

## SCHOOL READINESS TAX CREDITS

**BACKGROUND** - Research demonstrates that as much as half of school failures may be due to gaps in learning and development before school entry. A recently released national study of child care licensing ranked Louisiana number 51 of 52. Efforts are underway to implement a Quality Rating System for child care centers. However, an increase in quality care will increase costs for providers and parents.

**SOLUTION** - Tax policy is a funding option available to states as a means to support and increase quality child care. The School Readiness Tax Credits, below, are a comprehensive tax policy based on the quality of the child care setting as determined by the Quality Rating System.

**BENEFIT** - All Louisianans benefit as high quality child care has been shown to be one of the most effective ways to improve school readiness, school performance, high school graduation rates, job performance, and adult productivity.

### **TAX CREDITS TO PARENTS/CONSUMERS**

Families with a child under six enrolled in child care would be eligible for a refundable tax credit based upon the quality rating of the center. These credits would help defray the increased costs associated with higher quality child care.

### **TAX CREDITS TO PROVIDERS**

This credit would assist providers as they incur increased costs that are associated with providing higher quality care (e.g., improving facilities, enhancing learning supplies, paying higher wages for higher educated staff). The refundable tax credits would be tied to the level of quality as measured by the rating system and the number of children served in the Child Care Assistance Program.

### **TAX CREDITS TO CHILD CARE PROFESSIONALS**

An occupational tax credit has the potential to partially address the persistent problem of retaining qualified staff. The refundable credits would be provided directly to child care professionals based on increased levels of educational attainment. These credits would effectively provide bonus funds for salaries into the child care system without driving up the price of care and thereby the costs paid by families.

### **TAX CREDITS TO BUSINESS**

These tax credits would be provided to businesses/employers that support quality child care. These credits may include employers who construct, renovate, or expand a child care center, purchase equipment for a center, maintain and operate a center, or subsidize child care for their employees. The amount of the tax credit would be tied to the quality rating of the facility.

The Following Organizations Have Officially Endorsed  
The School Readiness Tax Credits



BrightStart



Louisiana Partnership for Children and Families



Council for a Better Louisiana



Louisiana Association of Nonprofit Organizations



Childcare Association of Louisiana



Louisiana Budget Project



Louisiana Children's Trust Fund



Prevent Child Abuse Louisiana



United Way's Women's Leadership Initiative



Louisiana Association of United Ways



United Way's Success by Six – New Orleans



Louisiana Association for the Education of Young Children



Maternal and Child Health Coalition



National Association of Social Workers – Louisiana Chapter



Kingsley House



Children's Coalition for Northeast Louisiana