What Are the School Readiness Tax Credits?

The Child Care Provider Credit is available to child care centers that have a Quality Start rating of at least 2 Stars. The value of the credit is based on the quality level and number of low-income children served by the center, and ranges from $750 to $1,500 per child. The credit is refundable and available to both tax paying and non-profit centers. In tax year 2014, 405 participating centers received, on average, a credit worth $9,900.

The Child Care Teacher and Director Credit is available to staff with Pathways Career Ladder Credentials who have been employed in a child care center for at least six consecutive months. The credit is refundable, adjusted for inflation each year, and based on the credential level attained. In tax year 2014, the value of the credit ranged from $1,630 to $3,260. 3,770 educators claimed the credit and the average recipient received $2,150.

The Child Care Expense Credit is available to families who incur expenses for enrolling a child under the age of 6 in a child care center with a Quality Start rating of at least 2 stars. The credit amounts to between 50% and 200% of the LA Child Care Credit, based on the Star rating of the center. The credit is refundable for families with incomes less than $25,000. In tax year 2014, 14,468 families received the credit and the average recipient received a credit of $223.

The Business-Supported Credit is available to businesses that pay for child care expenses in centers with a Quality Start rating of at least 2 stars. The credit amounts range from 5% to 20% of eligible expenses, depending on the center’s star rating. In tax year 2014, the average credit claimed (by 57 businesses) was $7,040.

The Resource and Referral Agency (CCR&R) Credit is a dollar-for-dollar investment tax credit for businesses that contribute up to $5,000 to a CCR&R. The credit is refundable. In tax year 2014, the average credit claimed (by 190 businesses) was $4,360.