

# Governor Parson's Early Childhood Proposals for Missouri

**PRESENTED BY ALIGNED  
AND KIDS WIN MISSOURI**

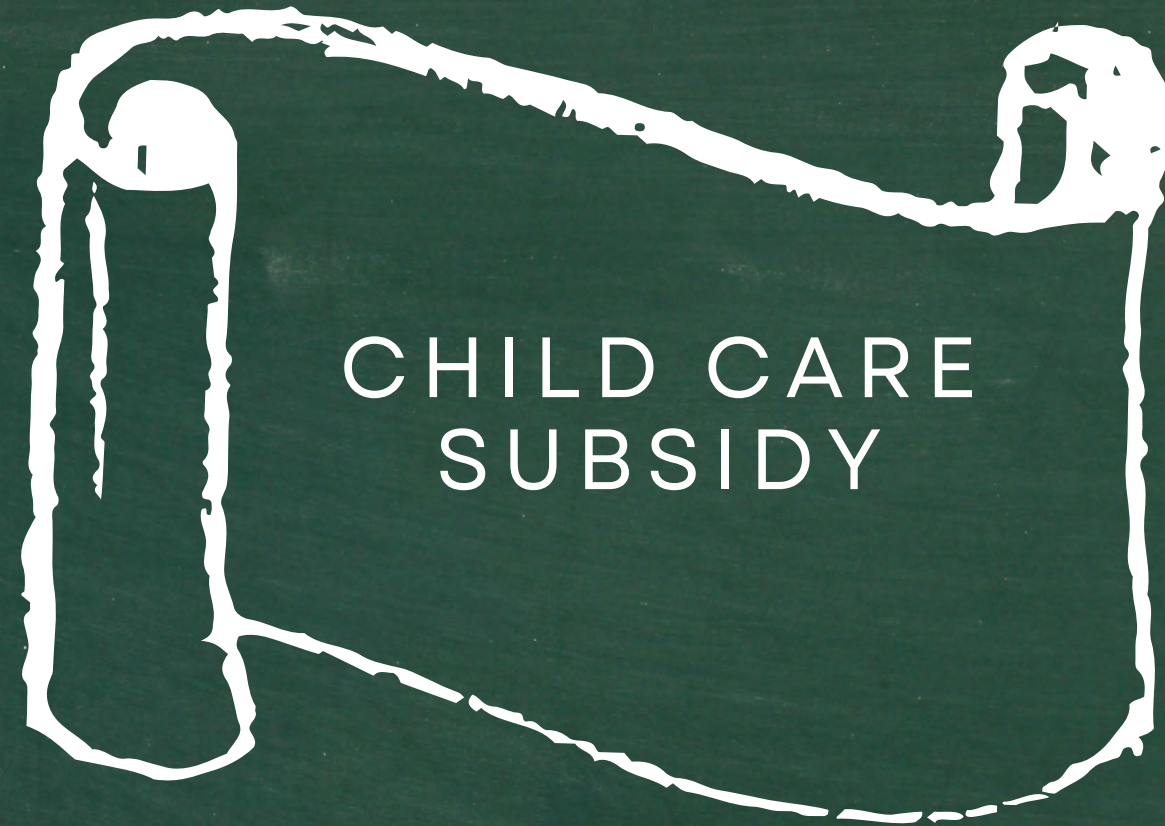




**\$56 million** increase to provide  
voluntary free Pre-K to all  
students from low-income  
families







**\$78.5 million** increase to help  
make child care more  
affordable for working  
families







**\$60 million** in tax credits to  
incentivize financial support  
to reduce costs for child care  
providers







1

# Pre-K Expansion

Modifies current funding formula for state aid for early childhood programs in districts and charter schools.

Expands state aid to all four-year olds that are eligible for free- and reduced-lunch.

Estimated increase of **\$56 million** for FY24





# A closer look

**HB 833** (Shields), **HB 933** (Pollitt) & **SB 495** (Eslinger)

The language in these three bills is identical. The bills propose the following:

Beginning in the **2023-24** school year, DESE must remit an amount equal to the product of the **state adequacy target (\$6,375)** multiplied by the **dollar value modifier** and the **average daily attendance** of pupils who are free- and reduced-lunch eligible who attend an early childhood program the year before Kindergarten.



# In simple terms



FY 22-23 Pre-K funding = **\$26,084,588** serving 5,372 students

Proposed language...

FY 23-24 Pre-K funding = **\$26,084,588** + **\$55,830,843**

TOTAL PRE-K FUNDING FY24 = **\$81,915,431**

With an estimated 6-year phase in, Missouri would serve another **17,000** students for a total of **22,373** students per year at an annual cost of **\$124,000,000**.





2

# Child Care Subsidy



The subsidy helps families access affordable child care.

The current reimbursement rate costs approximately **\$175 million**.

The Governor's recommendation increases the amount the state reimburses by **\$78.5 million** which brings the total annual reimbursement to an estimated **\$253.9 million**.





# A closer look

The **Department of Elementary and Secondary Education** (DESE) manages the child care subsidy program.

Governor Parson has proposed increasing the reimbursement rate which will add to the cost of the subsidy program. Raising the rates will incentivize provider participation and **increase the supply of affordable child care** for working families.

For FY24, the increase is estimated to cost **\$78.5 million** which will bring the total annual reimbursement to an estimated **\$253.9 million**.



# In simple terms



Raising the reimbursement rate will deliver much needed relief to a provider network that operates on razor thin margins and often struggles to keep doors open.

Low reimbursement rates deter providers from accepting families that cannot pay full rates.

Governor Parson's proposed increase will drive greater subsidy participation and grow the supply of affordable child care.



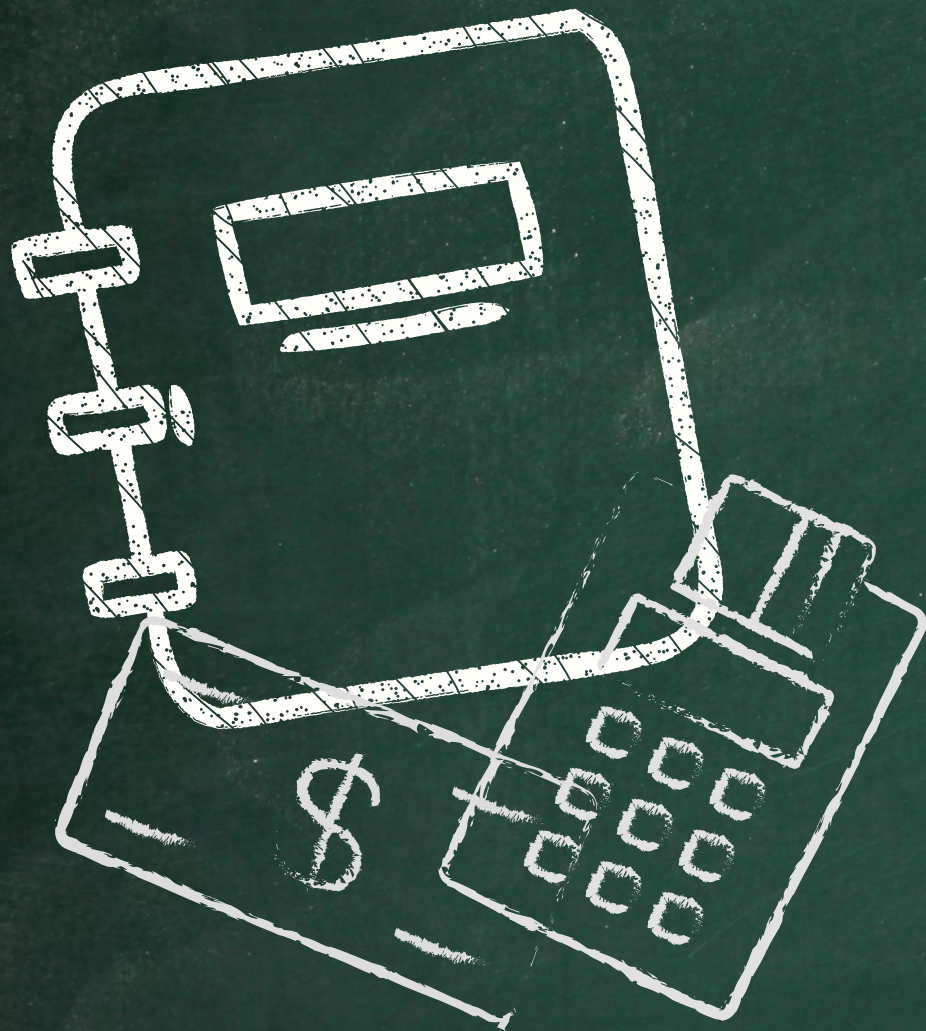


3

# Child Care Tax Credits

Proposed legislation creates three new state tax credit programs, each capped at **\$20 million** per year.

- Child Care Contribution Tax Credit
- Employer-Provided Child Care Assistance Tax Credit
- Child Care Providers Tax Credit







# A closer look

**HB 870** (Shields) & **SB 509** (Arthur)

These bills propose the following:

## **Child Care Contribution Tax Credit**

Donor gives a minimum of \$100 to a maximum of \$200,000 to a licensed child care facility. The donor receives a tax credit of 75% the contribution amount. The child care provider can use the donation for services and improvements.

## **Employer-Provided Child Care Assistance Tax Credit**

Modeled after the federal employer-provided tax credit, this program will complement the federal program. Employers who provide child care assistance can receive a tax credit up to 30% of the expenditures not to exceed \$200,000 per taxing entity.

## **Child Care Providers Tax Credit**

Child care providers can receive a tax credit for eligible payroll tax withholdings AND up to 30% of eligible capital improvements not to exceed \$200,000. The program has a \$20 million cap but can exceed that amount by 15% if the added credits are for contributions to providers in a child care desert.



# In simple terms



Tax credits incentivize taxpayers to make targeted donations and receive a credit that lowers their tax liability.

Donations to child care providers can offset the cost of care, capital expenditures, improvements, and other expenses.

Child care is a public good that benefits society by allowing parents to work and grow the economy.

These programs will lead to more significant contributions that help providers keep doors open, serve more children, and operate with more stability.







How you can support  
child care and early  
childhood education

