

QUESTIONS AND ANSWERS ABOUT THE SCHOOL READINESS TAX CREDIT FOR CHILD CARE PROFESSIONALS

Q. What are the School Readiness Tax Credits (SRTC) for Child Care Teachers and Directors?

A. The SRTCs are essentially a wage supplement (or salary bonus) for child care teachers and directors, and are NOT dependent on whether the teacher or director owes taxes. These refundable credits are provided directly to child care teachers and directors based on the amount of education and training they have attained. The wage supplements are linked to the Louisiana early care and education career ladder. The amount of the credit will vary, with higher credits for increased education and training, and will be based on one of four levels (described in more detail below).

Q. Who is eligible?

A. Child care teachers and directors are eligible if they work for at least six months at a licensed, center-based early care and education program that participates in Quality Start (Louisiana's early care and education quality rating and improvement system) and have enrolled in the state early care and education practitioner registry known as [Louisiana Pathways](#).

Q. What are the four levels and how much is the SRTC?

A. The SRTC for each level are as follows (requirements for each of the four levels are included in the table beginning on page 3):

SRTC Levels	Amount of Refundable School Readiness Tax Credit
Director I	\$1,500
Director II	\$2,000
Director III	\$2,500
Director IV	\$3,000
Child Care Teacher I	\$1,500
Child Care Teacher II	\$2,000
Child Care Teacher III	\$2,500
Child Care Teacher IV	\$3,000

Note: These figures are for 2008. Beginning in calendar year 2009, these tax credit amounts shall be adjusted annually for each calendar year by the percentage increase in the Consumer Price Index United States city average for all urban consumers (CPI-U), as prepared by the United States Department of Labor, Bureau of Labor Statistics, as determined by the secretary of the Department of Revenue on December first of the preceding calendar year.

Q. Do the number of stars the center has earned impact the amount of the SRTC?

A. No, the number of stars a center has earned will not impact how much its child care teachers or director receive in tax credits. As long as the center is participating in Quality Start, and therefore has at least one star, then the teachers and directors are eligible to apply for the SRTC. Eligible teachers and directors must meet all of the educational requirements (Level I – IV) and must have worked at least 6 months of the calendar year at the same child care center.

Q. What is a tax credit, and how is it different from a tax deduction?

A. A tax credit reduces the taxes paid, dollar-for-dollar. A tax deduction lowers taxable income. A tax credit is generally more valuable to a taxpayer than a tax deduction of the same amount. For example, for a taxpayer in the 20-percent tax bracket, the value of a \$100 tax deduction is 20 percent (\$20). But the value of the same amount as a tax credit is 100 percent, or in this example, the full \$100. So, if you owe \$5,000 in taxes but have a \$1,000 tax credit, then your final tax bill will be \$4,000. However, if you had a \$1,000 tax deduction, and were in the 15% tax bracket, then your final tax bill would be \$4,850 (as you save \$150 which is 15% of \$1,000).

Q. What is a refundable tax credit?

A. A 'refundable' tax credit is one that is available to a taxpayer even if they do not owe taxes. For example, a taxpayer who is eligible for a nonrefundable tax credit worth \$500 and who owes only \$100 in taxes can only claim \$100 of the credit. If the same tax credit were refundable, the taxpayer could claim the full \$500. That's right, they would receive a check for the difference. Because the SRTC is refundable, eligible teachers and directors who do not owe any taxes will still receive an income tax refund. For example, if you meet the requirements for a Child Care Teacher Level I, then you qualify for \$1,500. Let's assume that, after you do your 2008 taxes, you are eligible for a refund of \$100. After the SRTC is applied, you will actually get a refund check of \$1,600.

Q: Can I qualify for the credit if I don't pay taxes?

A. Yes, the SRTC is refundable. This means that even if you do not owe any taxes you will receive all of the SRTC to which you are eligible.

Q. What is Louisiana's Quality Start?

A. Quality Start is a voluntary early care and education quality rating system for licensed child care centers designed to increase the quality of child care and early learning for all children throughout Louisiana. Both Class A and Class B centers may choose to participate and earn up to five stars based on meeting standards established for Program, Staff Qualifications, Administration Practices, and Family and Community Involvement. For more information on Quality Start, and how to apply, go to www.qrslouisiana.org.

Q. Our Center is not currently participating in Louisiana's Quality Start. When does the center have to sign up in order for me to receive the credit?

A. To be eligible for the School Readiness Tax Credit your center must receive at least one star by December 31. It may take some time for the first star to be awarded so urge your center's director to complete the [application for one star](#) as soon as possible. Please note that stars are awarded to a center as of the first day of the month following the month in which the star decision is made. Therefore, for a center to have their stars by December 31, the stars must be awarded by November 30th to be effective December 1. Any decision made in the month of December would not be effective until January 1.

Q: Do I have to file an income tax return in order to receive the credit?

A. Yes, in order to claim this credit you will have to file a state income tax return, even if you do not owe any taxes. On or before January 31st of each year, you will receive a certificate from the Department of Social Services that states the level of training and education you have

achieved (Level I-IV). You must submit or maintain the certificate as required by the Secretary of the Department of Revenue in subsequent forms and instructions. [Note: it is important to fill out both a federal and state tax form -- even if you do not owe any taxes -- because you might be eligible for other refundable tax credits, such as the earned income tax credit, which is a refundable tax credit at both the federal and state level for taxpayers in certain income brackets, even if taxes are not due.]

Q: Can I qualify for the tax credit if I work for a Class B Center?

A. Yes, you can qualify for the SRTC as long as the center you work for is licensed, Class A or B, has earned at least a one star rating in Quality Start, and you have worked them for six months in the calendar year.

Q: What records/certification will I need to claim the credits?

A. You will receive a certificate (which will be sent to you by the Department of Social Services, or their representative, no later than January 31st each year) that states the SRTC training/education level you have achieved. You must submit or maintain the certificate as required by the Secretary of the Department of Revenue in subsequent forms and instructions.

Q: Where can I obtain certification of the rating for my child care center?

A. You can ask the director of your child care center for a copy of the Quality Start award letter.

Q: How can I enroll in the state early care and education practitioner registry known as Louisiana Pathways? If I have enrolled in Louisiana Pathways, where can I obtain a copy of my credentials?

A. You may contact [Louisiana Pathways](#) or call (800) 245-8925 to register or to verify your level and request the needed documentation.

Q: Do I receive the SRTC only once, or each year?

A. The SRTC has no termination or sunset date so you will be able earn these tax credits every year.

Definition of Director and Teacher Levels

SRTC Levels	Training and Education Requirements	Experience Requirements	Professional Activity Requirements
Director I = Level I	CDA Credential or approved early childhood diploma and 30 clock hours in approved Administrative Training Categories or Related associate degree or 30 hours toward associate degree with 4 college courses in early childhood or child development	Minimum of 1 year	Membership in an early childhood professional organization.
Director II = Level II	CDA Credential or approved early childhood diploma and 45 clock hours	Minimum of 18 months	Membership in an early childhood professional

	<p>in approved Administrative Training Categories or National Administrative Credential</p> <p>or</p> <p>Associate degree in early childhood or child development</p> <p>or</p> <p>Related associate degree with 4 college courses in early childhood or child development</p> <p>or</p> <p>Related bachelor degree with 3 college courses in early childhood or child development</p>		<p>organization and service to the profession such as: serving on a board or committee, presenting at a conference, participating as a CDA advisor or mentor, attendance at a conference or professional event.</p>
Director III = Level III	<p>CDA Credential or approved early childhood diploma and Administrator Certificate*</p> <p>or</p> <p>Associate degree in child development or early childhood and Administrator Certificate*</p> <p>or</p> <p>Bachelor degree in early childhood or child development of which 3 college courses focus on infants and toddlers and Administrator Certificate*</p> <p>or</p> <p>Related bachelor degree with 6 college courses in early childhood or child development of which 3 courses focus on infants and toddlers and Administrator Certificate*</p>	Minimum of 2 years	<p>Membership in an early childhood professional organization and service to the profession such as: serving on a board or committee, presenting at a conference, participating as a CDA advisor or mentor, attendance at a conference or professional event.</p>
Director IV = Level IV	<p>Master degree in early childhood, child development or early childhood administration of which 3 courses focus on infants and toddlers and Administrator Certificate*</p> <p>or</p> <p>Related masters degree with 8 college courses in early childhood or child development of which 3 courses focus on infants and toddlers and Administrator Certificate*</p>	Minimum of 2 years	<p>Membership in an early childhood professional organization and service to the profession such as: serving on a board or committee, presenting at a conference, participating as a CDA advisor or mentor, attendance at a conference or professional event.</p>
Child Care Teacher I =	CDA credential in preschool or infant/toddler specialization	Minimum of 1 year	Encouraged to participate in an early childhood

Level I			professional organization.
Child Care Teacher II = Level II	CDA credential or approved early childhood diploma and 9 CEU's or 2 early childhood college courses or 30 hours toward associate degree	Minimum of 2 years	Membership in an early childhood professional organization and service to the profession such as: committee or board membership, service as a CDA advisor or mentor
Child Care Teacher III = Level III	Associate degree in early childhood or child development or Related associate degree with 4 college courses in early childhood or child development or Bachelor degree in early childhood or child development	Minimum of 2 years	Membership in an early childhood professional organization and service to the profession such as: committee or board membership, service as a CDA advisor or mentor
Child Care Teacher IV = Level IV	Bachelor degree in early childhood or child development of which 3 college courses focus on infants and toddlers or Related bachelor	Minimum of 2 years	Membership in an early childhood professional organization and service to the profession such as: committee or board membership, service as a CDA advisor or mentor

* **Administrator Certificate** - to receive an Administrator Certificate you must have 75 clock hours of instruction in approved Administrative Training Categories (2 college courses in approved administration can be substituted for the Administrator Certificate).

Q. If I want to earn my CDA or take courses or clock hours, is there financial assistance available?

A. Yes, there is a scholarship program through Louisiana Pathways for both a CDA and college courses. Contact [Louisiana Pathways](#) or call (800) 245-8925 for more information.