LOUISIANA DEPARTMENT OF EDUCATION

WORKFORCE CHILD CARE TAX CREDIT (WCCTC) GUIDANCE

FORMERLY SCHOOL READINESS TAX CREDITS (SRTC)

July 2026

WORKFORCE CHILD CARE TAX CREDITS

During the 2025 Regular Session, the Louisiana Legislature passed Act 454, which renames the Workforce Child Care Tax Credits as the Workforce Child Care Tax Credits ("WCCTC") and amends the provisions relative to business-supported child care. These changes went into effect on January 1, 2026.

These tax credits help to improve the quality of child care and increase access for at- risk children. The tax credit represents a $16 million state investment in child care that helps Louisiana secure more than $80 million in federal funding through the Child Care Development Fund (CCDF). There are five Workforce Child Care Tax Credits, all of which were made law in 2007:

1. **Teacher and Director Tax Credit** - Recognizes teachers and directors for their professional education and commitment to the field.
2. **Provider Tax Credit** - Rewards centers based on their quality rating and the number of Child Care Assistance Program (CCAP) or foster care children that are served. Centers become eligible if they participate in the statewide unified quality rating system, and their benefits increase with the proportion of at-risk children they serve.
3. **Family Tax Credit** - Supports families based on child care expenses, income, federal child care tax credit, state child care tax credit, and the quality rating of the center.
4. **Business Tax Credit** - Provides a credit for businesses that have donated funds to child care centers to support eligible child care expenses, based on the quality rating of the center.
5. **Child Care Resource and Referral Tax Credit** - Provides a credit for businesses matched to the amount donated to Resource and Referral agencies up to $5,000.

These tax credits reduce the taxes paid by individuals and businesses. Unlike a tax deduction, a tax credit is the whole value of the credit regardless of the tax bracket in which the taxpayer falls. The tax credits are refundable, meaning that they are available to a taxpayer even if they do not owe any taxes. If the tax credits exceed an individual's tax burden, then the taxpayer will receive a check for the difference after filing their taxes.

Impact of the Workforce Child Care Tax Credits

The Workforce Child Care Tax Credits provide an incentive for families to enroll their children in quality rated early child care centers, as well as Family Child Care sites with Academic Approval, and support child care providers and staff to provide a high-quality early learning experience for children and make a professional commitment to the field.

The Workforce Child Care Tax Credits are essential to the early childhood sector for the following reasons:

- They help maximize funding.
  - » They help Louisiana bring in $80 million in federal funds and encourage local investment.
- They ensure centers choose to serve low-income children.
  - » Centers are supported to stay registered as a Type III and Family Child Care (FCCS) in Academic Approval serve low-income Louisiana children.
- They help drive improvement.
  - » Centers are encouraged to improve quality and support directors and teachers to earn credentials.
- Child care directors and teachers depend on these tax credits.
  - » Child care directors and teachers rely on the credits to make essential purchases, retain teachers and invest in quality improvement.
- They increase local support and investment in child care.
  - » Businesses and Resource and Referral agencies use credits to support child care quality.

WORKFORCE CHILD CARE TAX CREDITS

Since the passage of Act 3 (2012) Louisiana has made progress in unifying the early childhood system to prepare all children for kindergarten. The Board of Elementary and Secondary Education (BESE) has approved a set of revisions that better align the WCCTC with the unified early childhood system.

<table>
<tr><th>Credit Type</th><th>Summary of Revisions</th></tr>
<tr><td>Teacher and Director Tax Credit</td><td>

Teachers: Teachers can earn an increased credit by demonstrating that they have earned an Early Childhood Ancillary Certificate.

» Teachers can move up in the tax credit levels by demonstrating that they have qualified for WCCTC in years prior via their tax returns.
» Teachers with an early childhood ancillary certificate can earn up to ~$3,300 annually for working at a publicly-funded center and receiving WCCTC for more than 2 years.
» Participation in a professional organization is no longer required.
» Teacher tax credits are not based on the unified quality rating system.

Directors: Directors can earn credits based on site performance as well as their professional credentials.

» Directors who work at a 3 star center or above (as determined by the unified quality rating system) can qualify for credits based on rating.
» Directors still have the option to earn credits based on credentials and education.

No teacher or director will lose their current WCCTC; changes only add new options for staff.

</td></tr>
<tr><td>Provider Tax Credit</td><td>

Stars are based on a site's score under new unified quality rating system.

<table>
<tr><th>Star</th><th>1 Star</th><th>2 Star</th><th>3 Star</th><th>4 Star</th><th>5 Star</th></tr>
<tr><td>Rating</td><td>3 – 3.74</td><td>3.75 – 4.49</td><td>4.5 – 5.24</td><td>5.25 – 5.99</td><td>6 – 7</td></tr>
</table>

» Unified bonus payments are increased by 3% to support improvements. However, bonus payments for 2 star providers are reduced to zero over time to encourage providers to meet the quality threshold of 3 stars.

</td></tr>
<tr><td>Family Tax Credit</td><td>Credits are based on stars that are aligned to the unified quality rating system.</td></tr>
<tr><td>Business Tax Credit</td><td>Credits are based on stars that are aligned to the unified quality rating system.</td></tr>
<tr><td>Resource and Referral Tax Credit</td><td>No changes have been made to the Resource and Referral Tax Credit.</td></tr>
</table>

TEACHER WORKFORCE CHILD CARE TAX CREDITS (WCCTC)

Louisiana's Workforce Child Care Tax Credits (WCCTC) support child care teachers and staff in eligible early learning sites to provide a high-quality early learning experience for children and reward those who have made a professional commitment to the field.

Workforce Child Care Tax Credit Levels for Teachers (beginning with the 2018 tax year)	
Early Learning Assistant Teacher	• 80 clock hours of instruction in approved core knowledge (CDA) subject areas.
Early Learning Center Teacher 1	• CDA or approved early childhood diploma
Early Learning Center Teacher 2	• CDA or approved early childhood diploma and nine continuing education units or two early childhood college courses, or • 30 hours towards associate degree with four college courses in early childhood/child development, or • Related associate degree, or • Early Childhood Ancillary Certificate.
Early Learning Center Teacher 3	• Associate degree in early childhood/child development, or • Related associate degree with four courses in early childhood/child development, or • Bachelor's degree in early childhood/child development, or • Related bachelor's degree with three college courses in early childhood/child development, or • Early Childhood Ancillary Certificate Requirements and evidence of eligibility for the WCCTC at least one year prior before, beginning with 2017.
Early Learning Center Teacher 4	• Bachelor's degree in early childhood/child development with three courses on infant/toddlers, or • Related bachelor's degree with six courses in early childhood/child development with three on infant/toddler, or • Graduate degree in early childhood/child development, or • Unrelated graduate degree with four courses in early childhood/child development , or • Early Childhood Ancillary Certificate Requirements and evidence of eligibility for the WCCTC at least twice before, beginning with 2017.

Additional information about qualifying for Teacher WCCTC:

- Teachers must have been working in their eligible Type III child care center for at least six months for an average of at least 30 hours per week to qualify.
- Teachers will continue to receive communication about how to file for the WCCTC from **Louisiana Pathways**.
- Teacher tax credit changes take effect for the 2018 tax year. There are no changes for the 2017 tax year.

DIRECTOR WORKFORCE CHILD CARE TAX CREDITS (WCCTC)

Louisiana's Workforce Child Care Tax Credits (WCCTC) recognize child care directors in eligible centers that are providing high-quality early learning experiences for children and have made a professional commitment to increase their training and education.

Workforce Child Care Tax Credit Levels for Directors (beginning with the 2018 tax year)	
Director 1	• CDA credential, approved early childhood diploma, or Early Childhood Ancillary Certificate and 30 clock hours in approved administrative training categories, or • Related associate degree or 30 hours towards associate degree with four courses in early childhood/ child development.
Director 2	• CDA credential, approved early childhood diploma, or Early Childhood Ancillary Certificate and 45 hours in approved administrative training/national administrative credential, or • Associate degree in early childhood/child development, or • Related associate degree with four courses in early childhood/child development, or • Related bachelor's degree with three courses in early childhood/child development, or • Meets director qualifications from **Bulletin 137** and has been the director for at least one year of a 3 star quality rated center on July 1.
Director 3	• CDA credential, approved early childhood diploma, or Early Childhood Ancillary Certificate and the administrator certificate, or • Associates degree in child development/early childhood and administrator certificate, or • Bachelor's degree in early childhood/child development and the administrator certificate, or • Related bachelor's degree with six courses in early childhood/child development and the administrator certificate, or • Meets director qualifications from **Bulletin 137** and has been the director for at least one year of a 4 star quality rated center on July 1.
Director 4	• Master's degree in early childhood, child development, or early childhood administration and the administrator certificate, or • Related master's degree with eight courses in early childhood/child development and the administrator certificate, or • Meets director qualifications from **Bulletin 137** and has been the director for at least one year of a 5 star quality rated center on July 1.

Additional information about qualifying for the Director WCCTC:

- Directors must do the following to qualify:
  - » Work in the same Type III center for at least six months for an average of at least 30 hours per week.
  - » Maintain membership in an early childhood professional organization and other profession requirements established in **Bulletin 139**.
- Directors will continue to receive communication about how to file for their WCCTC from **Louisiana Pathways**

PROVIDER WORKFORCE CHILD CARE TAX CREDITS (WCCTC)

Louisiana's Workforce Child Care Tax Credits (WCCTC) recognize child care centers that are providing high-quality early learning experiences for children and that have committed resources toward increasing the quality of their early learning site.

The Provider WCCTC supports and rewards increasing the quality of child care and early learning for all children throughout Louisiana. The Provider WCCTC is currently available to providers of licensed Type III early learning sites, and will be available for Family Child Care sites with Academic Approval beginning in tax year 2023, who have earned a Performance Profile Rating based on their center's CLASS® scores. There is no direct cost for participating in the unified quality rating system.

Beginning in 2018, the Provider School Readiness Tax Credit is aligned with Performance Profile Ratings issued through the unified quality rating system that is established by the Board of Elementary and Secondary Education in **Bulletin 140**. The amount of the tax credit is based on the quality of the center and the number of eligible children served. The number of eligible children served includes children attending the center through the Child Care Assistance Program (CCAP), or who are in foster care under the custody of DCFS.

Star Rating of the Center	Center Performance Rating	Center Performance Score (based on CLASS observations)	Tax Credit per Eligible Child
5 Star	Excellent	6.00-7.00	$1,500
4 Star	*High 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 WCCTC of up to 10 children x $1,000 per child = $10,000.*

How to Access the Provider WCCTC:

The Department provides documentation to each qualifying provider of the average monthly number of children participating in CCAP and the Foster Care Program for each site for the previous tax year by March 1st. The provider must then submit or maintain the certificate as required by the Secretary of the Department of Revenue in subsequent forms and instructions.

Details for Calculating Eligible Children:

The average monthly number of eligible children on which the Provider WCCTC calculation is based is calculated as below:

- A child is considered full-time when the CCAP or Foster Care Program pays for at least 12 days of service per child during the month. Two part-time participants may be combined to equal one full-time participant for purposes of this calculation.
- A child is considered to be attending part-time when CCAP or the Foster Care Program pays for at least 40 hours of service per child during the month; or CCAP or Foster Care Program pays for at least 5 days but no more than 11 days of service per child during the month.

Family Child Care (FCC) only and WCCTC

In order for an FCC educator to be eligible for Workforce Child Care Tax Credits, the following qualifications must be met:

1. Registered with Provider Certification
2. Maintain current Child Care Assistance Program (CCAP) Certification
3. Maintain Academic Approval for 6 months
4. Enrolled in Louisiana Pathways
5. Provide full-time care for 30+ hours per week

Tax Year	Star Rating	File for Taxes Beginning
2023	• All FCC sites will be rated 0 stars for 2023. • Eligible educators (meeting the above criteria as of July 1, 2023) will be able to claim Director and Staff tax credit.	January 1, 2024
2024	• Eligible FCC sites will receive star rating, which will be effective January 1, 2024- December 31, 2024. • Star rating must have been awarded in the 2022-2023 Performance Profile rating (released in November 2023) and overall score must be 3, 4, or 5 stars. • FCC sites must be registered, CCAP Certified, opted into Academic Approval, enrolled in Louisiana Pathways, and provide full-time care for 30+ hours per week on July 1, 2024. • Eligible FCC sites rated 3, 4, or 5 stars shall receive Provider WCCTC and Quarterly bonus payments (see Provider Unified Bonus Payments).	January 1, 2025
2025	• FCC sites will receive star rating, which will be effective January 1, 2025- December 31, 2025. • Star must have been awarded in 2023-2024 Performance Profile rating (released in November 2024) and overall score must be 3, 4, or 5 stars. • FCC Sites must be registered, CCAP Certified, opted into Academic Approval, enrolled in Louisiana Pathways, and provide full-time care for 30+ hours per week on July 1, 2025. • Eligible FCC sites rated 3, 4, or 5 stars shall receive Provider WCCTC and Quarterly bonus payments (see Provider Unified Bonus Payments).	January 1, 2026
2026	• FCC sites will receive star rating, which will be effective January 1, 2026- December 31, 2027. • Star must have been awarded in 2024-2025 Performance Profile rating (released in November 2025) and overall score must be 3, 4, or 5 stars. • FCC Sites must be registered, CCAP Certified, opted into Academic Approval, enrolled in Louisiana Pathways, and provide full-time care for 30+ hours per week on July 1, 2026. • Eligible FCC sites rated 3, 4, or 5 stars shall receive Provider tax credit and Quarterly bonus payments (see Provider Unified Bonus Payments).	January 1, 2027

Provider Unified Bonus Payments

In addition to the Provider WCCTC, star ratings also provide early learning sites the opportunity to benefit from Unified Bonus payments. The state provides tiered bonus payments at the end of each calendar quarter to eligible licensed Type III centers. These bonus payments are based on the number of children attending the center through the Child Care Assistance Program or are in foster care, and the star rating for that center. The payment is equal to a percentage of all payments from the Department for services provided during the quarter. These payments are made in May, August, November, and February. Family Child Care sites with Academic Approval will be eligible for Provider Unified Bonus Payments beginning with the 2024 tax year.

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

The percentages for each year, January through December, are shown below, with the bonus for 2 Star centers being phased out over time to encourage improvement to quality:

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%

FAMILY WORKFORCE CHILD CARE TAX CREDITS

In Louisiana, centers that are licensed to accept public funding are rated on a scale of 0-5 stars. Families that enroll their children in star rated centers may be eligible to receive a **Family Workforce Child Care Tax Credits** based on how much they pay for their child's care.

The **Family Workforce Child Care Tax Credits** is an additional state child care tax credit for taxpayers with children who are under the age of 6 and are enrolled in a child care site that has earned at least 2 stars in the state's quality rating system. The amount of the tax credit depends on the number of stars that the child care center has earned, the income level of the taxpayer, and the out of pocket amount that the family is paying for care. Families enrolled in Family Child Care sites with Academic Approval will be eligible for the Family Workforce Child Care Tax Credits beginning with the 2024 tax year.

The Family Workforce Child Care Tax Credits adds to your existing state child care tax credit as follows:

Percent Increase to Louisiana Child Care Tax Credit	Star Rating of the Center	Center Performance Profile Rating	Center Performance Profile Rating Score
200%	5 Star	Excellent	6.00-7.00
150%	4 Star	*High Proficient	5.25-5.99
100%	3 Star	Proficient	4.50-5.24
50%	2 Star	Approaching Proficient	3.75-4.49
0%	1 Star	Approaching Proficient	3.00-3.74

To be eligible for the School Readiness Tax Credit, families must:

- Have incurred child care expenses for at least one child under the age of 6 during the calendar year; and
- Enroll child under the age of 6 in a licensed child care center that has earned at least 2 stars.

Please note that there is no income limit on eligibility for Workforce Child Care Tax Credits. Families can view the star rating of their center by viewing their center in www.louisianaschools.com.

How to File for the Family Workforce Child Care Tax Credits:

Families that have questions about filing for refunds for the School Readiness Tax Credit should contact the Louisiana Department of Revenue for refund status at 225-219-0102 (individual) or 225-219-7462 (business) or visit http://revenue.louisiana.gov/sections/individual/school_readiness.aspx.

Process for Receiving the Family Workforce Child Care Tax Credits

- The Louisiana Department of Revenue creates a credit certificate that qualified child care centers provide to each taxpayer/family claiming the child care tax credit.
- The child care provider completes the provider portion of the credit certificate and gives to each taxpayer/family that had a child at the facility during the calendar year no later than January 31 of the succeeding year.
- The taxpayer/family then completes the taxpayer portion of the certificate which includes the following information:
  - the name and social security number of the taxpayer claiming the credit, and
  - the name, social security number and date of birth for the qualifying child for whom this credit is claimed on the tax return.
- The taxpayer must submit or maintain the certificate as required by the Secretary of the Department of Revenue in subsequent forms and instructions.

TAX CREDIT FOR BUSINESS SUPPORTED CHILD CARE (WCCTC)

Louisiana's Workforce Child Care Tax Credits (WCCTC) recognizes child care centers that are providing high-quality early learning experiences for children and that have committed resources toward increasing the quality of their early learning center.

The Business WCCTC provides a credit for businesses that have donated funds to child care centers to support eligible child care expenses, based on the quality rating of the center, per **Bulletin 139**. The credits are available for both for-profit and non-profit businesses. The donated amount to a Type III quality rated center will be used to determine a tax credit based on the star rating of the center. Unlike a tax deduction, a tax credit is the whole value of the credit regardless of the tax bracket in which the taxpayer falls. The WCCTC are refundable, meaning that they are available to a taxpayer even if they do not owe any taxes. If the WCCTC exceeds an individual's tax burden, then the taxpayer will receive a check for the difference after filing their taxes.

To claim the WCCTC for businesses, your business/non profit must have incurred eligible expenses that support a Type III child care center. For a description of eligible expenses, please refer to **FAQ for Businesses**. The table below describes the class of expenses and the maximum amount eligible.

Business Tax Credit Eligible Expenses	
Class of Expenses	**Maximum Amount**
Construction, renovation, expansion, or major repair of an eligible child care facility or equipment purpose	$50,000
Payments made to an eligible child care facility for child care services to support employees	$5,000 per child
Purchase of child care slots at eligible child care facilities for children of the business' employees	$50,000

A Type III Performance Profile rating can be found by visiting **louisianaschools.com** and typing in the name of a child care center. The amount of the tax credit is tied to the quality rating of the child care center as follows:

Star Rating of the Center	Percentage of Eligible Expenses	Center Performance Profile Rating	Center Performance Profile Rating Score
5 Star	20%	Excellent	6.00-7.00
4 Star	15%	High Proficient	5.25-5.99
3 Star	10%	Proficient	4.50-5.24
2 Star	5%	Approaching Proficient	3.75-4.49
1 Star	0%	Approaching Proficient	3.00-3.74
0 Stars	0%	Unsatisfactory	1.00-2.99

Example: *Habitat for Humanity decides to donate $10,000 to help restore a neighborhood child care center kitchen with 3 stars recently damaged by a fire. In this scenario, Habitat for Humanity would earn a $1,000 refundable state tax credit (10% of $10,000).*

To file the WCCTC for businesses:

- Filing individually: complete tax form **IT-540**
- Filing as a corporation or franchise: complete tax form **CIFT-620**
- Filing for non-profit organization: complete tax form **CIFT-620**

*For additional instructions visit the **Louisiana Department of Revenue**, **Workforce Child Care Tax Credits- R.S. 47:6101-6109** and the **Tax Forms** page for the most recent forms for Individuals or Businesses.*

TAX CREDIT FOR DONATIONS TO CHILD CARE RESOURCE AND REFERRAL AGENCIES

The Child Care Resource and Referral Tax Credit provides a credit for businesses matched to the amount donated to Resource and Referral agencies up to $5,000.

To find your local Child Care Resource and Referral, please refer to this **map** for more information.

To be eligible for this tax credit

- Contact your Child Care Resource and Referral Agency and let them know you'd like to make a donation for their WCCTC program.
- Fill out any forms or donation designation papers as requested.
- Save a record of this donation for tax purposes.

To file for this tax credit

- Filing individually: complete tax form **IT-540**
- Filing as a corporation or franchise: complete tax form **CIFT-620**
- Filing for non-profit organization: complete tax form **CIFT-620**

Contact your tax preparer or the Louisiana Department of Revenue for information on filing individual tax returns.

ADDITIONAL QUESTIONS ABOUT THE LOUISIANA WORKFORCE CHILD CARE TAX CREDITS?

- For questions about your School Readiness Tax Credit status, please contact the Louisiana Department of Revenue for refund status at 225-219-0102 (individual) or 225-219-7462 (business) or visit **http://revenue.louisiana.gov/sections/individual/school_readiness.aspx**.
- For questions about forms for the Teachers/Director School Readiness Tax Credit, please contact Louisiana Pathways at 1-800-245-8925.
- For questions about how to become a Type III center and begin qualifying for the Workforce Child Care Tax Credits, contact the Licensing Department at **LDELicensing@la.gov** or 225-342-9905.
- For questions about how to file for the School Readiness Tax Credit, please contact your tax preparer or the Louisiana Department of Revenue.
- For questions from non-profit child care centers seeking to benefit from the School Readiness Tax Credit, please go to the Louisiana Department of Revenue website for more information.
  - » Note that a non-profit needs a Louisiana tax ID number and needs to file a corporate tax return claiming zeros for income (unless they have unrelated business taxable income) and claiming the refundable tax credits which generated a refund.
- For all other questions, contact the Louisiana Department of Education at 1.877.453.2721.