

Louisiana's School Readiness Tax Credits

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School Readiness Tax Credits

- Package of 4 Tax Credits
 - Credits to Providers
 - Credits to Directors and Teachers
 - Credits to Business for Supporting Child Care
 - Credits to Parents/Consumers

Provider Tax Credits

Tax Credits to Child Care Providers

- Refundable credit
- Providers will receive a tax credit based on the number of children they serve in the Child Care Assistance Program or in foster care
- Both for-profit and non-profit centers are eligible

Tax Credits to Providers

Star Rating	Tax Credit (per child)
★★★★★	\$1,500
★★★★	\$1,250
★★★	\$1,000
★★	\$750
1 Star (or not participating)	No credit

Tax Credits to Child Care Directors and Teachers

Tax Credits to Directors and Teachers

- Refundable credits
- Based on the level of education of the director and “staff”
 - Must be working at a center participating in Quality Start
 - Must work there at least 6 months
 - The star rating of the center does not impact this credit

Tax Credits to Directors and Teachers

Child Care Director and Staff Qualification	Tax Credit
Level 4	\$3,000
Level 3	\$2,500
Level 2	\$2,000
Level 1	\$1,500

Business Tax Credits

Tax Credits to Businesses

- Businesses/Employers receive a credit for “eligible child care expenses” based on the quality rating of the center
- Refundable credits

Tax Credits to Businesses/Employers

Star Rating	Tax Credit
5 Star	20% of eligible expenses
4 Star	15%
3 Star	10%
2 Star	5%
1 Star (or not participating)	No credit

Tax Credits to Businesses/Employers

- Definition of Eligible Expenses
 - 1) Employers who construct, renovate, or expand a child care center, purchase equipment for a center, or maintain and operate a center may claim up to \$50,000 in expenses.

Tax Credits to Businesses/Employers

- Definition of Eligible Expenses
 - 2) Employers may claim up to \$5,000 for expenses for each child for whom the employer pays for child care services to support employees.

Tax Credits to Businesses/Employers

- Definition of Eligible Expenses
 - 3) Employers who purchase child care slots actually provided or reserved for children of employees may claim up to \$50,000 in expenses.

Tax Credits to Businesses/Employers

- Definition of Eligible Expenses
 - 4) Employers may claim a tax credit for up to \$5,000 in grants to child care resource and referral agencies.
 - This credit is dollar for dollar.
 - Maximum is \$5,000

Tax Credits to Parents/Consumers

Tax Credits to Parents

- Builds on the existing state child care tax credit.
 - Applies only to children less than six years old.
- Families are eligible for an increased tax credit based upon the quality rating of the center.

Tax Credits to Parents

Star Rating	Increase to Existing State Tax Credit	Maximum Credit for One Child	Maximum Credit for Two or More Children
5 Star	200%	\$1,575	\$3,150
4 Star	150%	\$1,313	\$2,265
3 Star	100%	\$1,050	\$2,100
2 Star	50%	\$788	\$1,576
1 Star (or not participating)	No Change	\$525	\$1,050

The Legislative Process

Passing the School Readiness Tax Credits

Building the Case

- It's All in a Name
 - "School Readiness" vs. "Child Care"
- Gain support – Outside of State Government
 - Build consensus among business groups and child advocacy groups

Supporting Organizations

- BrightStart
- Louisiana Partnership for Children and Families
- Childcare Association of Louisiana
- Council for A Better Louisiana
- Louisiana Association of Nonprofit Organizations
- Louisiana Children's Trust Fund
- Women's Leadership Council
- United Way
- Prevent Child Abuse Louisiana
- Louisiana Budget Project

Supporting Organizations

- Louisiana Association for the Education of Young Children
- Louisiana Maternal and Child Health Coalition
- Kingsley House
- NASW-LA
- The Links, Incorporated
- Children and Families Action Network
- Greater New Orleans Inc.
- Baton Rouge Sigma Foundation
- Children's Coalition for Northeast Louisiana
- River Region Chamber of Commerce
- AAP - LA

Building the Case

- Gain support – Inside of State Government
 - Governor's Office
 - Identify a lead legislator
 - State Sen. Ann Duplessis
- Gain financial support for advocacy effort
 - Money for a lobbyist

Set Up for Success

- Governor's support
 - Included in executive budget
- Widespread support
 - Advocacy community
 - Numerous co-authors
 - Meetings with key legislators
- Media support
- Lobbyists

Professional Lobbyists

- Business clients
 - Not child advocates
- Republican relationships
- Tax expertise

All Heck Breaks Loose

- Deals are being cut behind the scenes
- Republicans, Black Caucus, and Governor's office agree to pass 2 of the following:
 - Rollback of personal income taxes
 - State EITC
 - School Readiness Tax Credits

No Straight Answers

- "No one is going to vote against your bill...we will do what we did with other bills, put it in the bone yard."

--State Representative the day before our last committee hearing

One Final Obstacle

- The fiscal note attached to the bill
 - Tax Credits to Parents
 - \$3.35 million
 - Tax Credits to Providers
 - \$14.5 million
 - Tax Credits to Teachers
 - \$7.4 million
 - Tax Credits to Business
 - \$500,000
 - Total
 - \$26 million

One Final Obstacle

- Revised fiscal note
 - Tax Credits to Parents
 - \$.87 million
 - Tax Credits to Providers
 - \$3.8 million
 - Tax Credits to Teachers
 - \$2.0 million
 - Tax Credits to Business
 - \$500,000
 - Total
 - \$7.1 million

Final Tally

- Passed both chambers unanimously
- 93 co-authors

Where Are We Now

Where Are We Now

- Tax credits in place as of 1/1/08
 - Benefits will be seen when taxes are filed in the spring of 2009
- Survey of all child care providers
 - As of April, 60% had never heard of the School Readiness Tax Credits

Where Are We Now

- Developed web site and flyers
 - www.grslouisiana.com
 - See School Readiness Tax Credits tab
- Over 20% of providers have earned at least 1 star as of July 1

Additional Information

- Partnership for America's Economic Success – Issue Paper #2
 - Using Tax Credits to Promote High Quality Early Care and Education Services by Louise Stoney and Anne Mitchell
 - Full Download available at:
http://www.partnershipforsuccess.org/uploads/200712_StoneyMitchellpaper.pdf

Questions/Comments

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