

### The Goal of BrightStart

- To build an early childhood system that addresses the following priority areas:
  - a) Access to health care/medical homes
  - b) Mental health/social-emotional development
  - c) Early care and education/child care
  - d) Parenting education/Family support

### A System

- Infrastructure
- Services
- Professional development
- Public engagement
- Program licensing
- Accountability
- Funding and financing

### BrightStart Implementation Plan

- Early care and education
  - Quality Rating System for Child Care
  - Pre-K
- Context in Louisiana
  - Pre-k is booming at the expense of child care

### Supports for Centers to Implement Quality

- Training and Technical Assistance
- Environment Rating Scales
  - Trained observers
- Mental Health Consultation
  - Mental health professionals
- Financial Incentives

### Financial Incentives and Support

- Build on existing supports
  - Tiered reimbursement rates
  - Scholarships
- Establish new incentives and supports
  - Quality Grants/Incentives
  - Wage supplements
  - Tax policy School Readiness Tax Credits

### School Readiness Tax Credits

### Why Tax Credits?

- Tax policies can support the ends we want to achieve...
  - School Readiness
  - Quality Child Care
- Tax credits provide stability
  - Don't have to come back year after year to fight for appropriations
- Tax credits go directly to the consumer or provider
  - No middle person and less costly to the bureaucracy
- Links financial incentive to quality
  - Emphasizes quality to parents

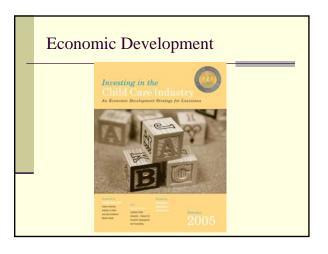
## Tax Credits, Tax Credits, Tax Credits Economic Development

### **Existing State Tax Credits**

■ Historic Rehabilitation Credit

Inventory Tax Credit
Motion Picture Employment Credit
New Jobs Credit
New Market Credit
Quality Jobs Program
Research Credit
Tax Equalization Contracts Credits
Technology Commercialization Credit
Telephone Company Ad Valorem Credit
University and Biomedical R&D Parks Credits
Employment of Drug Offenders Credit

# Capital Companies Credit Capital Credit Capital Credit Credit for Basic Training Skills Credit for Donation of Historic Property to State Credit for Donations to Qualified Playgrounds Credit for Hiring Eligible Re-entrants Credit for Insurance Company Premium Tax Credit for Investment in a Louisiana Film Credit for Property Tax Paid on Certain Vessels Credit for Qualifying Recycling Equipment Credit for Utility Refunds Dedicated Research Investment Fund Credit Economic Development Bond Cost Credit Electric and Natural Gas Cost Increase Credit



### Summary of Direct Effects

■ There are 12,701 businesses, employing 22,644 workers, serving 149,000 children and generating approximately \$657 million in gross receipts.

### Impact Analysis – Child Care Sector Compared to Other Sectors

- In Louisiana, Child Care has an economic impact (1.72) similar to
  - Motion picture and video industries (1.73)
  - Ship building and repairing (1.64)
  - Hotels-Motels (1.63)
  - Power generation and supply (1.47)

### School Readiness Tax Credits

- Credits to Parents/Consumers
- Credits to Providers
- Credits to Directors and Teachers
- Credits to Business for Supporting Child Care

### Tax Credits to Providers

- Refundable credit
- Providers would receive a tax credit based on the number of children they serve in the <u>Child</u> <u>Care Assistance Program</u>

### Tax Credits to Providers

Star Rating	New Tax Credit (per child in CCAP)
5 Star	\$1,500
4 Star	\$1,250
3 Star	\$1,000
2 Star	\$750
1 Star (or not participating)	No credit

### Tax Credits to Directors and Teachers

- Refundable credits
- Based on the level of education of the director and "staff"

### Tax Credits to Directors and Teachers

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

### Tax Credits to Employers/Businesses

- Increase capital into the child care sector by improving the connection between the business community and efforts to support early childhood development
- Refundable credits

### Tax Credits to Employers/Businesses

- Businesses that help their employees pay for child care
  - Up to \$5,000 per child
- Businesses that construct, renovate or expand, purchase equipment or purchase slots
  - A percentage of up to \$50,000

### Tax Credits to Employers/Businesses

- Businesses 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.









### Conclusion

- Look for non-traditional opportunities to increase funding for early childhood efforts
- People respond to very concrete ideas
- Reform the system and people will invest in it