Care Teacher and Director Credit** is for child care staff and directors with Pathways Career Ladder Credentials who have been employed in a child care center for at least six consecutive months. The credit is refundable, adjusted for inflation each year, and based on the credential level attained.
2015: 4024 teachers/directors; \$8.6 million
- **The Child Care Expense Credit** is for families who incur expenses for enrolling a child under the age of 6 in a center with a rating of at least 2 stars. The credit amounts are based on the state child care credit and the star rating of the center. The credit is refundable for families with incomes less than \$25,000.
2015: 13,242 families; \$3.1 million
- **The Business-Supported Credit** is for businesses that pay for child care expenses in child care centers with rating of at least 2 stars. The credit amounts range from 5% to 20% of eligible expenses, depending on the center's star rating.
2015: 59 businesses; \$302,000
- **The Resource and Referral Agency (R&R) Credit** is a dollar-for-dollar credit for businesses that contribute up to \$5,000 to an R&R. R&R's are local nonprofits that have contracts with the state to provide training and technical assistance to centers and referral services to parents. The credit is refundable.
2015: 172 Businesses; \$743,000

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