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Start Strong!

The Case for Priority Investment in Louisiana Early Childhood Programs

Appendices and Endnotes

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Appendices and Endnotes

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APPENDIX A

Louisiana's Evolution Toward Early Childhood Education

Before the creation of the LA 4 program, Louisiana's fragmented system of governance and funding for early childhood education had resulted in significant barriers to access and quality of services for the children across our state. With governance, finance and accountability spread across various state agencies competing for scarce dollars, the system was preparing only a fraction of students for kindergarten.

THE CREATION OF LA 4

In 2001, The Cecil J. Picard LA 4 Early Childhood Program (LA 4) was established and since its inception, along with related programs, has grown into Louisiana's largest pre-K program. It provides access to a quality and affordable full-day Pre-K program for over 90% of the state's four-year olds in need.[15]

ACT 3 AND THE CREATION OF COMMUNITY NETWORKS

Building on the success of LA 4 and in recognition of the significant gap in quality care and education for children from birth through the age of 3, the Early Childhood Education Act (Act 3)[16], was passed into law in 2012 to provide for a comprehensive and integrated delivery system for early childhood care and education to ensure that every child enters kindergarten healthy and ready to learn. The Act called for the state Board of Elementary and Secondary Education (BESE) to create a statewide, integrated early-childhood care and education network aimed at establishing uniform standards of readiness for kindergarten and to align all standards for quality early-child education. In facilitating the creation of the network, the Act required BESE to do the following:

- "Establish a definition of kindergarten readiness aligned with state content standards for elementary and secondary schools.
- Establish performance targets for children under the age of three and academic standards for kindergarten readiness for three and four-year old children to be used in publicly funded early childhood education programs.
- Create a uniform assessment and accountability system for publicly funded early childhood education programs that includes a letter grade indicative of student performance.
- Coordinate with the Department of Children and Family Services (DCFS) and the Department of Health and Hospitals (DHH) to align the standards for the licensing of child care facilities, including the requirements for participation in the Louisiana Quality Start Child Care Rating System, with the standards established for early childhood education programs.
- Establish a timeline for the creation and implementation of the early childhood care and education network that shall be fully implemented by the beginning of the 2015-2016 school year."

Further, the Act required BESE, through the state Department of Education, to work with the various agencies responsible for early child care and education, to establish a seamless early childhood educational system that is coordinated and integrated across all programs and agencies, regardless of public funding source.

Act 3 laid the foundation for early childhood community networks to provide assessments and feedback for teachers, identify birth-to-five children in need, provide a process for coordinating enrollment across early childhood programs resulting in 13 pilot programs and expanding to 65 early childhood community networks across the state.

Each network is led by a "lead agency" that is a state-approved entity, such as a school system or other organization. The lead agency serves as the point of contact for local early child care providers and as the liaison to the education department. These lead agencies currently serve the administrative role with responsibility for overseeing data collection and reporting, ensuring the required observations that result in on-line performance profiles conducted twice a year, and coordinating enrollment. Their responsibilities do not include the accountability for the quality of the sites within their community.

A 2014 REFORM PACKAGE RESHAPES STATE AND LOCAL GOVERNANCE

In 2014, another milestone for paving the way for an integrated child care and education delivery system was met with the passage of Act 868[17] which transferred the Child Care Assistance Program authority and funding from the Department of Children and Family Services (DCFS) to the Department of Education. The federally funded program came with a significant $82 million Child Care Development Fund Block Grant to finance child care based on a Child Care and Development Fund State Plan. The Act also transferred the authority for child care licensing and administration from DCFS to the Department of Education.

The Act instructed BESE to promulgate rules and regulations for the Department of Education to implement the plan and established the Department as the lead agency. Further, the Act required BESE to promulgate rules and regulations to implement a program of licensing for early learning centers to be administered by the Department and included provision for transparency of program statistics through the Department's website.

The Act also established an Advisory Council on Early Childhood Care and Education to provide input and guidance to BESE and the Department in the development of the rules, regulations, policies and standards for all publicly funded early care and education programs including: early learning centers, Cecil J. Picard LA 4 Early Childhood Program, the Child Care and Development Fund Block Grant or the Child Care Assistance Program, Early Head Start, and Head Start.

Also in 2014, Act 717[18] was passed requiring BESE to establish a coordinated local enrollment process for publicly funded early childhood programs by providing an assessment regarding coordination of services among the governing authority of each public school system and early learning centers, non-public schools providing publicly funded early childhood services and Head Start grantees. Authorities are to determine the areas where coordination does not exist (specifically identifying family demand, available seats and matching applicants to the seats). BESE is to approve a process to authorize entities as local early learning enrollment coordinators to address the gap and provide a process for allocation of funding and a system to measure accountability for approved local early learning enrollment coordinators.

To address funding challenges, House Concurrent Resolution (HCR) 61[19] was also passed in 2014. HCR 61 urged and requested BESE, in consultation with stakeholders, to develop a statewide model for the funding and the equitable distribution of public funds for early childhood programs.

In December 2015, BESE promulgated Bulletin 140: *Louisiana Early Childhood Care and Education Network* (amended in November 2016) to establish the duties and responsibilities of the early childhood care and education network, the local community networks, the community network lead agencies, and the publicly funded early childhood care and education programs. The Bulletin established performance and academic standards for kindergarten readiness, defined kindergarten readiness and created a uniform assessment and accountability system for publicly funded early childhood care and education sites and community networks that includes a performance profile indicative of performance.[20]

2018: A NEW COMMISSION AND READY START NETWORKS

In 2018, another significant milestone was met with the establishment of Louisiana's Early Childhood Care and Education Commission (ECCEC) with the passage of Act 639.[21] The ECCEC was charged with creating a vision and framework for the future of early childhood care and education in Louisiana. The Commission was created to make specific recommendations and to serve in an advisory role to the Legislature, while the Advisory Council referenced above reviews policies and proposals prior to submission to BESE.

Act 639 also amended the Early Childhood Care and Education (ECCE) network to authorize pilot programs and to incorporate feedback from the ECCEC into a statewide policy on local governance and coordination. The Act authorized the use of public and private funds to implement new strategies to increase access improve the quality of early childhood services by establishing pilot programs in high-performing community networks established by BESE. The law allowed for lead agencies of high-performing community networks identified by BESE to participate in the pilot programs. It established requirements for the pilot programs and responsibilities of the Commission, including reporting findings and recommendations to the Legislature.

This legislation paved the way for BESE to create and fund Ready Start Networks, which are programs aimed at establishing a local collaborative governing structure for shared decision-making and for expanding local responsibilities for early childhood education. Each Ready Start Network was charged with bringing together community stakeholders to assess and improve the quality and access to early childhood programs and services in their communities.

The four pillars to a successful Ready Start Network were defined as:

1. Developing a blueprint.
2. Building a coalition.
3. Establishing local governance.
4. Developing fundraising strategies.

In January 2019, seven Ready Start Networks were launched and funded to begin building formal local governance structures under the direction of the following lead agencies: the schools systems for the parishes of Iberville, Jefferson, Lafayette, Rapides and Washington; the New Orleans Early Education Network; and the St. Mary Parish Community Action Agency. There are now 26 Ready Start Networks around the state.

THE FUNDING OUR FUTURE REPORT

In January 2019, the Commission released its first report, *Funding Our Future: LA B to 3*,[22] including research and data on the need for better access and quality of early care and educational options for Louisiana families. The report pointed out that due to inadequate funding, the current system cannot meet the need, particularly for children birth through three. That gap negatively impacts children's learning and their families' participation in Louisiana's workforce.

The Commission recognized the success of the LA 4 program over the last 10 years, citing findings that today 90% of four-year olds in need have access to quality early learning and that research showed a decreased number of students repeating kindergarten, improved test scores, and a reduction in the need for special education placements.

The Commission recommended that Louisiana build upon this foundation of success and create LA B to 3, a commitment to serve children birth to three with the same high-quality care as LA 4 with an investment of $85.8 million and an increase of nearly that amount annually over the next decade. With this funding, quality seats could be expanded to serve 114,000 Louisiana children in need, prioritizing children birth through three. That would be an increase from only 22,000 children in that age range currently served. The Commission said the state investment is intended to launch an effort with an expectation of attracting other means of financing (local, state, federal, philanthropy) thereafter.

Throughout 2019, the Commission and the Louisiana Department of Education continued their work of expanding and supporting the Ready Start Networks, including approving an additional six Ready Start Networks in August guided by the following lead agencies: Calcasieu Parish School System; the Children's Coalition for Northeast Louisiana, which will serve two communities; the East Baton Rouge Parish School System; the Delta Community Action Agency; and the Natchitoches Parish School System.

A process of supporting the expansion of Ready Start Networks has been launched with the Get Ready networks that allow local communities to apply to learn more about how to become a Ready Start Network. Get Ready Networks are communities that have expressed an interest in learning more about the planning process. With the Ready Start Networks and Get Ready Networks, each having unique opportunities and challenges, the education department continues to emphasize the importance of locally driven governance and shared decision-making.

The state now has 26 pilot Ready Start Networks across the state. This May the Department of Education will start reviewing applications for a fourth round of Ready Start Networks.

APPENDIX B

Guiding Light Resources on Policy and Governance for Early Childhood Education

This appendix highlights the findings of a variety of studies and organizations about the best standards of governance for early childhood education programs.

NATIONAL GOVERNANCE POLICY GUIDANCE

According to Build Initiative's publication *A Framework for Choosing a State-Level Early Childhood Governance System*,[23] a state-level early childhood education system can exist under a number of different governance models depending on the particular state's population served, the challenges in serving the population, the legal requirements and the political climate. "State contexts are different; each state serves different populations, responds to different challenges, and has a unique blend of values, traditions, legal obligations, and political climates. What works in one state and for one governance purpose may not work in another state. Thus a state that desires to reexamine its early childhood governance structure should not necessarily begin with a particular model in mind but rather a focus on its early childhood goals and the functions to be served by governance."

The publication further explains, governance "refers to how (often multiple) programs and entities are managed to promote efficiency, excellence, and equity. It comprises the traditions, institutions and processes that determine how power is exercised, how constituents are given voice, and how decisions are made on issues of mutual concern."

The State Capacity Building Center's publication, *State Early Childhood Systems: Examining Program Integration*,[24] explains that the understanding of governance in early childhood education is continually evolving and defines governance as "the means by which a governmental entity allocates decision-making authority and ensures accountability across the public and private sectors. In this conceptualization, the role of governance is to ensure that the myriad programs for young children and their families are coordinated, but also that they are of high quality, accessible, adequately funded, cost-effective, and are supported in their mission and vision."

The Build Initiative's publication *A Framework for Choosing a State-Level Early Childhood Governance System*[25] explains that a governance model will be most effective if it places resources, authority and accountability within an entity or entities that have legitimacy in the eyes of the stakeholder; and, the entity has the reputation and recognition as the proper manager of the programs it administers and the ability (expertise, capability, capacity) to facilitate the work. It further defines the characteristics of an effective governance model, including:

- "Coordination: The governance model should connect the different parts and programs of the early childhood system, reflecting its comprehensive nature.
- Alignment: The model should provide coherence across system-wide tasks like data collection, quality standards, and outcome measurement, and should break down silos associated with the

administration of funding and oversight of programs.

- Sustainability: The governance model should be able to navigate political and administrative changes and be designed to best account for the breadth of the early childhood system's reach (in terms of programs and services).
- Efficiency: The model should allocate resources wisely, reduce duplication of effort, and provide a significant return on investment.
- Accountability: The governance model should be accountable to the early childhood system and its stakeholders in terms of quality, equality, and outcomes and also should be able to hold services and programs accountable for their performance."

According to *Creating a Coordinated, Integrated Early Care and Education System*,[26] a recent scorecard published by the Bipartisan Policy Center (BPC), Louisiana was ranked No. 8 when evaluating governance, coordination, and integration in terms of administering Early Childhood Education Funds. The BPC scorecard highlighted the strengths of Louisiana ECCE system as the following:

- "Louisiana manages five programs serving children – Child Care and Development Fund; Head Start Collaboration Office; state Pre-K; Child and Adult Care Food Program; IDEA Part B, Section 619 – under one agency, which improves efficiency and allows for better alignment of eligibility and monitoring requirements and quality improvement activities.
- Louisiana's Quality Rating and Improvement System (QRIS) is mandatory for providers receiving subsidy, which can ensure quality of care for all children."

BPC provided recommendations for Louisiana's early childhood system as follows:

- Facilitate cross-agency communication to ensure seamless coordination and transition for IDEA Part C (infants/toddlers) and Part B, Section 619 (3-5 year olds).
- Ensure that the state Advisory Council for Early Education and Care, mandated by the Improving Head Start for School Readiness Act of 2007, is fulfilling its required activities, including conducting a statewide needs assessment on the quality and availability of early care and learning programs.
- Include licensing as the entry level for state QRIS to ensure program quality.

Education Commission of the States outlines the benefits of effective early learning governance in *Education Trends: Governance in Early Childhood Education*,[27] as follows:

- "Establishes vision-setting entities that can align state goals.
- Increases efficiency.
- Increases public/private partnerships, federal-state-local coordination and the alignment of early childhood services across government entities.
- Initiates supports and infrastructure that improve outcomes for young children.
- Reduces duplication of efforts.
- Increases responsiveness.
- Maximizes fiscal and human capital resources."

One of the most important components of an effective early childhood program governance model is to have the ability to efficiently and effectively measure outcomes. Specifically, are the programs providing the appropriate and most effective services for children and families?

A recent publication released from the Start Early Ounce of Prevention, *An Unofficial Guide to the Why and How of State Early Childhood Data Systems*,[28] makes the case for why state early childhood data systems are so important and how state leaders can take realistic and manageable steps to implement one. "What leaders in early childhood are most focused on is improving child outcomes. The strategies and tactics for improving child outcomes will vary from state to state, but the goal is always the same. And achieving that goal takes data; it takes data to help execute on strategies and tactics, and to evaluate whether they are working." Data is necessary to ensure that resources are allocated correctly and aligned with the actual needs, that children and families are getting the correct services and that families are provided information on the delivery system and providers. Data is also needed for teaching and school improvement planning as well as to support policy decisions.

Likewise, The Early Childhood Data Collaborative's publication, *A Framework for State Policy Makers: Building and Using Coordinated State Early Care and Education Data Systems*,[29] explains that "accurate, timely and quality ECE data are necessary to inform policy decisions; guide the daily work of ECCE professionals; and support coordination between ECCE programs, the K–12 system, and other systems that serve young children and their families. The report identifies the 10 Fundamentals of Coordinated State ECE Data Systems as:

1. Unique statewide child identifier.
2. Child-level demographic and program participation information.
3. Child-level data on child development.
4. Ability to link child-level data with K–12 and other key data systems.
5. Unique program site identifier with the ability to link with children and the ECE workforce.
6. Program site data on structure, quality and work environment.
7. Unique ECE workforce identifier with ability to link with program sites and children.
8. Individual ECE workforce demographics, including education, and professional development information.
9. State governance body to manage data collection and use.
10. Transparent privacy protection and security practices and children and the ECE workforce policies."

Based on the 2018 *State of State Early Childhood Data Systems*[30] published by the Early Childhood Data Collaborative, Louisiana has made some progress at a state-level, with opportunity existing to further strengthen its data system. Following is a summary of the relevant Louisiana state-level 2018 Early Childhood Data Systems survey results that details the state's progress.

LOCAL GOVERNANCE POLICY GUIDANCE BY NATIONAL GROUPS

Build Initiative's research discusses that "states may have regional or decentralized structures in their governance of early childhood programs and services. Empowering local decision-makers within their communities may help to elevate awareness and support of early childhood issues among policy makers and provide greater visibility among relevant groups statewide."[31]

In determining governance structures, regional and local contexts and needs vary from one place to another. By empowering and holding the local communities accountable in the governance model, it should yield a higher level of engagement and policy and decision making that incorporates the strength and challenges of the region. The publication also discusses the opportunities associated with governance models in terms of engaging private and philanthropic partners.

According to The Child Care State Capacity Building Center's publication *State-Local Models and Approaches Designed to Build Strong Early Learning Systems: What States Have Learned,*[32] historically, early childhood planning for programs and services was mostly managed at the state level, based on the criteria for federal and state funding. The funding was then directed to the local level for state directed programs that served specific categories of children and families. In an effort to create more effective programs and services for children and families, more states are formalizing their relationships linking state and local objectives, resulting in better coordination and greater results for children and families. The models all share a common commitment to make connections to and among families, programs, and the state's early childhood governance system.

Louisiana's 2018 Early Childhood Data Systems Survey Results

Child-level data across ECE programs	Louisiana links data between all or some ECE programs such as subsidized child care, state pre-kindergarten, preschool special education (IDEA Part B, Section 619), Home visiting, federally-funded Head Start, state-funded Head Start.
ECE and Health data	Louisiana is planning to link ECE programs with health data such as Women, Infants, and Children (WIC) supplemental nutrition program, birth records, Medicaid data, immunization records, others.
Child ECE and Social Services data	Louisiana is planning to link ECE programs with social services data including TANF, child welfare, Supplemental Nutritional Assistance program (SNAP), and Housing Assistance data.
ECE and K-12 Data	Louisiana is planning to link ECE programs with K-12 such as state pre-kindergarten, pre-school special education (IDEA Part B, Section 619), subsidized child care, early intervention (IDEA Part C), federally funded Head Start, home visiting, state-funded Head Start.
Links Program-Level Data Across ECE programs	Louisiana links data between all or some ECE programs such as early intervention (IDEA Part C), pre-school special education (IDEA Part B, Section 619), state pre-kindergarten, state-funded Head Start, federally-funded Head Start, subsidized child care, home visiting, licensed child care.
Links Workforce Data Across ECE Programs	Louisiana does not link workforce data.

Although the models may vary in approach, there are some common purposes and strategies for the development of state-local partnerships. "They are generally focused on advancing public policy and investment for early education, health, and family engagement and in getting better results for young children and their families through a variety of community-based programs and strategies." Most who are successful in achieving their objectives, have built strong partnerships between the public and private sectors. An important factor in meeting these objectives depends on both public and private funding as well as paid staff and volunteers to get the work done.

Also, according to Rand's recent research report *Raising the Bar for Early Childhood Education*,[33] some stakeholders felt that "state ECE reforms have not been accompanied by the funding needed for them to be carried out as intended." ECE stakeholders continue to be concerned about the Lead Agencies' capacity to fulfill the state's requirements, as well as the lack of necessary supports and resources for the level of work required.

The publication *State-Local Models and Approaches Designed to Build Strong Early Learning Systems: What States Have Learned* also discusses the importance of formal partnerships between state and local communities, as well as characteristics of successful models.

"Creating formal connections and building partnerships between the state and local communities is a hallmark of the state-local systems work. Building strong partnerships between these communities and unifying their work on behalf of young children takes time and needs ongoing support. Most states that take this approach share some common characteristics to ensure that the model will be successful as listed below:

- Advancing public policy and investment in early education, health and family support.
- Improving results for children and families through comprehensive, community-based resources and services.
- Using public-private partnerships.
- Using paid staff as well as volunteers.
- Funding local coordination and planning.
- Creating and maintain two-way feedback loops (state/local and local/state).
- Maintaining a well-defined communications system."

APPENDIX C

National Policy Guidance on Financing

This appendix highlights the findings of organizations and reports on ways to finance early childhood education programs.

The Louisiana Policy Institute for 2019 report *Prioritizing Our Future: How Cities and States Dedicate Funds for Early Care and Education* reviewed the strategies some states are pursuing to allocate more funding to ECE.[34] Some state actions noted in the report include:

- "Tobacco Tax: Arizona and California voters approved a dedicated tax, generating $143.3 million and $358.3 million, respectively, in fiscal year 2018 for early childhood.
  - Louisiana's tax rate of $1.08 per pack of cigarettes is among the lowest third of tax rates in the country. Tobacco tax revenues generated $314 million in fiscal year 2017 and are allocated to healthcare, Medicaid and the state general fund.
- Tobacco Master Settlement Agreement Funds: Connecticut, Kansas, Kentucky, and Missouri allocated some or all of their settlement funds for early childhood, with annual allocations ranging from $10 million to $40 million.
  - Louisiana divides its settlement funds between bonds, children's healthcare, and education. Education allocations provide funding for TOPS, $58 million in FY 2018, and instructional enhancements in pre-K through grade 12, including $13 million for grades K-12, and under $3 million to pre-K.
- Lottery Funds: Georgia dedicates 25% of lottery revenues to fund the state pre-K and HOPE scholarships programs, generating $358 million in 2017. In Tennessee, $25 million of excess lottery taxes are allocated for voluntary pre-K.
- In Louisiana, state lottery revenues are predominantly allocated to the Minimum Foundation Program (MFP), which funds grades K-12. In 2017, $176.5 million was allocated to the MFP and $500,000 to the Compulsive and Problem Gambling Program.
- Sales Tax: South Carolina levies (a sales tax) specifically to address districts with students demonstrating a financial or special education need.
- School Funding Formula: Colorado, the District of Columbia, Iowa, Kentucky, Maine, Oklahoma, Texas, Vermont, West Virginia, and Wisconsin fund pre-K programs through the state's school funding/education finance formula. Allocations range from $19 million in Maine to $1 billion in Texas.
  - Louisiana's school funding formula, the MFP, provides funding only for grades K-12 in public schools and districts. In fiscal year 2018, the allocation was $3.7 billion."

The National Conference of State Legislatures' *Early Care and Education State Budget Actions 2019*,[36] surveyed 50 (with 38 responding) state legislative fiscal offices regarding their appropriations for early care and education programs for fiscal years 2017, 2018 and 2019. The survey included child care, prekindergarten, home visiting and other early childhood programs. It revealed how legislatures are using federal, state, local and private funding to support early learning and healthy development in young children. Following are some of the key findings:

- "California, Connecticut, Massachusetts, Nebraska, New Mexico, North Carolina, South Dakota and Tennessee **increased general fund allocations for child care.** California, New Mexico, North Carolina and South Dakota **used this funding to increase child care provider reimbursement rates and to add more slots for child care assistance.**
- Twenty-three states **transferred or directly used Temporary Assistance for Needy Families (TANF) funds for child care.** Amounts range from $3.7 million in North Dakota to $344 million in California. Other state examples include: Utah at $19 million, Kentucky at $179 million and Wisconsin at $244 million.
- Arkansas, Colorado, Maryland, New Mexico, Oregon and Wisconsin increased **general fund spending for prekindergarten. Some states also reported using Child Care and Development Block Grants (CCDBG) and TANF funding for preschool services.**
- Three states reported a decrease in federal Maternal, Infant, and Early Childhood Home Visiting (MIECHV) funding. Nine states reported appropriating **more state general fund dollars for home visiting**."

In contrast to the traditional funding sources outlined above, *Innovative Financing to Expand Services So Children Can Thrive*,[37] a recent policy brief co-authored by the Children's Funding Project and the Education Redesign Lab at the Harvard Graduate School of Education, explores 10 innovative strategies for financing children and youth services. The policy brief explains a higher level of engagement of local leaders across the United States who are leading the charge with ambitious agendas to provide the children in their communities the early care, supports, opportunities and education that they need to thrive. With limited resources from federal, state, local and philanthropic partners, there is a need to develop more innovative financing strategies. Below are the 10 strategies outlined in the policy brief:

1. **Local Dedicated Funds**
   Localities across the nation are exploring the concept of raising local taxes dedicated for children and youth education. In recent years more than three dozen communities have established some type of "children's funds."
2. **Community Benefit Agreements (CBAs)**
   CBAs are contractual agreements between community groups (which can include coalitions, local governing authorities, etc.) and developers who agree to develop child care or youth infrastructure often to be included in a larger development initiative.
3. **Individual or Business Tax Credits**
   Tax credits can be used in various ways to incentivize individuals or businesses to support early childhood education. Tax credits can be provided for donations to designated "children's funds" or to families or businesses for using or providing services.
4. **Pay for Success (PFS) or Social Impact Bonds (SIBs)**

PFS or SIBs are bonds that leverage federal funding (through the Social Impact Partnerships to Pay for Results Act or SIPPRA), to attract private investments to fund programs or interventions targeting a specific predetermined social outcome and repaying investors when improved outcomes are met.

5. **Entering a Community Reinvestment Act (CRA) Agreement with a Financial Institution**
   The Community Reinvestment Act, enacted in 1977, encourages commercial banks to contribute to community development and increase accessibility to credit. Community organizations or governing bodies can leverage the CRA to help generate funds for early childhood education from financial institutions.

6. **Payment in Lieu of Taxes (PILOT), PILOT Recapture, Voluntary PILOT Payments from Non-Profits**
   Payment in Lieu of Taxes is a voluntary agreement, entered into between a local government and business or developer, to lower or avoid property and/or sales taxes for an agreed upon period of time in exchange a fixed yearly contribution related to job creation or investments in infrastructure. Once the agreement ends and the business begins to pay taxes, local government has the option of redirecting or recapturing these tax dollars for early childhood education.

7. **Community Benefit Obligations from Non-Profit Hospitals**
   The Affordable Care Act (ACA) requires non-profit hospitals to invest in the health of their communities and conduct a Community Health Needs Assessment (CHNA) every three years. Early education leaders (state and local) can and should be a part of this effort in their communities and work with their hospitals to ensure that they are addressing healthcare for the early childhood population in need.

8. **Reforming Tax Exemptions**
   States and local advocates can evaluate tax exemptions for the purpose of generating revenue for early child care and education initiatives.

9. **Profits Made from Publicly Held Assets**
   Local governments can explore revitalizing publicly held property and assets for sell or rent with proceeds going to a dedicated "children's fund."

10. **In-kind Facilities Usage**
    Local governments and school districts may be a resource for early child care and education providers by allowing in-kind use of facilities. By providing rent-free or reduced space, non-profits can potentially serve more children at a lower cost of overhead.

The policy brief provides example of where some of the strategies have been effective and explains the benefits.

"Strategic financing for children and youth helps generate new revenue to close current gaps in funding that are creating disparities among our youth and halting the improvements of outcomes. Through increased investments and more innovative financing mechanisms, we believe that localities can be at the forefront of improving the outcomes of our youngest generation by improving quality and availability of services… Localities have the power to help close the opportunity gaps that exist for children and youth."

Funding Our Future: Generating State and Local Tax Revenue for Quality Early Care and Education[38] is a policy brief published by the Build Initiative and informed by the Child Care Revenue Work Group, an advisory group made up of 30 experts, including tax policy specialists and early childhood leaders, many with experience spearheading dedicated state or local tax initiatives. The report analyzes seven revenue raising options including estate and inheritance, personal income, property, sales, sin, and special district government taxes. The policy report provides early childhood leaders with strategies for increasing revenues from state and local tax bases to invest in quality early childhood education initiatives.

"State and local tax revenue dedicated for early care and education provides a largely untapped approach for early childhood leaders to consider. Noteworthy work has been done, both at the state and local levels, to support quality early care and education through dedicated taxes. These revenues can have a significant impact on long-term goals, as seen in the local children's taxing districts in Florida or the new approach to corporate and business taxation in Oregon. The pioneers who started this work in states and localities around the country demonstrate early successes in helping to close the extreme funding gap in early care and education."

APPENDIX D

Louisiana's School Readiness Tax Credits

Louisiana School Readiness Tax Credits are a series of programs designed to support and encourage quality child care. There are five separate credits that make up the program. Each credit description below includes an estimated fiscal impact based on activity prior to the COVID pandemic. The amount of the credit affected by the quality of the child care facility using a rating system of zero to five stars as determined by the Louisiana Department of Education using the Classroom Assessment Scoring System® (CLASS).

CHILD CARE EXPENSE TAX CREDIT

Estimated fiscal impact $1.8 million

A school readiness child care expense tax credit is allowed for taxpayers who have a qualified dependent under the age of six who attended a child care facility that participates in the quality rating program that has earned at least two stars. The value of the credit is based on the expenses incurred and increases with the quality of the institution.

CHILD CARE PROVIDER TAX CREDIT

Estimated fiscal impact $6.1 million

Child care providers who provide care to foster children in the custody of the DCFS or to children who participate in the CCAP are eligible for the refundable School Readiness Child Care Provider tax credit. The credit is based on the average monthly number of children who attend the facility multiplied by the applicable credit amount based on the quality rating of the child care facility for a range of $750 to $1500.

CREDIT FOR CHILD CARE DIRECTORS AND STAFF

Estimated fiscal impact $10 million

Directors and staff are eligible for a refundable tax credit if they work for a licensed child care facility that participates in the quality rating system and are enrolled in the Louisiana Pathways Child Care Career Development System. The refundable tax credit is based on the educational level attained through Louisiana Pathways Child Care Career Development System and ranges between $1,800 to $3,500.

TAX CREDIT FOR BUSINESS-SUPPORTED CHILD CARE

Estimated fiscal impact $77,000

Businesses that financially support quality child care are eligible for a refundable tax credit based. Eligible support includes:

- Expenses to construct, maintain or operate a center, not to exceed $50,000 in expenses per tax year;
- Payments made to an eligible child care facility for child care services to support employees, not to exceed $5,000 per child per tax year; and/or
- The purchase of child care slots at eligible child care facilities actually provided or reserved for children of employees, not to exceed $50,000 per tax year
- The credit is for a percentage from 5% to 20% of the eligible expenses based on the quality rating of the child care facility from two to five stars.

TAX CREDIT FOR DONATIONS TO RESOURCE AND REFERRAL AGENCIES

Estimated fiscal impact $836,000

Businesses and nonprofits may receive a tax credit for donations to Child Care Resource and Referral Agencies. These are private agencies that contract with the Department of Education to provide support, training, information and other services to parents and child care providers. The credit is equal to the amount donated but cannot exceed $5,000 per tax year.

PAR Early Childhood Education Program

PAR has embarked on a program to assist the development of practical policies for financing early learning and assuring a sound governance and accountability structure. This report is part of the program as are numerous stakeholder meetings and work. PAR provided input and assistance to the ECCE Advisory Council and served on the Early Childhood Care and Education Commission Task Force.

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Endnotes

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11. See note 4. Also Nobel Prize-winning economist James Heckman has estimated the return on investment of around 13% per year.

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