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# Louisiana School Readiness Tax Credits

## Updates for Claiming 2018 SRTC

### November 2018

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# Agenda

***Objective: This webinar will provide information about School Readiness Tax Credits (SRTC), and prepare participants for updates that went into effect in 2018.***

- Vision for Kindergarten Readiness
- Overview of SRTC
- What to Expect for 2018 SRTC
- Next Steps
- Available Resources
- Q&A

# Vision for Kindergarten Readiness



# Louisiana Vision for Kindergarten Readiness

*Over the past five years, Louisiana has unified the early childhood system - birth to pre-K - to prepare all children for kindergarten.*

Shared high standards for what children should learn and what excellent teaching looks like.

Teachers are excellent at interacting with children and guiding learning.

Expectations for health, safety, and learning are consistent with adequate funding levels for programs that serve children well.

Families can easily enroll and choose the best option for their children.

# Act 3 (2012) Implementation Timeline

*Communities have been leading implementation of the unified early childhood statewide system since 2012.*

- 13 Early Childhood Community Network Pilots launched

- All communities established Community Networks  
- Statewide implementation was achieved

- 2016-2017 Performance Profiles were published on School and Center Finder

2013-2014

2014-2015

2015-2016

2016-2017

2017-2018

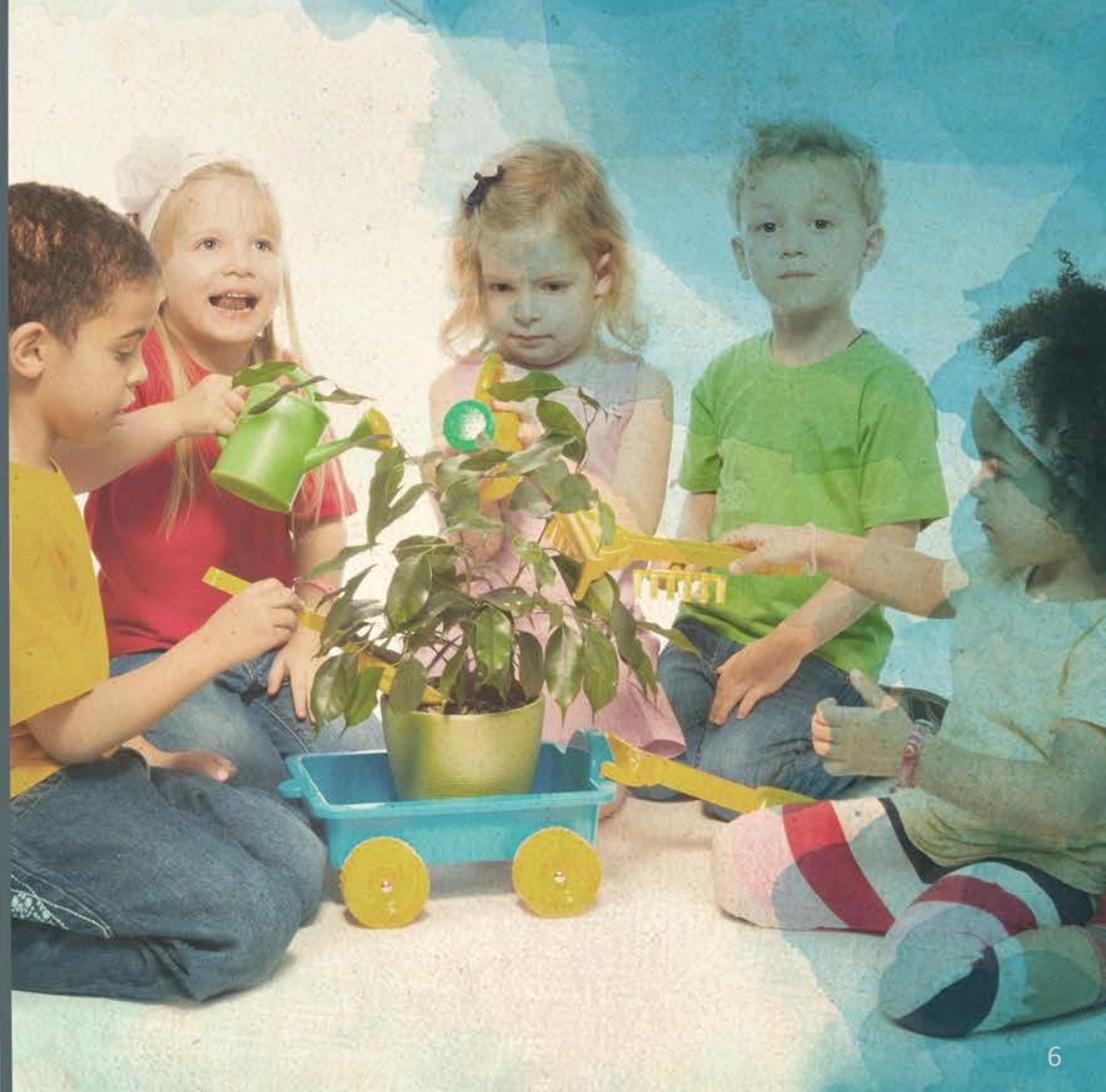
Fall 2018

-16 additional Community Network Pilots launched  
-Legislation was passed to unify licensing, enrollment, and funding

- Practice Performance Profiles were issued based on learning year  
- Supports, funding, and tax credits were aligned to support programs and engage families

- 2017-2018 Performance Profiles and Honor Rolls released on School and Center Finder  
- Site Improvement Planning Process begins

# Overview of Louisiana School Readiness Tax Credits



# School Readiness Tax Credits

## How Tax Credits Work

*School Readiness Tax Credits has made a significant investment annually in quality child care.*

**This package of five tax credits, which were made law in 2007, have served as an important incentive for:**

1. Families to choose quality rated centers;
2. Providers to serve vulnerable, at-risk children whose parents could not otherwise afford quality care;
3. Directors and staff to pursue additional education or credentials;
4. Businesses to donate to child care centers to help improve quality; and
5. Businesses or individuals to donate to resource and referral centers in order to help improve child care quality within a region.

*Tax credit funding helps secure more than \$80 million in federal funds (CCDF). Today, we are going to focus our discussion on credits for providers, directors, and staff.*

# School Readiness Tax Credits

## Why Tax Credits Matter

***School Readiness Tax Credits are essential to Louisiana's early childhood sector.***

**1. They help maximize funding.**

*They help Louisiana bring in \$80 million in federal funds and encourage local investment.*

**2. They encourage centers to serve CCAP children.**

*Centers have become or have stayed Type III and are serving low-income Louisiana children enrolled in higher-quality-rated settings.*

**3. They help drive improvement.**

*Centers are rewarded for improving quality while thousands of child care directors and staff are rewarded for earning credentials.*

**4. Child care directors and teachers depend on these tax credits.**

*Child care directors and teachers indicate that they rely on the credits to make essential purchases, retain teachers and invest in quality improvement, which is especially important with the 2019 requirement that lead teachers have an ancillary certificate*

**5. They increase local support and investment in child care.**

*Businesses and resource and referral agencies use credits to support child care quality.*

# Act 3 and SRTC Alignment

*Louisiana has built a unified system to prepare more children for kindergarten which aligns SRTC to reward performance to Type III sites.*

*Louisiana has:*

- Redefined star ratings to recognize sites that provide quality interactions and instruction to Louisiana children under unified rating system;
- Rewarded performance and improvements via tax credits and bonus payments;
- Offered new options for directors to reward site performance along with credentials;
- Offered new options to help attract and retain certified child care teachers by increasing compensation based on ancillary teaching certificate and years of service; and
- Maintains incentives for families, private individuals and businesses to support child care improvement;

*So that more Louisiana children, especially those under age 4, will have access to quality programs that help prepare them for kindergarten.*

# SRTC Timeline for Implementation

*Stars earned from the 2016-2017 school year determined 2018 star levels. The results released this month from the 2017-2018 school year determine 2019 star levels, which take effect January 1, 2019.*

**TIMELINE FOR IMPLEMENTATION:**

January 2018	January 2018 – December 2018	January 2019
<ul style="list-style-type: none"> <li>Centers, teachers, and directors file for 2017 taxes and receive credits based on 2017 star rating and tax credit levels.</li> </ul>	<ul style="list-style-type: none"> <li>Centers receive their final quarterly bonus payment based on their 2017 star rating in February.</li> </ul>	<ul style="list-style-type: none"> <li>Centers, teachers, and directors file for 2018 taxes and receive credits based on 2018 star rating and new tax credit levels</li> </ul>
<ul style="list-style-type: none"> <li>Centers receive their new 2018 star rating under the unified quality rating system (based on fall 2016 and spring 2017 observations)</li> </ul>	<ul style="list-style-type: none"> <li>Centers receive quarterly bonus payments based on new 2018 star rating, with the first quarter payment in May.</li> </ul>	<ul style="list-style-type: none"> <li>Centers will receive 2019 star rating (based on fall 2017 and spring 2018 observations) that will be used for future tax credits.</li> </ul>
<ul style="list-style-type: none"> <li>Teachers and directors begin qualifying for tax credit levels based on ancillary certificate and star rating additions.</li> </ul>		

**To apply for 2018 SRTC, use the star rating in effect on July 1, 2018.**

# Changes in 2018 - Overview of changes

## Strengthening School Readiness Tax Credits

*Louisiana revised tax credits to align with unified rating system and reward teachers and directors for their dedication to the field.*

Credit Type	Summary
For Teachers	<ul style="list-style-type: none"><li>• In addition to earning credits based on advanced degrees, teachers with an ancillary certificate can earn up to ~\$3,400 annually for working at a publicly-funded center and receiving tax credits for more than 2 years.</li><li>• No staff will lose their current credit; changes only add options.</li></ul>
For Directors	<ul style="list-style-type: none"><li>• Directors can earn credits based on their own qualifications or based on site performance.</li><li>• No director will lose their current credit; changes only add options.</li></ul>
For Providers	<ul style="list-style-type: none"><li>• As of January 1, 2018, sites were issued stars based on unified rating system.</li><li>• This rating is being used for the 2018 tax year</li><li>• Providers can earn credits based on their star rating and amount of children funded through CCAP that they serve.</li><li>• Quarterly CCAP bonus payments are also based on star rating and amount received via CCAP.</li></ul>

# Center and Staff Eligibility for SRTC

*Beginning in 2018, more providers and staff are eligible for School Readiness Tax Credits than ever before.*

## **Eligible Providers:**

- All licensed type III centers participating in the unified rating system on July 1 of the tax year and rated 2-5 stars
- Size of SRTC dependent on number of children attending center through CCAP

## **Eligible Staff**

- Staff at licensed type III centers participating in the unified rating system
- Must have worked an average of 30 hours a week for 6 months
- **Staff must register with Louisiana Pathways**

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# 2018 Teacher SRTC



# Teacher SRTC

## Changes to Teacher Career Ladder (Specific for 2018)

***Beginning in 2018, teachers will be able to qualify for new levels of tax credit.***

***Below are School Readiness Tax Credit levels for Staff in 2018:***

Early Learning Center Teacher 1	<ul style="list-style-type: none"><li>• CDA or approved early childhood diploma</li></ul>
Early Learning Center Teacher 2	<ul style="list-style-type: none"><li>• CDA or approved early childhood diploma and 9 continuing education units or 2 early childhood college courses, or</li><li>• 30 hours towards associate degree with four college courses in early childhood/child development, or</li><li>• Related associate degree, or</li><li>• <b>Early Childhood Ancillary Certificate.</b></li></ul>
Early Learning Center Teacher 3	<ul style="list-style-type: none"><li>• Associate degree in early childhood/child development, or</li><li>• Related associate degree with four courses in early childhood/child development, or</li><li>• Bachelor's degree in early childhood/child development, or related bachelor degree with 3 college classes in early childhood or child development, or</li><li>• <b>Classified as Early Learning Center Teacher I or above as of 12/31/2017, and <i>demonstrated evidence of eligibility</i> for Staff SRTC at least once before (beginning in 2017).</b></li></ul>
Early Learning Center Teacher 4	<ul style="list-style-type: none"><li>• Bachelor's degree in early childhood/child development with three courses on infant/toddlers, or</li><li>• Related bachelor's degree with six courses in early childhood/child development with three on infant/toddler, or</li><li>• Graduate degree in early childhood/child development, or</li><li>• Unrelated graduate degree with four courses in early childhood/child development, or</li><li>• <b>Classified as Early Learning Center Teacher I or above as of 12/31/2016, and <i>demonstrated evidence of eligibility</i> for Staff SRTC at least once before (beginning in 2017).</b></li></ul>

# Teacher SRTC

## Additional Updates

*Teacher SRTC qualification levels have been updated to support and recognize teachers who have met the EC Ancillary Certificate requirement.*

### Qualifying for increased SRTC:

- Beginning with the 2019 SRTC (filed next year), the new qualifying criteria will require an Early Childhood Ancillary Certificate.
- Individuals who have an EC Ancillary Certificate will be auto-enrolled in Louisiana Pathways as preliminary members. These individuals are encouraged to enroll as full members by submitting an application to Louisiana Pathways.
- Teachers must have worked in the same Type III center for an average of 30 hours a week for at least six months of 2018.

# Communications related to Teacher SRTC

*Teachers may have received multiple communications related to Teacher SRTC*

- Early Childhood Ancillary Certificate postcards were shared prior to sending certificate information to Louisiana Pathways.
- Louisiana Pathways may have sent reminders to return the additional copy of tax form R-10615, which may allow for increased tax credits.

**KEY NEXT STEP: In January 2019, teachers will receive from Louisiana Pathways:**

- Instructions for completing two copies of Tax Form R-10615 to submit to the Louisiana Department of Revenue. *This requires signature from employer at the qualifying Type III center.*
- Two copies of tax form R-10615
  - One original and signed copy should be kept for tax documentation
  - One original and signed copy must be ***mailed back to Louisiana Pathways***



**Louisiana School Readiness Tax Credit**  
For Child Care Director and Staff Member

LA PATHWAYS will mail this form by January 31, 2019, to each director and staff member who may be eligible for the School Readiness Tax Credit. Based upon their documentation, LA Pathways will provide the individual's name, the last four digits of the individual's Social Security Number, the La Pathways level, and the proper authorized signature.

**CHILD CARE CENTER'S PORTION – To be completed by the child care facility**

When presented with this form by the facility's director or staff member, the owner or the owner's designated responsible party should complete this section and return it to the director or staff member promptly. Each director or staff member must present the original form that was completed by LA Pathways with all of the required information, as referenced above.

**Note:** Eligible child care directors and child care staff members must be qualified according to the criteria established by the Department of Education and must have been employed at the same child care facility for at least six months during the calendar year.

Child Care Facility's Name		Facility License Number	
LA Revenue Account Number	Quality Star Rating	Date Rating Awarded (mm/dd/yyyy)	Date of Star Expiration (mm/dd/yyyy)
Location Address			
Location City		State	ZIP
Mailing Address (if different from location address)			
Mailing City		State	ZIP
<b>Employed at this facility</b>		LA Pathways Level	Date (mm/dd/yyyy)
From (mm/dd/yyyy)	To (mm/dd/yyyy)		
Child Care Facility's Authorized Representative (Owner or Director)		Print Name of Authorized Representative	

**CHILD CARE DIRECTOR OR STAFF MEMBER (Taxpayer)**

Complete this section of the form and attach it to your 2018 Louisiana individual income tax return when filing a paper return to claim the credit. If using a tax preparer, present the original document to the preparer in order to claim the credit. If filing electronically, complete this section and retain the original form with your records. IMPORTANT! The credit amount is variable and the 2018 amount is posted at [www.revenue.louisiana.gov/SchoolReadiness](http://www.revenue.louisiana.gov/SchoolReadiness).

Your First Name	Initial	Last Name	Suffix	Social Security Number
Address				
City			State	ZIP Code
<b>Sign and Date</b>				
Child Care Facility's Director or Staff Member (taxpayer)				Date (mm/dd/yyyy)
To be valid, this must be an original form and must have a signature of the authorized representative of the Louisiana Department of Education.				
Authorized Representative of the Louisiana Department of Education				Date (mm/dd/yyyy)
Print Name of Authorized Representative				



Staff and directors will receive (2) copies of the R-10615 form from Louisiana Pathways, along with instructions.

Staff and Directors are responsible for submitting the R-10615 form:

- 1 original & signed form for tax documentation
- 1 original & signed form back to Louisiana Pathways

**Instructions for Completing the Louisiana School Readiness Tax Credit Form R-10615  
For Child Care Director and Staff Member**

Individuals who work in a Type III child care center may be able to qualify for refundable School Readiness Tax Credits (SRTC), which are designed to recognize their professional accomplishments. This SRTC will be based on the individual's level of education and training, as evaluated by the Louisiana Pathways. Each child care director and staff member must file a Louisiana individual income tax return in order to take advantage of this financial benefit unique to Louisiana which recognizes the commitment of the state's child care teachers.

In order to qualify for the Child Care Director and Staff SRTC:

- Individuals must have worked for an average of 30 hours a week for at least six months of the calendar year at the same participating Type III Child Care Center
  - For a complete list of participating Type III centers, visit: <https://bit.ly/2F8CzTd>
- Individuals must be registered with Louisiana Pathways, and have presented qualifying credentials
- Individuals must claim the SRTC as a part of their Louisiana Individual Income Tax Return for 2018
- Each eligible director and staff member is responsible for completing **both copies** of form R-10615

Attached to this letter you will find **two copies** of form R-10615. Each form must be filled out completely and signed. Please note that these forms may not be copied. The Louisiana Department of Revenue will only accept an original form. The second original version of the form is to be mailed back to Louisiana Pathways.

**1. COMPLETING THE CHILD CARE CENTER'S PORTION OF FORM R-10615**

The center director or owner must complete and sign this portion of **both** copies of form R-10615.

- Name, license number, and complete physical address and mailing address of the child care center
- Louisiana Department of Revenue account number, also referred to as Louisiana Tax ID number
- Star rating, date rating awarded and date of star expiration
  - For a complete list of participating Type III centers, visit: <https://bit.ly/2F8CzTd>
- Signature and Date of the Child Care Center's Authorized Representative
  - This is the owner or director of the center. The director cannot sign their own form unless they are also the owner.
  - If center is a non-profit, the Board Chair must sign as Facility Authorized Representative for the owner/director.

**2. COMPLETING THE CHILD CARE DIRECTOR OR STAFF MEMBER  
TAXPAYER QUALIFYING FOR CREDIT) SECTION**

The individual that is claiming the credit should complete all information under "Taxpayer Qualifying for Credit". The individual filing for the tax credit must complete the following on **both copies** of form R-10615:

- From and To dates employed at the facility during 2018 (If the staff member had a break in employment, show start and end dates of each employment period. Write in margins as needed.)
  - If currently employed, write 12/31/2018 in the "To" section.
- Taxpayers name, address, city, state, and zip code
- First five numbers of the director or staff member's social security number
- Child Care Center's director or staff member, which is the person filing for the tax credit signature and date



**Staff and directors will  
receive Instructions for  
completing the R-10615  
form**



**2018 Director  
SRTC**



# Director SRTC

## Changes to Director Career Ladder

***Beginning in 2018, directors will be able to qualify for new levels of tax credit. Below are School Readiness Tax Credit levels for Directors in 2018:***

Director 1	<ul style="list-style-type: none"> <li>• CDA Credential, approved early childhood diploma, or Early Childhood or Ancillary Certificate and 30 clock hours in approved administrative training categories, or</li> <li>• Related associate degree or 30 hours towards associate degree with 4 college courses in early childhood / child development.</li> </ul>	<ul style="list-style-type: none"> <li>• membership in an early childhood professional organization</li> </ul>
Director 2	<ul style="list-style-type: none"> <li>• CDA Credential, or</li> <li>• Associate degree in early childhood / child development, or</li> <li>• Related associate degree with 4 college courses in early childhood / child development, or</li> <li>• Related bachelor's degree with 3 college courses in early childhood / child development, or</li> <li>• Meets director qualifications from Bulletin 137 and <b>has been the director for at least one year of a 3 star quality rated center on July 1.</b></li> </ul>	<ul style="list-style-type: none"> <li>• membership in an early childhood professional organization and service to the profession (see below for definition and examples)</li> </ul>
Director 3	<ul style="list-style-type: none"> <li>• CDA Credential or</li> <li>• Associate degree in early childhood / child development and the Administrator Certificate, or</li> <li>• Bachelor's degree in early childhood / child development and the Administrator Certificate, or</li> <li>• Related bachelor's degree in early childhood / child development and the Administrator Certificate, or</li> <li>• Meets director qualifications from Bulletin 137 and <b>has been the director for at least one year of a 4 star quality rated center on July 1.</b></li> </ul>	<ul style="list-style-type: none"> <li>• membership in an early childhood professional organization and service to the profession (see below for definition and examples)</li> </ul>
Director 4	<ul style="list-style-type: none"> <li>• Master's degree in early childhood, child development, or early childhood administration and the Administrator Certificate, or</li> <li>• Related master's degree with 8 college courses in early childhood / child development and the Administrator Certificate, or</li> <li>• Meets director qualifications from Bulletin 137 and <b>has been the director for at least one year of a 5 star quality rated center on July 1.</b></li> </ul>	<ul style="list-style-type: none"> <li>• membership in an early childhood professional organization and service to the profession (see below for definition and examples)</li> </ul>

# Communications related to Director SRTC

*Centers with directors who may be eligible for increased SRTC based on their ratings received communication in the fall.*

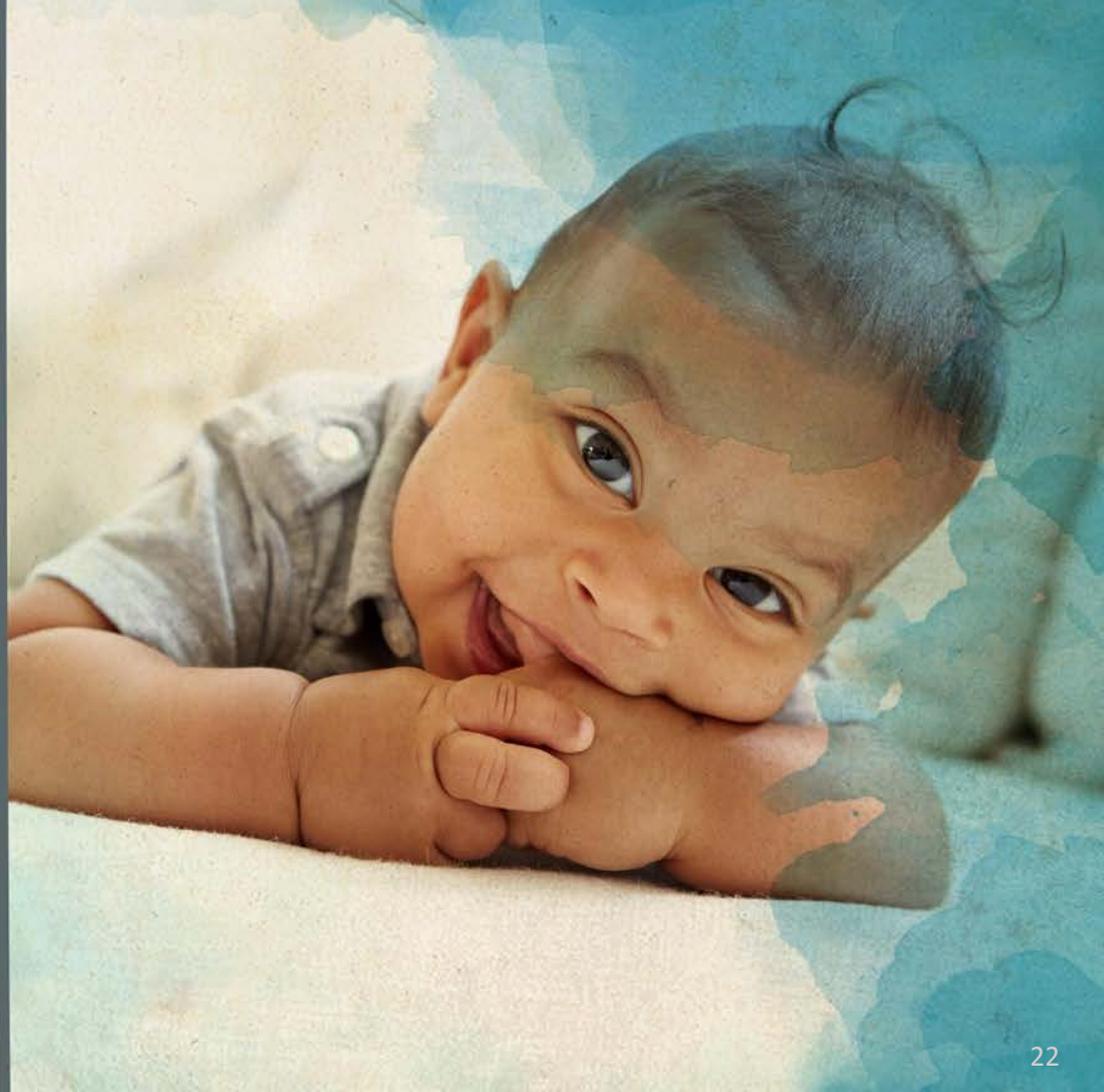
Directors who may be eligible for increased SRTC based on their center's ratings meet the following requirements:

- In 2016-2017, their center scored 4.50-7, resulting in a 2018 center star rating of 3-5 stars
- The director was a director of record for the 2016-2017 school year
- The director meets the other requirements from Bulletin 137, including requirements related to membership in an early childhood professional organization and service to the profession

For directors who meet these requirements, letters were emailed to their centers with the new SRTC level for which they may qualify. These letters were also provided to Louisiana Pathways. **Directors must register with Pathways to claim the Director SRTC for 2018.**

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# 2018 Provider SRTC



# Provider SRTC

*State will now reward performance and improvement via tax credits and bonus payments.*

Star Rating of Center	Center Performance Rating	Center Performance Score	Tax Credit per Eligible Child
5 Star	Excellent	6.00-7.00	\$1,500
4 Star	Proficient	5.25-5.99	\$1,250
3 Star	Proficient	4.50-5.24	\$1,000
2 Star	Approaching Proficient	3.75-4.49	\$750
1 Star	Approaching Proficient	3.00-3.74	\$0

*Example: If ABC child care has earned 3 stars and serves 10 eligible children, then that provider is eligible for refundable Provider SRTC of up to 10 children x \$1,000 per child= \$10,000.*

# Center Star Level

*Star ratings are based on the performance profile results of the previous academic year.*

<b>Tax Year</b>	<b>Academic Year Performance Profile Results</b>	<b>Star Effective Date</b>	<b>Star Effective on This Date Used for Taxes</b>
2018	2016-2017	January 1, 2018	July 1, 2018
2019	2017-2018	January 1, 2019	July 1, 2019
2020	2018-2019	January 1, 2020	July 1, 2020

# Provider Unified CCAP Bonus Payments

*The state provides tiered bonus payments at the end of each calendar quarter to eligible licensed Type III centers. The percentages for each year, January through December, are shown below.*

Star Rating	Quarterly Unified Bonus Received for each Eligible Child in 2018	Quarterly Unified Bonus Received for each Eligible Child in 2019	Quarterly Unified Bonus Received for each Eligible Child in 2020	Quarterly Unified Bonus Received for each Eligible Child in 2021 and beyond
5 Star	23%	23%	23%	23%
4 Star	16.5%	16.5%	16.5%	16.5%
3 Star	11%	11%	11%	11%
2 Star	6%	4%	2%	0%
1 Star	0%	0%	0%	0%

# Provider Unified CCAP Bonus Payments

*While SRTC is an annual benefit, providers receive the Unified CCAP Bonus Payments automatically after each quarter. The first payment based on 2019 Star Level will be made in May.*

Quarter	Payment Month
January, February, March	May
April, May, June	August
July, August, September	November
October, November, December	February

Center’s 2018 star rating will be used to determine bonus payments for the 2018 tax year, for which the last payment will be made in February 2019. Beginning January 1, 2019, bonus payments will use the 2019 star rating, for which the first payment will be made in May 2019.

# Next Steps



# School Readiness Tax Credits

## Process for Claiming Credits

*The Department will compile and send out several forms to ensure providers, directors, teachers, and families are able to claim credits.*

<p><b>Teachers and Directors</b></p>	<ul style="list-style-type: none"> <li>• Teachers and directors will receive a letter indicating their level from <a href="#">Louisiana Pathways</a> in January.</li> <li>• Teacher levels will be based on career ladders/ancillary certificates.</li> <li>• Director levels will be based on career ladders/center performance.</li> <li>• Pathways receives ancillary certificate and center performance info from us, but career ladder info from registered teachers/directors</li> <li>• Teachers and directors will receive two versions of form R-10615 (tax form).             <ul style="list-style-type: none"> <li>• <i>One original and signed copy should be kept for tax documentation.</i></li> <li>• <i>One original and signed copy must be <b>mailed back</b> to LA Pathways.</i></li> </ul> </li> <li>• Directors/Owners sign teacher/director forms to be submitted to Louisiana Department of Revenue and mailed to Louisiana Pathways.</li> </ul>
<p><b>Providers</b></p>	<ul style="list-style-type: none"> <li>• Louisiana Department of Education sends providers directions on filing Provider School Readiness Tax Credits, which can be done no earlier than March 2018.</li> <li>• To file, Louisiana Department of Education provides them in March a file with average CCAP number</li> </ul>
<p><b>Families</b></p>	<ul style="list-style-type: none"> <li>• Louisiana Department of Education mails packets to centers to complete and distribute to families in January</li> </ul>
<p><b>Business and R&amp;R's</b></p>	<ul style="list-style-type: none"> <li>• Businesses and R&amp;R's will receive required documentation to file for their 2018 School Readiness Tax Credits.</li> </ul>

# Available Resources

# Resources

*The resources linked below may be helpful in understanding the Louisiana SRTC.*

- The Department has published the [2017](#), [2018](#), and [2019](#) SRTC levels for centers
- The Department has released [SRTC Guidance](#) that provides information about each credit
- The Department has released a set of FAQs for different SRTC audiences:
  - [SRTC 2018- FAQs for Staff and Directors](#)
  - [SRTC 2018- FAQs for Businesses](#)
  - [SRTC 2018- FAQs for Child Care Providers](#)
  - [SRTC 2018- FAQs for Parents and Families](#)
- This webinar recording and presentation will be posted on the Louisiana Believes website along with the other SRTC documents: <http://www.louisianabelieves.com/resources/library/child-care-provider-resources>

Q&A