NLWJC - Kagan

DPC - Box 024 - Folder 002

Family - Child Care [2]

Family - child care

TravelersGroup

Dee Topol
President

The Travelers Foundation
388 Greenwich Street
New York, NY 10013
Tel 212 816 8884
Fax 212 816 8908

June 30, 1997

Ms. Melanne Verveer
Assistant to the President and
Chief of Staff to the First Lady
Office of the First Lady
The White House
Washington, D.C. 20502

Ms. Elena Kagan
Deputy Assistant for the President
for Domestic Policy
The White House
Washington, D.C. 20502

Ms. Joan Lombardi
US Administration for Children & Families
Child Care Bureau
200 Independent Ave. SW
Washington, DC 20201

Dear Ms. Verveer, Ms. Kagan and Joan,

Thank you for the opportunity to meet with you and discuss the upcoming Presidential Summit on Child Care. It is exciting to know of the President and First Lady's commitment to the education and care of children.

You asked for responses to two questions: What should the President initiate at the summit? and What should be the structure of the meeting?

I suggest that the President might announce two new initiatives. First, a "Child Care Investment Fund". The Fund would be a public/private/Partnership, in which community planning and program implementation would improve the infrastructure and/or the quality of early education and care (School Age proposals could also be eligible). This could be financed through grants or loans. I am enclosing a brief description of the New York State Early Childhood Investment Fund which barely got underway at the end of the Cuomo Administration and folded when the Pataki Administration withdrew State funds.

June 30, 1997

In its two short years of operation the Fund provided grants, loans and technical assistance. Although this New York State model had some flaws, it was on its way to providing a real boost to community planning to deal with local problems. The attached description is from the Families and Work Institute's report "Community Mobilization: Strategies to Support Young Children and Their Families." The New York State idea is too small to work nationally, but could be modified and built on to fit a national agenda.

A second set of initiatives the President might announce are further tax and other incentives to assist businesses in supporting their low income employees dependent care expenses; to assist low income workers with help in paying for child care and to assist caregivers and other professionals in their search for credentials and training. As an example of the kind of investment our business feels it must make for its employees, I am enclosing the list of family and child care related benefits Travelers Group provide, and we are not even a leader in that field!

As far as suggestions for program format, you might consider Cable TV, (or broadcast TV if they were interested) to make the Summit more accessible to interested viewers. Governors and business leaders could be interviewed in their own states about their activities, and state specific segments customized. Even ordinary people could be encouraged to tune in. Is this a dream??

I urge you to consider commissioning papers before the summit on critical issues, especially related to new, innovative financing models. The concepts collected could constitute one part of the program. I bet Foundations might help fund these papers. As you know this technique has been tried before with success.

I know the Summit is going to be great for children and their families, for the field and for the President and First Lady. Let me know if I can be of further Assistance.

Sincerely,

Dee Topol

Enclosure:

DT:pc

Family - child care

TO: John Hilley
Gene Sperling
Jack Lew

FROM: Bruce Reed
Jennifer Klein

DATE: 7/14/97

RE: Child Care Tax Proposals

As you discuss spending options for tobacco tax funds, here are proposals to expand tax subsidies for child care.

1. Dependent Care Tax Credit

Currently, taxpayers may claim non-refundable income tax credits for eligible employment related expenses for dependent care. Eligible expenses include those for the care of a child under 13 or a disabled dependent or spouse. Eligible expenses are limited to $2,400 for one dependent or $4,800 for two or more dependents. The credit rate depends on income, with a 30 percent credit rate for those with adjusted gross income below $10,000. The credit rate is reduced with income, so that those with incomes over $28,000 have a 20 percent rate.

There are three options to expand the dependent care tax credit (DCTC):

(1) Make the DCTC refundable. The existing DCTC is non-refundable, meaning that taxpayers whose income tax liability is less than the credit do not receive the full benefit. As with the Earned Income Tax Credit, making the DCTC refundable would allow taxpayers with low tax liabilities to receive a check from the IRS for the amount by which the credit claimed exceeds their tax liability.

Treasury estimates the revenue cost of this proposal at around $4 billion for 1998-2002. The Joint Committee on Taxation last year estimated that it would cost about half of the Treasury estimate. (Please note that all cost estimates are from previous discussions of these proposals.)

(2) Increase the maximum amount of eligible dependent care expenses to up to $4,000 for one dependent and up to $8,000 for two or more dependents.

(3) Change the income range over which the 30 percent credit rate declines to 20 percent. Under this option, families with incomes of $17,000 would receive a 30 percent credit for eligible care expenses and the rate would phase down to 20 percent for families with incomes at $45,000 or more.

Treasury estimates that this proposal would cost about $2 billion over 1998-2002. This revenue cost could be reduced if the changes to the phasedown occurred in steps.

2. Kohl Business Tax Credit

Senator Kohl proposed to allow firms to claim a tax credit for up to 50 percent of the cost of building, renovating, or operation child care centers, with a credit limit of $150,000 per year. The Joint Committee on Taxation has estimated that the revenue cost of the Kohl proposal is $2.6 billion over 1998-2002 (but note that the Kohl proposal is not available for years after 1999, reducing its overall revenue cost). The credit could also be limited to construction, expansion, and renovation expenditures (since those are the capital costs that may be difficult for firms to finance), most likely reducing the revenue cost to well below $1 billion for 1998-2002.

File: Family - Adoption - Legislative
and
Family - child care

Bruce —
Have you seen this?
Elena

TO: John Hilley
CC: Elena Kagan
FROM: Jennifer Klein J.K.
DATE: 7/10/97
RE: Child Care and Child Welfare Proposals

As you consider uses for the toabacco tax funds, you had asked for descriptions of our child welfare and child care priorities.

1. Child Welfare

The Administration has stated its strong support for the House child welfare bill sponsored by Camp and Kennelly (H.R. 867). We would recommend supporting two additional provisions in the Senate bill sponsored by Chafee, Rockefeller, Jeffords and DeWine. The first proposal provides funds for services to resolve family problems that have caused the child to be placed in the foster care system as well as to develop alternative permanent arrangements for the child. The second provides grants to states to remove barriers to adoption. I have attached a more detailed description of these proposals.

2. Child Care

We are considering three child care proposals.

- The first would make the Dependent Care Tax Credit refundable for child care expenses so that it could be used by the lowest income working families and would increase the amount of credit available on a sliding scale to low and moderate income working families.

- The second would expand Healthy Start programs. This would link child care providers and health care providers to ensure that children are in safe, healthy and high quality environments. (We are waiting for more detail from HHS. Secretary Shalala prefers this option because she thinks the tobacco tax money should be used for initiatives closely tied to health care.)

- The third would provide funding for child care subsidies and create a quality incentive grant fund. It would: (1) increase child care development fund subsidies over the next five years to double the number of children served, reaching 2 million children by 2002; and (2) provide grants to states (with matching funds from the private sector) to improve the quality of child care for young children by modeling programs after the military system.

CHILD WELFARE PROPOSALS

Permanency Planning Funds

Rationale: To assure safe and expeditious permanent placement for children entering the foster care system, appropriate services for both the family and the child must be available as soon as a child enters care. These services are critical to determining the ability of the biological family to safely resume care of their child or the need for an alternative permanent family.

Currently title IV-E funds can be used to pay the cost of foster care maintenance and related administrative costs. Services which could facilitate permanency (i.e. the child's return home, adoption, or guardianship) for the child cannot be funded through the IV-E program.

Strategy: Fund one year of permanency planning services for children entering foster care through the title IV-E program. These funds will be used to identify and resolve family problems that led to the out of home placement or to develop adoption or other alternative permanent arrangements for the child.

Cost: $480 million for five years

Grants to States to Remove Barriers to Permanency

Rationale: The "Adoption 2002" report proposed a number of strategies to improve the timeliness of decision making and permanency outcomes for children in foster care. These recommendations, as embodied in pending federal legislation, will establish new permanency standards for the States. States will be required to make reasonable efforts to secure a permanent family for children who cannot return home.

To achieve the intent of "Adoption 2002," States will have to make significant changes in policy and operations to achieve one or more of the following goals:

- reduce the backlog of children in long-term foster care or awaiting adoption placement;
- develop and implement community-based child protection activities that involve partnerships among State and local governments; and
- develop a regional approach to use resources of several States to conduct recruitment, placement, adoption and post-adoption services.

Strategy: Provide funds for five year grants to States to remove barriers to adoption and improve the permanency outcomes for children in foster care.

Costs: Chafee/Rockefeller legislation - not to exceed $50 million per year for five years

Family-child care

Bruce N. Reed
06/27/97 03:50:34 PM

Record Type: Record

To: Jennifer L. Klein/OPD/EOP

cc: Elena Kagan/OPD/EOP
Subject: Gene's Plan for Tax Rollout -- Monday

I fought vehemently at two long tax meetings for the adoption $, and almost had everybody convinced, but I couldn't get them to make up their mind in time for Monday's package. Jack Lew is going to pull together a mtg next week with us and Gene to discuss our wish list for how to spend the tobacco tax money that's in the tax plan. You might want to develop your arguments on the child care money -- e.g., how many more slots we could get with $2-4 billion in mandatory spending for the CCDBG.

---------------------- Forwarded by Bruce N. Reed/OPD/EOP on 06/27/97 03:46 PM ---------------------------

Cynthia A. Rice 06/27/97 03:33:33 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:
Subject: Gene's Plan for Tax Rollout -- Monday

Key points from Sperling's rollout meeting today:

1) Bruce -- Gene indicated that you and/or Mike Smith may need to make some education press calls on Monday, since Secretary Riley is in Ireland. I'll fax you the media plan.

2) Paul -- Emily Bromberg and crew will talk to mayors, and are planning to set up some media roundtables with them for Tuesday.

3) Current logistics involve the President making his statement Monday a.m. on departure to Boston. There's some debate about whether to leak or not and concern that Hong Kong will dominate the news on Monday.

4) Per Jen -- the plan does not make the dependent care tax credit refundable; however, unlike the GOP plans, families can get the DCTC and the child tax credit. No adoption provisions.

Message Sent To:

File: Family - Child Care
and
Family - Adoption - Legislative

TO: Jack Lew
Bruce Reed
Gene Sperling
FROM: Jennifer Klein
DATE: June 25, 1997
RE: Proposals on Child Care and Adoption

Attached please find a document describing our priorities for spending. Melanne asked me to get this to you.

The Dependent Care Tax Credit could also be expanded without making it refundable, but our first priority is to make it refundable to help low-income working families. Please feel free to call with any questions or concerns.

cc: Melanne Verveer, Elena Kagan, Nicole Rabner

DRAFT DRAFT DRAFT DRAFT DRAFT

CHILD CARE

1. Expand the Dependent Care Tax Credit to reach one to two million more families by making it refundable.

The Dependent Care Tax Credit is an income tax credit for taxpayers who incur employment related expenses for child care. The credit is available to single parents who work and to two-parent families in which both parents work. The maximum allowable credit, available on a sliding scale depending on income, ranges from $480 to $720 for families with one child, and from $960 to $1440 for families with two or more children.

Since the credit is not refundable, it can not be used by low income working families with incomes below the federal income tax threshold (approximately $24,000 for family of four). Thus the credit is not available to the low income working families most in need of child care assistance.

Cost estimate: $3-5 billion

2. Increase by $1 billion the Child Care Development Fund in order to:

Double the number of working families receiving child care assistance. $500 million

Low income working parents face major obstacles paying for the child care they need in order to remain in the workforce. It is estimated that more than 10 million children from working families will be eligible for federal child care assistance, yet such assistance is currently provided to less than 1.5 million children. Among working families earning 150 percent of poverty, 4 out of 5 are not receiving assistance. Among working families earning at or below the poverty line, 2 out of 3 are not receiving this assistance.

Improve program quality by adopting the military approach to quality enhancement. $200 million

At the Early Childhood Development Conference held at the White House in April, President Clinton pointed to the military child care program as a model for the rest of the country. Of particular note was the focus on establishing family child care networks, accreditation, and training tied to compensation. Unfortunately, very limited dollars are available to programs in the civilian community to promote such quality provisions. Adopting the military approach for quality enhancement and providing assistance to child care programs to implement this approach will make a significant contribution to improving the quality of child care services across the country.

<u>Through a collaborative approach with the Department of Education, increase the number of school programs providing before and after school care</u>. $300 million

Each day, millions of school age children across the country go home to an empty house after school. The vast majority of mothers with school-age children are now in the labor market. Despite this fact, most schools still close at 3:00 and remain closed for the summer months. While the number of school-age programs has grown over the last decade, there are still dramatically few school-age programs for low-income working families. Despite the poor access to quality programs, recent research has documented the positive effects that school-age programs can have on academic achievement of low-income children. This proposal would double the number of schools providing extended day services.

ADOPTION

1. One-year Reimbursement for Reunification Services. (Section 304 of the Chafee/Rockefeller legislation - S.511)

   The ability to use foster care maintenance funds to provide reunification services will promote timely decisions regarding permanency. The availability of such services will allow the child welfare agency to better identify those families who are likely to reunify and those that are not -- thus expediting their ability to develop alternate permanent plans for these children.

   Cost estimate: Approximately $500 million over five years.

2. Innovation Grants to Reduce Backlogs of Children in Awaiting Adoption.
   (Section 401 of S. 511)

   Funds grants for innovative projects that will reduce barriers to adoption and reduce backlog of children awaiting adoption. (Similar to $10 million for barrier grants proposed in Adoption 2002 Report).

   Cost estimate: $250 million over five years

Family-child care

EK

NACCRRA

National Association of Child Care Resource and Referral Agencies

May 6, 1997

The President
The White House
1600 Pennsylvania Avenue
Washington, D.C.

Dear Mr. President:

Thank you for the interest and support of quality care for our youngest children and for the recognition that the quality of early care and education we provide for them is a critical national and local issue.

On behalf of NACCRRA's 550 community-based member organizations, who have worked long and hard to create a quality child care system with extremely restrained resources, I welcome your direction to the Secretary of Defense to use "lessons learned from the Military Child Development Programs to improve the quality of child care".

At the recent Brain Development Conference, the First Lady alluded to the fact that the child care community holds ubiquitous, yet varied views on the delivery of quality child care. There is consensus, however; among the child care community of experts, that quality results are achieved primarily by setting standards and providing the financial resources needed to meet the standards. This is precisely what delineates child care available to the military and that available to civilians. For a long time, the civilian child care community has labored valiantly to offer quality services, but without a fair and just level of support from federal, state and local communities. Instead, unfortunately, we have had to ask the parents of our youngest children to shoulder most of the responsibility for funding the child care system.

I firmly believe the military child care system offers valuable lessons appropriate to the community at large--and they are simple:

1. Identify federal funds to compensate child care workers at levels appropriate to their responsibility and training--as the military does.
2. Identify federal funds to provide subsidies for parents whose income does not allow for a quality care choice--as the military does.
3. Set high standards and provide the resources necessary to meet them, and enforce those standards--as the military does.
4. Maintain a child care infrastructure which will offer referral and subsidy to parents, training and resources to providers and data to inform planning for child care needs.

... Street, NW • Ste 810 • Washington, DC 2000...
... Fax (202) ...

Although it is well known that all child care is local (to paraphrase the late Tip O'Néill), we agree that federal involvement is needed. Fortunately, the federal government already has the infrastructure for quality child care in all of American civilian communities. The Child Care Bureau in the Department of Health and Human Services interacts with the child care administrators in every state, and they in turn support local child care efforts with available state and federal funds. Adding the resources available to the military into this system will be a great help.

As a representative of a 550 community-based child care resource and referral program nationwide who support all the stakeholders in the child care system--- parents, providers, employers, funders, and planners-- I have requested Secretary Cohen to offer assistance and cooperation in carrying out your directive in communities across the nation. Lastly, it would be a tremendous help to these communties, who know firsthand the intricacies involved in the delivery quality child care, that we arrange a meeting to discuss cooperative efforts.

Sincerely,

Yasmina S. Vinci
Executive Director

c: Hon. Ted Kennedy
Hon. Donna Shalala
Hon. William S. Cohen

encs.

Family - child care

6-19-97 Child Care - HHS mtg

Jeffords getting closer to doing his bill
DCTC refundable / ^d DCTC for wkg families
Mostly after budget process - nothing much more to say now abt how process will play.

FY 99 -
1. cc - admin ought to make signif investment - 1b per yr idea
central to wkg fams
connectn to brain conf ideas

comprehensive - affordability for wkg fams (DCTC or subsidy or more school hours) and quality (Milit model / focus on young?)

sit down w/ ed - Mike Smith - about school age care.

2 Early fall - to OMB.

2. Affordability = probably some combinati- of both.
(1st priority)
1. DCTC refund + expansion (change behavior??)
2. Expansion of CC Dev Fund (existing subsidy) pro: simple / system in place
con: states have so much auth.
(maybe should go to higher income levels)
3. Scholarship idea - (for parents - for quality care) -
(maybe hier inc. level than subsidy program goes to.
highlights quality idea?
4. Expansion in bef/after school - associated com. actvs
Enhanced match for innovative policies re state subsidies?

just add fed $s? - or ask states to put up more?

On Hill - quality stuff is really tough.

lots of people, small $
↓
fewer people, higher $
↑
there are tradeoffs
⇓
Also a continuum - connecting financing + quality.

Joan: needs to be free for people to use.

Quality: Need to have some of $ end up in programs.
Key themes of military model - family childcare networks.
(gets to young kids)
Resources to states or communities -
w/ results or models that they'd have to spend $ on.
If you do these 4 things... (military)
or try to focus on results - but hard to do.
Head Start model may provide certain other things.

Career development piece - Child Care Corps??
try to figure out ways
to keep people.

Issue on table - national
accreditation - standards.

OMB - FR has major concerns
about her new spending initiative

Family - child care

Cynthia A. Rice 05/23/97 03:40:13 PM

Record Type: Record

To: Elena Kagan/OPD/EOP, Jennifer L. Klein/OPD/EOP, Laura Emmett/WHO/EOP

cc: Jose Cerda III/OPD/EOP
Subject: The YMCA called and asked for a child care meeting

The YMCA has asked me for a meeting on child care and other topics. The Y is the nation's largest provider of after-school care (which is why I'd put them on the experts-to-talk-to-list) and their child care expert from Chicago will be in town June 2nd and 3rd.

I have tentatively scheduled them for Tuesday, June 3rd at 10:00am. Laura has reserved rm 211.

We need to:

1) Confirm the meeting date and time with them and clear in their visitors.

2) Invite others in the Administration--HHS/Mazur--Elena who else did you envision inviting to the experts meetings?

If we all agree we should have this meeting, I am hoping Laura can follow-up from here. The contact person is Ms. Eden Fisher Durbin at 202/835-9043. She is expecting to hear from either me or Laura.

Jose -- they'd also like to talk about their anti-gang activities.

Family-child care

EK/CR - Keep this in mind

Ann F. Lewis
05/17/97 11:32:11 AM

Record Type: Record

To: Bruce N. Reed/OPD/EOP

cc: Stephanie S. Streett/WHO/EOP
Subject: Child Care standards

Is it possible that the President could announce the HHS regulations on child care health and safety standards, as mentioned in your 5/14 list , on June 30th in Boston ? We're looking for a strong message event that morning -- this is certainly a subject many people care about, and would work well in Boston.

Family-child care

Jennifer L. Klein
05/22/97 04:38:52 PM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:
Subject: Child Care

No one knows of a child care proposal to give tax deductions to businesses operating child care centers at a loss. Joan Lombardi still thinks he must mean Kohl. Mark Mazur says that under general tax law, businesses get a deduction if they operate anything at a loss, but this has nothing to do with child care centers.

Family - child care

The Honorable Ben Nighthorse Campbell
Chairman
Subcommittee on Treasury,
General Government and Civil Service
Committee on Appropriations
United States Senate
Washington, D.C. 20515-6038

Dear Mr. Chairman:

The House Treasury, Postal Service, and General Government Appropriations Subcommittee Report on the 1997 Appropriations Act directed the Office of Management and Budget to "coordinate a government-wide review of federal child care centers to evaluate their effectiveness and determine how they may be improved to provide greater flexibility, access, and availability to all federal employees."

The Subcommittee's direction was very timely. Child care is an issue of great concern to many federal employees. It is also a critical component of a "family friendly" workplace, a high priority of this Administration.

We asked the General Services Administration (GSA) to lead this review because it operates the largest number of child care centers among the civilian agencies and is recognized for its expertise in this area. In response to our request, GSA contracted with the National Academy of Public Administration to survey both public and private sector child care providers and report its findings and recommendations and conducted its own review. Both reports are attached.

GSA has recently completed the review we requested. The Administrator reported on several steps that GSA has taken to address affordability within the GSA-run child care centers. In March, the President announced his Welfare to Work initiative and directed GSA to consult with federal agencies and prepare a plan to assist low-income federal employees in finding affordable child care. The plan was presented to the President and Cabinet on April 10 and proposed a number of steps, which GSA could take within its current authorities, to address the needs of low- income federal employees. In addition, GSA included in its report to us four conclusions about what else needs to be done.

However, please note that nearly eighty percent (80%) of federal child care centers are operated by the Department of Defense (DoD), the Subcommittee is mainly interested in looking at the affordability of child care, particularly for lower income employees. Because DoD has special authority to subsidize its child care program, affordability is only an issue for the civilian agencies' child care programs.

In order that the review provide a comprehensive picture of federal child care, GSA asked DoD to provide a separate report on its child care program. The Department's Military Child Development Program has attained a nationwide reputation for commitment to quality child care. For this reason, the President recently directed the Secretary of Defense, in consultation with the General Services Administration (GSA) and the Department of Health and Human Services (DHHS), to share DoD's expertise with the government and private entities that provide child care. The Office of Family Policy, under the Assistant Secretary of Defense for Force Management Policy, is responsible for setting standards, issuing guidance, and maintaining statistics for the Military Child Development Program. The Office of Family Policy provided a report on the DoD child care program, a copy of which is included in the Academy report.

The Administrator's letter recommends a number of useful steps which can lead to agencies being able to make high quality child care affordable to those employees who desire it. I endorse the Administrator's recommendations and urge him to begin implementing his proposals as soon as possible.

Sincerely,

Franklin D. Raines
Director

Enclosures

Identical Letters Sent to The Honorable Jim Kolbe, The Honorable Ted Stevens, The Honorable Bob Livingston, The Honorable Fred Thompson and The Honorable Dan Burton The Honorable David Obey, The Honorable Robert C. Bryd, The Honorable John Glenn and The Honorable Henry A. Waxman

Family – child care

Dodd/Kennedy – leaders in Senate

CHILD CARE LEGISLATION -- 105th CONGRESS

Child Care continues to be an issue of great concern to families and policy-makers and numerous child care bills have been introduced in the 105th Congress. Bills have been sponsored by Republicans and Democrats and take a variety of approaches to federal support for child care services.

I. Direct Funding

Several bills propose to increase federal funding to help low income families pay for child care services or to improve the quality and availability of such services. These bills generally build upon the consolidated child care program and enhanced funding enacted under the new welfare reform legislation.

Working Families Child Care Act of 1997 (S.19) - Senator Dodd (D-CT)
Increases the authorization level for the discretionary Child Care and Development Block Grant program from $1 billion to $2 billion a year in order to help more welfare families and low income working families pay for child care services. Authorizes an additional $1.4 billion a year to provide child care services for *non-welfare* low income working families. Also authorizes additional funds to increase the supply of child care services, including infant care, before- and after-school care programs, resource and referral programs, non-traditional work hours child care programs, and programs to extend the hours of prekindergarten.
More [illegible] block grant; sep fund for wkg low-income

Working Families Child Care Act of 1997 (H.R. 899) - Representative Woolsey (D-CA)
Authorizes an additional $1.4 billion a year to help *non-welfare* low income working families pay for child care services. Also authorizes funds to increase the availability of child care services in particularly short supply. (Similar to Dodd bill)

Increased Child Care Funding (S. 93) - Senator Kerry (D-MA)
Increases funding for mandatory spending under the Child Care and Development Block Grant by an additional $1 billion each year.

Child Care Expansion Act (S. 548) - Senator Roberts (R-KS)
Provides funding to States to award grants to small businesses to provide child care. The grants can be used for start-up costs, training of providers, scholarships and sick care.

Early Learning and Opportunity Act (H.R. 1373) - Representative DeLauro (D-CT)
Authorizes funds for a competitive grant program to improve the quality and availability of care for children under the age of three; to improve quality and availability of family support services for the parents of such children; and to improve coordination of existing programs and services.
Flows specifically from brain conference

II. Child and Dependent Care Tax Credit.

A number of proposals would expand the current Child and Dependent Care Tax Credit (DCTC)

Always passes Senate; never passes House

either by (1) making the credit refundable so that low income working families also would benefit from this largest single source of federal child care assistance; (2) increasing the amount of the credit available for moderate income working families; or (3) some combination of the above. Several of the proposals also would eliminate DCTC eligibility for upper income families. It is notable that most of the following DCTC proposals are sponsored by Republican members.

Refundable Tax Credit (S. 654) - Senator Snowe (R-ME) / Nancy Johnson
Makes the Dependent Care Tax Credit refundable to ensure that assistance is made available for low income working families with child or dependent care expenses. It also allows credit for respite care services. Part of Blue Dog Budget - i.e. basic idea. BDs would phase out $ for upper income.

Working Families Child Care Tax Relief Act (S. 490) - Senator Akaka (D-HI)
Adds an inflation adjustment to the allowable expenses and the credit amount.

Child Care Tax Credit Reform Act of 1997 (H.R. 315) - Representative Solomon (R-NY)
Increases the amount of the DCTC for moderate income working families and limits eligibility for the credit to families with incomes up to $50,000.

Child Care Quality Improvement Proposal (to be introduced) - Senator Jeffords (R-VT)
Makes the Dependent Care Tax Credit refundable to ensure that assistance is made available for low income working families with child or dependent care expenses. Also encourages use of quality child care by increasing DCTC for child care provided in accredited facilities or by credentialed professionals. This will be comprehensive legislation that will include other types of child care assistance.

III. Employer Tax Credits

These proposals would provide tax incentives for businesses for certain child care expenses or activities. In general, the credits would reimburse employers for start-up, construction, and operating costs of such a facility.

Child Care Infrastructure Act of 1997 (S. 82) - Senator Kohl (D-WI)
Provides employers with a federal tax credit equal to 50 percent of the employer's child care expenditures. Child care expenditures could include expenses to acquire, construct, rehabilitate or expand a facility of the employer; for operating costs of the employer's child care facility; to pay a child care facility to provide child care services to employees; or to provide employees with a child care resource or referral service. The total employer credit could not exceed $150,000. Not directly for low-income or to parents.
How interacts w/ business deduction that can already be taken.

Child Care Availability Incentive Act (H.R. 988) - Representative Pryce (R-OH)
Provides employers with a federal tax credit equal to 50 percent of the employer's expenditures for child care services provided on-site or adjacent to the business premises and operated for the employees children. No limit to the credit is specified.

The Washington Post
WEDNESDAY, APRIL 30, 1997

Lisbeth B. Schorr

Helping Kids When It Counts

How can mothers see to the early development of their children when they must leave them in the care of others?

Now that we know how profoundly early childhood experience shapes the rest of life, can we afford to ignore that knowledge in our social policies?

The euphoria at the recent White House conference on early brain development was warranted. Scientists who had devoted their lives to understanding the miracles of early development were celebrating at last being seen and heard. In the media blitz that White House attention can generate, these modern-day discoverers could report to a fascinated public on the chemical and biological evidence that what happens in the earliest months of life determines how the brain is wired and lays the groundwork for the social, emotional and intellectual development that follows.

Whether babies are cuddled, played with and protected from harm, whether adults talk, sing, read and respond to them, actually determines the structure of their brains and the number of synapses they will be able to use in learning to read, do algebra, and feel sadness, guilt and joy.

The euphoria among the early childhood experts also reflected unusual consensus about the implications of their findings—the need to inform parents about how much the early years matter, to expand early childhood programs such as Head Start, to better train professionals working with parents and young children and to expand supports such as family and medical leave. Even the calls from pediatrician T. Berry Brazelton and Sen. Edward M. Kennedy for universal health insurance coverage for children and pregnant women were enthusiastically greeted.

But one element was missing. Perhaps reflecting the pervasive lowering of expectations that characterizes the era, no one focused on the implications of the new brain research for the families caught up in the new world of reformed welfare. For when you superimpose the findings on the importance of devoted, attentive care in the early years onto new policies that require young mothers to leave their children in the care of others, with only skimpy support for out-of-home child care, the picture is alarming. A clear-eyed look at the two together shows that a redefinition of societal responsibility for supporting young families is an imperative. Our unsystematic, laissez-faire, free-wheeling approach to healthy growth in the early years has become untenable.

Neither the market nor individual communities, unassisted, can assure mothers who must leave their babies in the care of others that their babies' prospects will not be damaged in the process.

The time has come to make a commitment, to be carried out by a federal-state, public-private partnership, to assist communities in ensuring that young children will receive the responsive, nurturing, engaged care they need in their earliest years.

The commitment should rest on two foundation stones: First, a universal preschool program, providing all 3- and 4-year-olds with access to a setting offering both a high-quality preschool experience and child care during the hours that parents work. Schools would partner with existing community-based organizations, including Head Start, to create a preschool climate incorporating both the principles of child development and the full participation of families—adapting models that have already proven successful in communities nationwide.

The second foundation stone would be a universal system of supports to ensure that infants and toddlers get the best possible start on life. The superb track records of many organizations providing these community-based supports were showcased at the White House conference. Groups such as Avancé, HIPPY, Parents as Teachers, Early Head Start and Healthy Families America—groups that now successfuly provide home visiting, family support and early education services to a relatively small number of families—could offer scaled-up versions to serve many more. Needed now is a national commitment to doing what it takes to provide a place in every neighborhood—typically but not necessarily the neighborhood school—from which these programs could reach out to improve care for the youngest children.

Just before the 1996 Democratic convention, with polling showing education at the top of the voters' agenda, the president's advisers discussed a national initiative to make a pre-kindergarten year of school a universal option for all children, but ultimately dropped the idea as too expensive. This is the time to reconsider that idea and to combine it with systematic efforts to create a family-friendly place in every neighborhood offering the services and supports reflecting what we now know about the unmatched opportunities—and the profound vulnerabilities—of the earliest years of life.

The writer is director of the Harvard University Project on Effective Interventions.

Family – Child care

Robert J. Samuelson

The Culture Of Poverty

How important is money in enabling families to help their children escape poverty?

Everyone involved in "welfare reform" could usefully read "What Money Can't Buy" (Harvard University Press), a study by sociologist Susan Mayer of the University of Chicago. Its message is somber: As a society, we are fairly helpless to correct the worst problems of child poverty. This is not a new insight, but by confirming it, Mayer discredits much of the welfare debate's overwrought rhetoric. "Welfare reform" may raise or lower poverty a bit (we can't say which), but neither its supposed virtues nor its alleged vices are powerful enough to alter the status quo dramatically.

What's impressive about Mayer's study is that it contradicts both her politics and her history. She's a registered Democrat, a self-described "hard-nosed" liberal. She does not write explicitly about welfare but instead asks a basic question: How important is money in enabling families to help their children escape poverty? Having once been a single mother without much money, she believed that money was critical. "It's terrible to be a parent," she says, "and not be able to buy things that your kids want." She recalls having to borrow to pay a doctor's bill. Money must matter. Well, it doesn't—at least, not much.

Mayer reviewed studies and tried to match parents' incomes with children's outcomes. Good outcomes were high test scores, having a job (or being in school) at the age of 24 and earning high wages. Bad outcomes included dropping out of high school and becoming an unwed mother. Of course, children of middle-class parents do better than children of poorer parents. Mayer tried to distinguish between the pure income effects and other influences. Once she did, income's impact dropped sharply. (Warning to potential readers: A lot of the book is technical.) She writes:

"The parental characteristics that employers value and are willing to pay for, such as skills, diligence, honesty, good health, and reliability, also improve children's life chances, independent of their effect on parents' incomes. Children of parents with these attributes do well even if their parents do not have much income." This demolishes much of the welfare debate's rhetorical boilerplate, liberal and conservative.

As Mayer notes, it contradicts the common liberal claim that all "the poor are just like everyone else except that they have less money." Indeed, the material well-being of poor children has generally improved, report Mayer and sociologist Christopher Jencks of Harvard in another study. In 1970, about 26 percent of the poorest fifth of children hadn't visited a doctor in the past year; by 1989, the figure was only 14 percent. In 1973, about 71 percent of these children lived in homes without air-conditioning; by 1991, only 45 percent did. Unfortunately, these material improvements didn't translate into better social conditions. Crime rose; so did out-of-wedlock birthrates.

But Mayer's study also shakes the reassuring conservative assumption that, if pushed, the poor can become self-sufficient through work. Precisely because many long-term welfare recipients aren't as competent or disciplined as middle-class parents, they may not find and keep jobs, let alone well-paying ones. The thrust of Mayer's grim analysis is to support the existence of a permanent "culture of poverty," an argument first advanced in the modern American context by political scientist Edward Banfield in a 1970 book.

Banfield split the poor into two groups. Some simply lacked money. These included many disabled and unemployed people, and some single mothers who had been widowed, divorced or abandoned. These people had middle-class values and could benefit from government income support. They could usually recover from a setback (job loss, divorce). Then there was the true "lower class," who would "live in squalor . . . even if their incomes were doubled," Banfield wrote, because they had a "radically present-oriented" outlook that "attaches no value to work, sacrifice, self-improvement, or service to family, friends or community."

The Banfield theory ignited outrage, because it meant that, beyond some point, the effort to end poverty would fail. In the prevailing climate—all problems were then deemed solvable—this was heresy. But it has stood the test of time and taps into popular ambivalence about social welfare. For 200 years Americans "have vacillated between trying to improve the material well-being of poor children and . . . the moral character of their parents," says Mayer. Early in the 19th century, localities provided the poor with "outdoor relief" (a handout of money, food or goods). Later the poor were shunted into almshouses, intended to promote work, temperance and character.

The present "welfare reform" fits this tradition. It is not as harsh as critics charge. (The one exception is the cutoff in benefits to legal immigrants; but this involves immigration, another matter.) For example, it does not impose an absolute five-year lifetime welfare limit (a fifth of a state's caseload can exceed five years). It correctly presumes that what people do for themselves matters more than what government does for them. By allowing states to experiment with mixes of benefits and work requirements, we may discover which policies succeed.

But reform could easily fail. The real test is not reduced welfare caseloads. These have already dropped 21 percent since early 1994, mainly as the result of a strong economy. The real tests are less teenage pregnancy, more stable marriages and better homes for children. It's a tall order—perhaps an impossible one—for government to reengineer family life and human nature. And, of course, not all poor families are on welfare.

The dilemma is to maintain an adequate safety net without being so generous as to create more dependency. Mayer doubts that expanding the safety net would do much good. It now meets most families' basic needs—one reason, she suspects, why extra income doesn't much improve children's prospects. But she fears that scaling assistance back sharply might do harm. Still, she has no pat solutions. After finishing her study, she felt depressed by the realization that ending poverty "may be beyond the capacity of even a rich nation."

The Washington Post

WEDNESDAY, APRIL 30, 1997

File: family - child care

cc: Jen Klein
Mark Mazer

cc EK, CR, DF,
Tom, ...

Background Information
Child Care Proposal

A high-quality child care program is one that makes the healthy development and education of children its first objective and strives to stimulate the learning process of all children through developmentally appropriate activities that foster social, emotional, and intellectual growth.

Research has clearly demonstrated that no single factor ensures the quality of a child care program, but rather a combination of factors. This proposal incorporates current research into a multi-level approach for improving the quality of child care.

In the proposal, the terms credential and accreditation are used to refer to formal credentialing and accreditation processes by a private non-profit or public entity that is state recognized (minimum requirements: age-appropriate health and safety standards, age-appropriate developmental and educational activities as an integral part of the program, outside monitoring of the program/individual, accreditation/credentialing instruments based on peer-validated research, programs/facilities meet any applicable state and local licensing requirements, and on-going staff development/training). There are several organizations that currently provide accreditation and/or credentialing for early childhood development programs and professionals.

There is no question that higher quality child care is more expensive than custodial care. Therefore, most of these proposals will entail an increased expenditure of funds. When possible, potential budget offsets have been identified.

<u>Provisions to Encourage Parents to Place their Children in High Quality Care</u>

1. *Dependent Care Tax Credit*

• Increase either the percentage of allowable child care expenses (current law - 20% to 30%) or the total amount of the eligible child care expenses (current law - $2,400 for 1 child; $4,800 for 2 or more) when the parent places a child in an accredited child care center or with a credentialed child care professional
AND
• Make the Dependent Care Tax Credit refundable for working families eligible for the ETIC.

costs for this option: no budget impact if the Dependent Care Tax Credit is limited to families with adjusted gross incomes under $90,000 per year and a balance is reached regarding lowering the percentage of allowable child care expenses for non-accredited/non-credentialed care balanced with an equal but opposite raise in the percentage for a ccredited/credentialed care.

2. *Dependent Care Assistance Plans (part of Flexible Spending Accounts authorized in the Economic Recovery Tax Act of 1981)* -

- Increase the amount which parents can contribute to a Dependent Care Assistance Plan when the parent places a child in an accredited child care center or with a credentialed child care professional

- Include a provision which requires federal agencies (including legislative, executive branch, and judicial) to offer Dependent Care Assistance Plans to federal employees.

- Permit working mothers who contribute to Dependent Care Assistance Plans to use the funds to pay themselves to stay home with their child--(best example, working woman finds out she is pregnant, signs up for the Dependent Care Assistance Plan, between the time she signs up and the time she gives birth she accumulates $4,000 in her account; upon the birth of her child, she stays home from work on maternity leave and draws down $1,000 per month for the next 4 months to help offset her loss of income for the time she stays home - advantage: the $4,000 she used is untaxed resulting in a tax liability savings).

AND

- Increase the maximum amount that can be placed in a Dependent Care Assistance Plan when dependent care is being provided for 2 or more persons.

Much of the cost can be offset by lowering the amount which parents can contribute for everyone, except those placing children in accredited/ credentialed care

5. Require states to include the costs of child care into calculations of child support obligations for custodial parents who work or are actively seeking employment with a differential rate for parents placing their children into accredited child care centers or with a credentialed professional.

No cost to federal, state, or local government

<u>Provisions to Encourage Child Care Providers to Offer Higher Quality Care</u>

1. Extend Perkins Loan forgiveness to individuals who accept employment in the child care field as a credentialed child care professional.

Mimimal cost, no estimate available

2. Provide a tax exclusion or credit for businesses who provide educational assistance to child care providers which leads to accreditation or credentialing; if the child care provider is a 501(c)(3) this can already be done as a charitable deduction, if the provider is a religious provider or a "for-profit" entity such as a family child care home, then the contribution will need to be sent to a 501(c)(3) for distribution as scholarships or grants to the religious and family child care providers

Currently allowable by law, but should be referenced in package to encourage businesses to use their charitable giving in this manner. No additional costs.

3. Provide a time-limited, capped tax exclusion for employers or partnerships of employers who initiate child care arrangements for their employees- limit to start-up costs and the child care must be accredited or credentialed to qualify [can include starting child care center, funding family child care associations and child care resource and referral agencies to recruit and train new child care providers, sick care centers, funding on- or off-site after school programs, etc.]

Cost depends on the caps that are applied; will be written as a business expense deduction for employers under §162 of the tax code

4. Permitting businesses to receive a charitable tax deduction for donating educational equipment and materials to public schools and accredited/ credentialed child care providers (not related to employer sponsored or employer provided child care)

Donations to family and other "for profit" child care providers will need to be made through a non-profit association, resource and referral agencies or other similar entity currently qualified as a charitable entity under the tax code; the addition of public schools will entail minimal costs but is a necessary element politically and practically.

5. Expanding the federal clearinghouse activities regarding child care to: disseminate information to states, child care providers, and parents, initiating a public awareness campaign stressing the importance of high quality child care and how to identify such child care, and providing child care accreditation and credentialing entities that have been in existence for 5 years or less support and assistance (including competitive grants) to refine and evaluate their instruments/processes.

Discretionary funding costs; no estimates yet on the amount of funds realistically needed to expand the clearinghouse activities, support for accreditation entities is pretty flexible.

6. Establish an incentive program for states who affirmatively move to improve the quality of child care by: Establishing a subsidity program for child care professionals who are credentialed (to supplement their salaries); Increasing on-site monitoring to a minimum of twice yearly, including at least one unannounced visit; Developing state accreditation/credentialing standards for child care professionals; Establishing a scholarship program for child care providers to help in educational or training costs leading toward accreditation/credentialing; Expanding training and technical assistance activities; Improving state consumer education efforts re: child care including the expansion of resource and referral services, and Improving state child care complaint systems; and Providing increased rates of reimbursement available under all state and federal child care assistance programs for child care that is accredited or preformed by credentialed professionals. MIMIMUM REQUIREMENT FOR STATES TO PARTICIPATE: State has not lowered child care standards since 1995, State has not reduced the type of child care requiring state licensing or otherwise constricted the application of state child care licensing since 1995, and State is in compliance with the Child Care and Development Block Grant Act.

Funding is discretionary, unless the leftover funds from the welfare related child care (entitlement $) is designated for this purpose. Because states are required to match the federal funds to draw down a portion of the welfare-related child care entitlement funds, it is anticipated that there will be leftover funds at the end of each year. Under current law, those leftover funds are to be distributed the following year to states which have drawn down their full allocation of matching funds and demonstrate the ability to match and need for additional child care funds. It is estimated that at least $200 million will be needed to make this an effective incentive for states.

7. Require child care paid for from funds made available in the Social Services Block Grant, Public Housing Demonstration Grants, the Corporation for National and Community Service and other federal programs utilized in part for child care services to pay differential rates (20% higher) for accredited or credentialed child care services or activities leading to accreditation or credentialing.

No additional cost.

8. Provide a tax deduction for child care centers and providers for the costs required to achieve accreditation or receive professional credentials (including required training or education and the cost of obtaining the accreditation or credentialing)

Can already be deducted as a necessary business expense if the provider is a for profit entity, or as a Schedule C deduction for sole proprietors such as family child care providers. We need to get additional information to determine the feasibility of reducing the current tax floor for the costs of child care credentialing in order to make the tax deduction within the reach of individuals who obtain additional education or training leading to child care credentialing.

9. Create a national infrastructure to facilitate child care training and professional development including hardware needed to build interactive satellite network with at least 2 receiving locations in each state (number dependent upon geographic and population size of state); logistical mechanism for scheduling training events broadcast over the system; limited to 3 years for development and start-up of the system and infrastructure.

Discretionary funding. Proposal being developed by coalitionof child care professionals and groups. Costs to be determined.

10. Increase the use of funds of the Community Development Block Grant to include upgrading child care facilities to meet accreditation standards, and for renovating buildings for use as child care facilities, as long as the facilities achieve accreditation within 3 years.

No additional cost, just an expansion of the allowable uses for CDBG funds.

Family - child care

THE SOUTHERN INSTITUTE
on Children and Families

April 18, 1997

Cynthia/Elena -
This woman is great.
We should involve her in our child care deal.
Cynthia, can you call her?
She has great info on what welfare recips do + don't know about child care, Medicaid, etc.
BR

Bruce Reed
Director
Domestic Policy Council
The White House
Washington, DC 20500

Dear Bruce:

I am writing for two reasons. One is that I wanted you to know about a 17 state grant which has been awarded by the Robert Wood Johnson Foundation to the Southern Institute on Children and Families to replicate our information outreach brochures across the South. The project will also take other actions to improve access to benefits for families with children. It is a major undertaking and I expect it is the biggest thing going on in outreach in the nation. The press release is enclosed.

Second, as you will recall, I was one of the few child advocates who did not fall apart when President Clinton signed the welfare reform bill. It is of concern to me at this point, however, that almost all of the attention given to the changes needed to "correct" welfare reform are centered on food stamp and immigrant provisions. I feel that our attention and resources should be focused on trying to give families leaving welfare the resources to meet basic needs of their children rather than on immigrant benefits.

Of particular concern is that, to my knowledge, there is little or no attention being given at the federal level to providing more child care assistance to low income families. Additionally, I am unaware that any attention is being given to correcting the counterproductive policy that was part of the welfare bill that allows states to penalize parents with children above age six even if they are unable to obtain child care. From a public policy standpoint, I don't believe we should take actions that will likely result in young and adolescent children being without supervision after school and in the summer months. *

Please let me hear from you regarding the child care issues.

Sincerely,

Sarah

Sarah C. Shuptrine

Enclosure

620 Sims Avenue
Columbia, South Carolina 29205
(803) 779-2607

THE SOUTHERN INSTITUTE
on Children and Families

For Release
March 26, 1997

For More Information:
Sarah Shuptrine (803)779-2607

THE SOUTHERN REGIONAL INITIATIVE TO IMPROVE ACCESS TO BENEFITS FOR LOW INCOME FAMILIES WITH CHILDREN

Studies conducted by the Southern Institute on Children and Families have documented that many low income families, particularly families on welfare, do not know about benefits available to help them meet needs while working in low wage/no benefit jobs. The studies show that many families, community organizations and employers do not understand that Medicaid is available to children in low income working families. Sarah Shuptrine, President of the Southern Institute on Children and Families, points out the importance of outreach, "It is critical that we get the message out that children do not have to be on welfare to receive Medicaid coverage."

The Southern Institute on Children and Families has received support from The Robert Wood Johnson Foundation to initiate efforts in 17 southern states and the District of Columbia to improve access to benefits for low income families with children. A major target group for the project is families leaving welfare for work. "With the passage of time limited welfare, what families don't know can hurt them. Families on welfare need to hear some positive messages in addition to the many negative ones they will receive as the reforms take hold," Ms. Shuptrine said.

The outreach strategies developed by the Southern Institute on Children and Families focus on several major benefits that in combination provide substantial assistance to families leaving welfare for work. These benefits are Medicaid (during and after transition), subsidized child care, the Earned Income Tax Credit and Food Stamps.

The project began on February 1, 1997 and will conclude in September 1998. Major activities include the following:

- **State Visits.** The project will work with state officials to convene public/private discussion sessions in 17 states and the District of Columbia on improving access to benefits. Special attention will be given to the need for outreach and making the Medicaid eligibility process more user friendly.

- **Technical Assistance.** Technical assistance will be provided at no cost to 13 states and the District of Columbia to help implement outreach communication strategies, including use of the effective outreach brochures previously developed by the Southern Institute in cooperation with four southern states (Florida, Georgia, North Carolina and Tennessee).

620 Sims Avenue
Columbia, South Carolina 29205
(803) 779-2607

- **Outreach Videos.** The project will develop and provide a limited number of outreach videos to 17 states and the District of Columbia. The videos will present information on four major benefits available to low income families, including families leaving welfare for work.

- **Regional Forum.** At the completion of the state visits, the project will convene an invitational Southern Regional Forum on Improving Access to Benefits for Families With Children.

- **Reports.** Two reports will be disseminated to state officials. A report will be prepared in Fall 1997 describing the issues and successful strategies identified during the state visits. The final project report will include the results of project efforts to resolve issues identified by states.

Sarah Shuptrine will direct the project. Ms. Shuptrine is founder and President of the Southern Institute on Children and Families. From 1979-1986, she was chief policy advisor for health and human services to South Carolina Governor Richard Riley. She served as Staff Director of the South Carolina Children's Coordinating Cabinet and chaired the Work Group for the Southern Regional Task Force on Infant Mortality. Ms. Shuptrine was a member of the National Commission on Children and Families and the Carnegie Task Force on Meeting the Needs of Young Children. Ms. Shuptrine has directed local and statewide projects designed to make public programs more responsive and effective for children and families. She is co-author of numerous reports on improving access to services, the need for outreach and removal of Medicaid eligibility barriers.

The Southern Institute on Children and Families was founded in 1990. The Southern Institute is a 501 (c)(3) nonprofit public policy organization which seeks to improve opportunities for children and families in the South, with a focus on the disadvantaged. The Southern Institute concentrates its work on the District of Columbia and the following 17 southern states: Alabama, Arkansas, Delaware, District of Columbia, Florida, Georgia, Kentucky, Louisiana, Maryland, Mississippi, Missouri, North Carolina, Oklahoma, South Carolina, Tennessee, Texas, Virginia, West Virginia.

The Robert Wood Johnson Foundation, based in Princeton, New Jersey, is the nation's largest philanthropy devoted exclusively to health and health care. It became a national institution in 1972 with receipt of a bequest from the industrialist whose name it bears, and has since made more than $2 billion in grants. The Foundation concentrates its grantmaking in three goal areas: to assure that all Americans have access to basic health care at reasonable cost; to improve the way services are organized and provided to people with chronic health conditions; and to reduce the personal, social and economic harm caused by substance abuse--tobacco, alcohol, and illicit drugs.

CBO MEMORANDUM

WR – WR-to-work and family-child care

FEDERAL BUDGETARY IMPLICATIONS OF THE PERSONAL RESPONSIBILITY AND WORK OPPORTUNITY RECONCILIATION ACT OF 1996

December 1996

CONGRESSIONAL BUDGET OFFICE

BOX 1.
COST OF MEETING THE WORK REQUIREMENTS

The welfare reform legislation requires that a large and increasing percentage of welfare recipients participate in work or training programs. The Congressional Budget Office (CBO) estimates that the cost of a work program that meets those requirements could involve as many as 1.7 million participants by 2002 and could cost as much as $21.2 billion over the 1997-2002 period (see the accompanying table). The estimate assumes that states maintain a level of quality in their work programs similar to the level that exists today, and that states do not attempt to avoid meeting the work requirements by transferring a large share of their current caseload in the Aid to Families with Dependent Children (AFDC) program to state-funded general assistance programs. Because the costs of meeting the work requirements are high, CBO's federal cost estimate assumes that states are more likely to accept penalties than to meet the requirements.

The Personal Responsibility and Work Opportunity Reconciliation Act of 1996 (Public Law 104-193) does not specifically earmark any funding for work programs. Instead, the costs of work programs are one of the allowed expenditures under the Temporary Assistance for Needy Families (TANF) block grant. The block grant is set at $16.4 billion a year—a level similar to recent federal spending on the AFDC, Job Opportunities and Basic Skills Training (JOBS), and emergency assistance programs. In 1994, federal and state spending on JOBS amounted to $1.4 billion. If states continued to spend that amount on work programs, they would be underfunded by $13.1 billion over the 1997-2002 period. States could spend a larger share of the block grant on work programs, however, if they reduced other services.

The act prohibits a state from cutting off assistance for refusal to work if an individual is the single parent of a child under age 6 and if suitable and affordable child care is not available. As a result, a state must assist TANF recipients in obtaining child care if it is to meet the law's work requirements. The law provides $13.9 billion in federal funds for that purpose; together with the states' matching share, $24.0 billion would be available for child care over the 1997-2002 period. In comparison, CBO estimates that if states met the work requirements, the cost of providing work-related child care would total only $18.9 billion over the same period. However, if states provided child care to participants in work programs and maintained spending on the Transitional and At-Risk Child Care programs, which the new law repeals, they would have to spend a cumulative total of $25.4 billion.[1] CBO's estimate assumes that in order to meet the work requirements of the law, states would have to pay all the costs of caring for children under age 6 and most of the costs for older children.

1. The Transitional Child Care program guaranteed child care for up to 12 months for families

Family - child care

THE WHITE HOUSE
WASHINGTON

April 15, 1997

TO: BRUCE REED

FROM: MARK MAZUR Mark

SUBJECT: TAX OPTIONS TO PROMOTE CHILD CARE

In the note Cynthia Rice sent you yesterday, she mentioned that I would develop some information on tax subsidies for child care. What follows is a short description of the existing dependent care tax credit (DCTC), three options to expand this credit, two other options to promote the provision of child care, and the tax credit for FICA taxes that Cynthia described. Note that all revenue estimates presented are just guesses and that Treasury would have to provide current estimates for any proposals that were developed. Please let me know if you wish to discuss these further.

Dependent Care Tax Credit. A taxpayer may claim a non-refundable income tax credit for eligible employment-related expenses related to dependent care. Eligible expenses include those for the care of a child under age 13 or a disabled dependent or spouse. Eligible expenses are limited to $2,400 for one dependent or $4,800 for two or more dependents. The credit rate depends on income, with a 30 percent credit rate for those with adjusted gross income below $10,000. The credit rate is reduced with income, so that those with incomes over $28,000 have a 20 percent credit rate.

In 1996, about 6.2 million taxpayers are expected to claim the credit at a total cost of about $2.8 billion (average credit is $445). The 30 percent credit rate is not very meaningful, because those with incomes below $10,000 generally do not have sufficient tax liability to claim the non-refundable credit. But about 1/4 of the total number of households claiming the credit have credit rates over 20 percent (and so have AGI below $28,000).

Those claiming the benefits of the credit are skewed toward the higher end of the income distribution, because (1) higher income households have enough tax liability to benefit fully from the credit; and (2) higher income households tend to spend more on eligible dependent care expenses. About 13 percent of the total tax benefit goes to taxpayers with AGI below $20,000 (about 45 percent of taxpayers), about 46 percent to taxpayers with AGI between $20,000 and $50,000 (about 35 percent of all taxpayers), and about 41 percent to taxpayers with AGI over $50,000 (about 20 percent of all taxpayers).

Possible Options to Promote Child Care.

(1) Make the existing Dependent Care Tax Credit (DCTC) refundable -- The existing DCTC is non-refundable, meaning that taxpayers whose income tax liability is less than the credit do not receive the full benefit. Making the DCTC refundable would make it similar to the Earned Income Tax Credit (EITC): taxpayers with low tax liabilities would receive a check from the IRS for the amount by which the credit claimed exceeds their tax liability. This would increase the value of the DCTC to low-income families, which is why child care advocates invariably bring up this proposal. However, the proposal has two drawbacks associated with it. First, making the DCTC refundable would lead to comparisons with the EITC. The comparisons would almost certainly focus on reported error rates, which are around 25-30 percent for the EITC. Congressional Republicans (including Senators Roth and Nickels) have been trying to cut the EITC for years, and proposing a new refundable tax credit may lead to increased attacks on the EITC. Second, refundable tax credits (except the EITC, which is grandfathered under budget rules) generally require annual appropriations for the refundable portion. If taxpayers have to wait until Congress appropriates sufficient funds to cover the refundable portion of a tax credit, the delay could interfere significantly with their planning.

> Treasury estimates the revenue cost of this proposal at around $4 billion for 1998-2002. The Joint Committee on Taxation (JCT) estimated a much smaller amount last year (around 1/2 the size of the Treasury estimate), but it is likely that new JCT estimates would be much closer to Treasury's.

(2) Increase the maximum amount of eligible dependent care expenses to $3,600 for one dependent and $5,400 for two or more dependents (Senator Roberts proposal). This would increase the tax credit that could be claimed by taxpayers who spend more than the current limit on eligible expenses ($2,400 for one dependent and $4,800 for two or more dependents). The proposal would disproportionately benefit those with higher incomes, since that is who spends more than the current law limit on dependent care expenses.

> Treasury has not estimated the revenue cost for this proposal. However, almost any revenue target within the 1998-2002 budget window could be met by choosing a different maximum and/or phasing it in over a number of years. For example, the limits in the Roberts proposal could be achieved by increasing the maximum $300 per year for 4 years ($150 per year for taxpayers with expenses for two or more dependents).

✓ (3) Change the AGI range over which the 30 percent credit rate declines to 20 percent. The phasedown range was set in 1981 and has not been adjusted for inflation. Overall price levels have increased by about 70 percent since then, and a simple increase for inflation would change the credit rate phasedown range to $17,000-$45,000. This proposal would benefit those with low and middle incomes by providing these families with a higher credit rate. (Taxpayers with AGI over $45,000 would continue to claim the same 20 percent credit rate as under current law.) Over half of current DCTC claimants would benefit from this proposal.

Treasury estimates that this proposal would cost about $2 billion over 1998-2002. This revenue cost could be reduced if the changes to the phasedown range occurred in steps.

(4) Provide a non-refundable tax credit for firms that construct, expand, or renovate child care facilities. The credit rate and maximum annual credit could be chosen to meet a revenue target. Senator Kohl has a similar proposal that would allow firms to claim a tax credit for up to 50 percent of the cost of building, renovating, or operating child care centers, with a credit limit of $150,000 per year. Excluding operating costs from expenses allowable for the credit keeps the revenue cost down and ensures that the credit is targeted toward capital costs that may be difficult for firms to finance.

JCT has estimated the revenue cost of the Kohl proposal at $2.6 billion over 1998-2002 (but note that the Kohl proposal is not available for years after 1999, reducing its overall revenue cost). Limiting the credit to construction, expansion, and renovation expenditures should reduce the revenue cost to well below $1 billion for 1998-2002.

(5) Permit taxpayers to exclude from income amounts of loan forgiven by certain entities. Under current law, loan forgiveness is generally counted as taxable income in the year that the loan is partially or wholly forgiven. This provision, included in the Administration's FY 1998 Budget, would provide an income tax exclusion for income generated by forgiven loans, if the party forgiving the loan is a government or a charitable organization. The intent of this provision is to provide a financial incentive to enter public service professions, by allowing conditional forgiveness of loans without adverse tax consequences. Child care providers appear to fit the broad classes of employment that would qualify for this special tax treatment. The main difficulty in making this proposal work is to find charitable organizations, universities, or governments that are willing to make loans to people who want to become child care providers and are also willing to forgive a portion of the loans as the borrowers enter the designated profession.

The revenue cost of this proposal would be minimal (or even zero) because it appears that only a clarification of the proposal is needed to ensure that child care workers are eligible.

(6) Expand the Welfare-to-Work tax credit. The Administration's FY 1998 Budget proposed a 50 percent non-refundable income tax credit for employers who hire long-term welfare recipients. Up to $10,000 in wages would be eligible for the credit, with wages defined broadly to include health insurance, child care, and training expenses. This proposal would provide an additional tax credit for the employer share of FICA taxes that would be paid to long-term welfare recipients. This proposal appears to be duplicative of the tax credit already proposed by the Administration and could easily distract attention from the larger welfare-to-work tax credit. If there is a chance that the Administration will be successful in having its proposed welfare-to-work tax credit enacted, this add-on credit probably should not be pursued.

cc: CRice, EKagan, PAbernathy, PWeinstein

Family - child care

Talking It Over

By Hillary Rodham Clinton

High-quality child care requires national effort

Here is some news that should bring peace of mind to millions of parents who work outside the home and entrust their children to child care. A long-term study sponsored by the National Institute of Child Health and Human Development has concluded that children in high-quality day care are just as well off intellectually as children cared for at home by full-time mothers.

But wait a minute, you say. Just last week, there were news reports about an Arkansas church that decided to close its day care center to force more mothers to stay at home. Church board members said that working mothers were harmful to the family and neglectful of their children.

What's going on here?

The latest research findings should help ease the confusion about what is best for our children. The study — the most detailed to date — shows that the quality of child care has a strong influence on a child's development. Researchers discovered that while home and family are the primary influences in a child's life, a nurturing, stimulating day care environment can indeed have positive effects on our children's cognitive growth. Quality child care in the early years — care with a high degree of interaction between the adult caregiver and the child — can also lead to a stronger bond between mother and child. The study did note, however, that children who spend a great deal of time in child care tend to have slightly weaker relationships with their mothers.

In short: Children need love, attention, stimulation and discipline no matter what setting they are in, whether it is with their own parents, baby sitters, day care workers, preschool teachers, neighbors or relatives. What matters most is the quality of care they receive.

I have seen examples over the years of parents who work full time and still manage to give their children boundless love and support, and others who are stressed out and distracted. And I've seen parents who stay at home all day and are uninvolved, inattentive and emotionally divorced from the children they are raising, and others who are models of parenthood. And I, like many working mothers, have seen examples of child care that run the gamut from shameful to superlative.

Put simply, good parenting and good child care are good for children, while lousy parenting and lousy child care are not.

Rather than leap to emotional and impulsive conclusions about the "right" and "wrong" roles for mothers who work in or out of the home, we should focus our energies on ways to help parents ensure that their children's emotional and developmental needs are met, especially during the earliest years.

Most women work outside the home for reasons of economic necessity, not choice. Half of all mothers today return to work before their babies' first birthdays because their families depend on their incomes to make ends meet. And today, the economic and social shifts that have made women valued and essential members of our work force have also made child care a fact of life for most Americans.

As a result, strengthening our child care system must be a national priority. While there is a variety of child care options in our country — from family day care homes where one adult supervises several children to day care centers affiliated with churches, universities and businesses — the quality of care is often uneven.

There are several reasons why: Too many child care workers are undervalued, underpaid and undertrained. Too many environments for child care do not meet standards of cleanliness, space and size. And too many deny children the affection and attention they need.

Each of us has a stake in changing this situation. As a nation, we need to insist that the training and pay of child care workers become a higher priority. Businesses can do their part by making sure employees have access to affordable, quality child care through on-site child care centers, referral services, flexible work schedules and even tax advantages for salary used for child care. And government can play a role in providing subsidies for working parents who are struggling financially and women who are moving from welfare to the work force.

Parents themselves also need to demand better care. Parents can learn a lot about child care by making unannounced visits to a site before and after enrolling their children. They should investigate a site's basic safety, the experience and training of workers, and whether the setting is appropriate for their child's stage of development.

Research and science are telling us more about the kind of care and interactions our children need from the adults in their lives. Now we owe it to ourselves and our children to make good on the reliable new information we have.

The Washington Times THURSDAY, APRIL 10, 1997

12 men, 11 women bear burden of sorting out Whitewater

LITTLE ROCK, Ark. (AP) — A couple of times a month, 23 men and women slip into a back elevator at the federal courthouse, step off at the fourth floor and gather in a closely guarded courtroom to hear secret testimony that reaches all the way to the White House.

These grand jurors — six factory workers, three teachers, a lawyer, a waitress, a retired banker and other Arkansans — are helping prosecutors review evidence in the Whitewater investigation.

At any time, they could be called upon, along with a grand jury in Washington, to decide whether to bring charges against the president, the first lady and their political lieutenants.

Whitewater grand jurors doubtless feel the weight of their responsibility intensely, says James Mulligan, one of the few people who knows what it is like.

He was foreman of a previous Whitewater grand jury in Arkansas that twice indicted the state's governor, Jim Guy Tucker, and indicted the Clintons' Whitewater business partners.

"I've never felt so relieved in my life when we finished our two years," said Mr. Mulligan, a Vietnam veteran who served 24 years in the Air Force.

Only a little is known about the jurors or what evidence they have heard. Whitewater independent counsel Kenneth W. Starr and his deputies are leading the group through an investigation of the Clintons' finances and their dealings with James McDougal, a former savings and loan owner and Whitewater partner.

McDougal testified two days last week. President Clinton's chief of staff, Erskine Bowles, and White House adviser Thomas F. "Mack" McLarty are expected to testify soon.

Federal prosecutors routinely use grand juries to compel testimony and gather evidence in criminal cases and decide whether charges should be filed. Federal prosecutors cannot indict a person without a grand jury's approval.

Unlike trial juries, grand jurors only need to decide that there is probable cause to charge someone with a crime, not that the accused is guilty beyond a reasonable doubt.

Prosecutors and grand jurors are barred by federal court rules from discussing the cases being considered. The jurors' names are also kept secret.

But a few facts about the Whitewater grand jury in Little Rock can be gleaned from jury questionnaires: Twelve jurors are men, and 11 are women. All are white except one black woman.

Eleven have college degrees, and six others attended college for at least two years.

More than half are under age 40; two are over 70. Four are retired. All but four are married. Fourteen have children.

When they were selected from a pool of 70 candidates, the jurors were given some sense of the political sensitivity of the task before them. A judge gave them a list of names — including the president, Hillary Rodham Clinton and administration officials — and asked if they knew them or held strong opinions about them.

Some of the testimony they have heard recently concerns efforts by the president's aides to find work for Clinton confidant Webster Hubbell after he resigned from the No. 3 Justice Department post in March 1994.

Whitewat :r investigators want to know whether the assistance was related to worries about what Mr. Hubbell, who was Mrs. Clinton's law partner, would tell investigators. This is the issue that will bring Mr. Bowles and Mr. McLarty to the grand jury.

Prosecutor: DNC got drug funds

Lawyer charged with laundering

LITTLE ROCK, Ark. (AP) — An Arkansas lawyer was charged yesterday with laundering $380,000 in drug money and funneling some of it to the Democratic National Committee in 1992 and President Clinton's inauguration in 1993.

Mark Cambiano pleaded not guilty to all 31 federal money-laundering and conspiracy counts involving cash from a methamphetamine ring. The indictment does not say whether Mr. Cambiano has any link to Mr. Clinton. His name does not appear on a list of recent overnight visitors to the White House.

U.S. Attorney Paula Casey said the people who received money from Mr. Cambiano did not know the donations were dirty. She said he was not involved in drug trafficking but moved the money for others.

"The only comment I have is not guilty," Mr. Cambiano, 41, said as he left court. "You hear that all the time, but in this case it's really true. I'm not guilty."

The indictment said Mr. Cambiano, a defense lawyer who specializes in death-row cases, transferred $20,000 from his bank account to the DNC around July 10, 1992, and transferred $9,770 around Jan. 7, 1993, to the Presidential Inaugural Committee General Fund.

DNC spokeswoman Amy Weiss Tobe said attorneys for the committee will look into the donation and see whether it needs to be returned. The DNC has returned several questionable donations made during the 1996 presidential campaign.

Mr. Cambiano used part of the money to buy real estate, put in a swimming pool, pay off a loan used to pay taxes and pay off his home mortgage, the indictment says.

Mrs. Casey said Mr. Cambiano's activities surfaced during a drug-trafficking probe of ringleader Willard Burnett and a county sheriff, who have both pleaded guilty in the case. Mr. Cambiano laundered drug money for Burnett and former Conway County Sheriff James Carl Poteete, the U.S. attorney said.

The Washington Times
THURSDAY, APRIL 10, 1997

File - family - child care

cc: Elena
Cynthia
+ return

CHILDCARE AND WELFARE TO WORK

- *Childcare* is complicated and emotional
- Most "welfare" hires will need childcare and be unable to afford it
- What about the federal (non-DOD) childcare centers
- GSA plans to ...

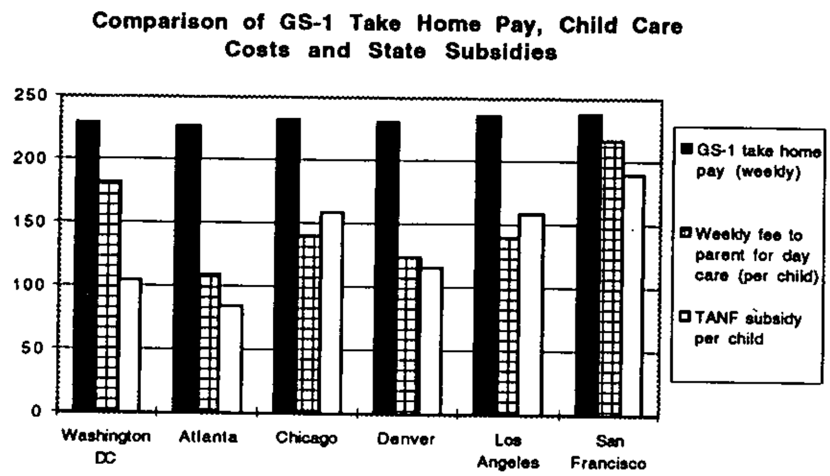
CHILDCARE AND WELFARE–TO–WORK:

Childcare is complicated and emotional

- *Developmental* is better than *custodial*
  - upcoming WH conference on early learning
  - our centers are high quality
- All working parents need care for their children
  - note: 90% of those leaving welfare are single mothers
- Child care "centers" are very expensive
  - affordability study out this month
  - probably takes a GS-11 salary
- No simple solution

Childcare and Welfare–to–Work:

Most welfare hires will need childcare and be unable to afford it



Childcare and Welfare–to–Work:

About federal (non-DOD) childcare centers

- 218 centers (GSA: 108; Others: 110)
- No federal subsidies available; no sliding scale unless additional funds are raised
- Have approximately 1,000 vacancies

- *note: DOD has 800 centers with 200,000 kids; provides subsidies of $260M, allowing sliding scale fees that are 1/3 to 1/2 of civilian fees*

GSA plans to ...

1.... help agencies connect employees with local sources of child care
   - there is a wider array of choices (e.g.. family day care homes, centers in churches and non-profits)
   - provide information about financial subsidies which are available for those leaving the welfare rolls and may also be available to some other low income parents

2.... do all we can to make federal child care centers more affordable to more employees
   - we have a number of ideas; no silver bullets

3 ... help increase our centers' ability to be financially stronger
   - ***the answer to the affordability dilemma is not additional federal subsidies; it to help centers generate more private money from more diverse sources***

WR-child care

MARCH 25, 1997

MEMORANDUM FOR BRUCE REED AND ELENA KAGAN

FROM: CYNTHIA RICE

SUBJECT: CHILD CARE IDEAS

The new welfare law increased child care spending by nearly $4 billion--a hard-won victory for the President. Generally, analysts agree that the new law provides enough funding for welfare recipients entering the workforce. Yet there is growing concern that working poor families will be short-changed as available subsidies are directed toward former welfare recipients. Even the Congressional Budget Office last December concluded that the new law is $1.4 billion short of the resources needed to maintain current child care programs for at-risk, working poor families and provide enough child care for newly working welfare recipients. In addition, there are persistent concerns about the quality of care most children receive in the typical child care setting.

Here are a few ideas for ways to address these problems.

- **Make the Child and Dependent Care Tax Credit Refundable.** Current tax law provides a tax credit for child care expenses of up to $2,400 for one child and $4,800 for two or more children. The credit is not refundable, however, meaning families with little or no income can't benefit. In August, the Joint Tax Committee concluded it would cost $2.1 billion from 1997-2002 to make the tax credit refundable; the Treasury Department estimate was inexplicably twice as high. The Blue Dog budget released last month made the credit refundable but paid for it by eliminating the tax benefit for families with incomes over $100,000.

- **Endorse Senator Kohl's "Child Care Expansion Act."** Senator Kohl's bill provides tax credits to private companies and institutions to encourage them to build quality child care centers on-site or near their companies. (Generally, child care centers are considered to be higher quality than family day care, which operate out of individual homes, because centers have to meet certain state staffing and safety rules.) His bill, introduced in January, was lauded in a recent edition of Working Mother magazine. It would provide a 50% credit for eligible activities up to $150,000 per year per business. The Joint Tax Committee estimates the cost to be $2.6 billion from 1997-2002.

- **Endorse Republican Senator Pat Roberts of Kansas' "Child Care Expansion Act."** His bill would: 1) Increase the amount of the Child and Dependent Tax Credit to $3,600 for one child and $5,400 for two. This would not help the lowest-income families since the credit would still not be refundable. 2) Provide matching grants of up to $50,000 for small businesses that work together to provide day care for their employees. 3) Expand the IRS rules to allow more parents to deduct home offices expenses from their taxes. This provision would allow an exception to the "exclusive use" rule permitting mixed use of space for business and personal purposes in the case of taxpayers who conduct home-based business while caring for dependents. 4) Encourage older Americans participating in federally-supported programs to provide child care services in their communities. A cost estimate for this bill is not yet available.

Bruce N. Reed
03/26/97 09:45:13 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP

cc: Elena Kagan/OPD/EOP, Pauline M. Abernathy/OPD/EOP, Lyn A. Hogan/OPD/EOP
Subject: Re: Update on Ideas

Thanks -- those all look promising, if we could find the money. You should work with Mark Mazur to flesh them out and see if there's any combo Treasury could live with, either as a fallback in our budget talks or as a trial balloon at the Brain Conference.

During the preparations for this year's budget, the President wanted to do more on child care but didn't have the $. At the time, he said we should have some child care options available as a fallback if Congress rejects some of our other proposed investments.

Family - child care

Proposed Talking Points--Dave Barram April 10, 1997

Good, stable child care arrangements are essential in the lives of all working parents but especially those leaving welfare--90% of them are single mothers.

The key issue is whether they can afford to pay for good child care--and especially whether as Federal employees they can pay for care in Federal centers. Affordability of care is already a concern for existing low income Federal employees who increasingly cannot afford parent fees at the centers that operate in our buildings.

Care Costs More Than Parents Can Afford

While GSA and other civilian agencies cover many center costs (space, furniture, equipment, utilities, security, maintenance) they do not directly subsidize on-going operating costs which have to be covered by parent fees. Fees have been rising steadily to cover increasing costs, among them the cost of higher quality of care.

GSA has been concerned about this for some time and has tried a number of ways to help centers be more affordable--dedicating recycling proceeds, encouraging local fund raising, etc.

The challenge the President has given us to assist welfare recipients and other low income Federal workers to find affordable care requires a whole new strategy.

We've looked at the 108 centers that operate in our buildings and the 110 that operate in others Federal buildings--there are well over 1000 spaces available in non-military centers if we could make the price tag for parents lower.

There are NO spaces available in DOD centers-- Defense DOES subsidize about half the cost of care, at a cost of $260 million per year.

Subsidies Available to Those Leaving Welfare

People leaving the welfare rolls for the workforce are provided transitional child care subsidies by their states.

Subsidies vary by state and even by county within states.

Looking at six major centers of Federal employment, here's how the weekly state subsidy for an infant compares to the rates charged at Federal centers in that city.

PASS OUT CHART

Two messages from this chart:

Child care is very expensive for all young families--especially families taking home about $250/week, the level at which most welfare recipients will start employment with the Federal government.

The state subsidy in some cases could cover the cost of care--in other cities, it won't. But look at the relationship of the cost of care to weekly take-home pay--it consumes half or more of all the money that's available to the family.

Question: If you were a young single mother in Atlanta taking home $227 a week,(deducting FICA and medical benefits) would you spend your $85 subsidy to put your child in the Atlanta Federal Center, or would you give that subsidy to your aunt to care for your child? What if you had two children? The answer is obvious. The benefit is added income to the extended family. The downside could be unstable care which research tells us is not adequately developmental for the child.

Our current low income working parents probably won't even have that choice.

GSA's Changing Role

Here's what GSA plans to do:

First, we will help agencies direct low income parents to sources of child care at the community level. This offers a wider array of child care options --family day care homes, centers in churches and non-profit agencies, for example.

We will do this by linking agencies with the national network of more than 600 local resource and referral agencies which can provide counseling, support and assistance. They can also provide information about financial subsidies which are available at the local level for those leaving the welfare rolls and may also be available to some other low income parents.

Second, GSA will do everything we can to make Federal child centers more affordable to more employees. We have a number of ideas--no "silver bullets."

Affordability is not just a problem for the Federal child care program--it's a problem for every young working family in our nation.

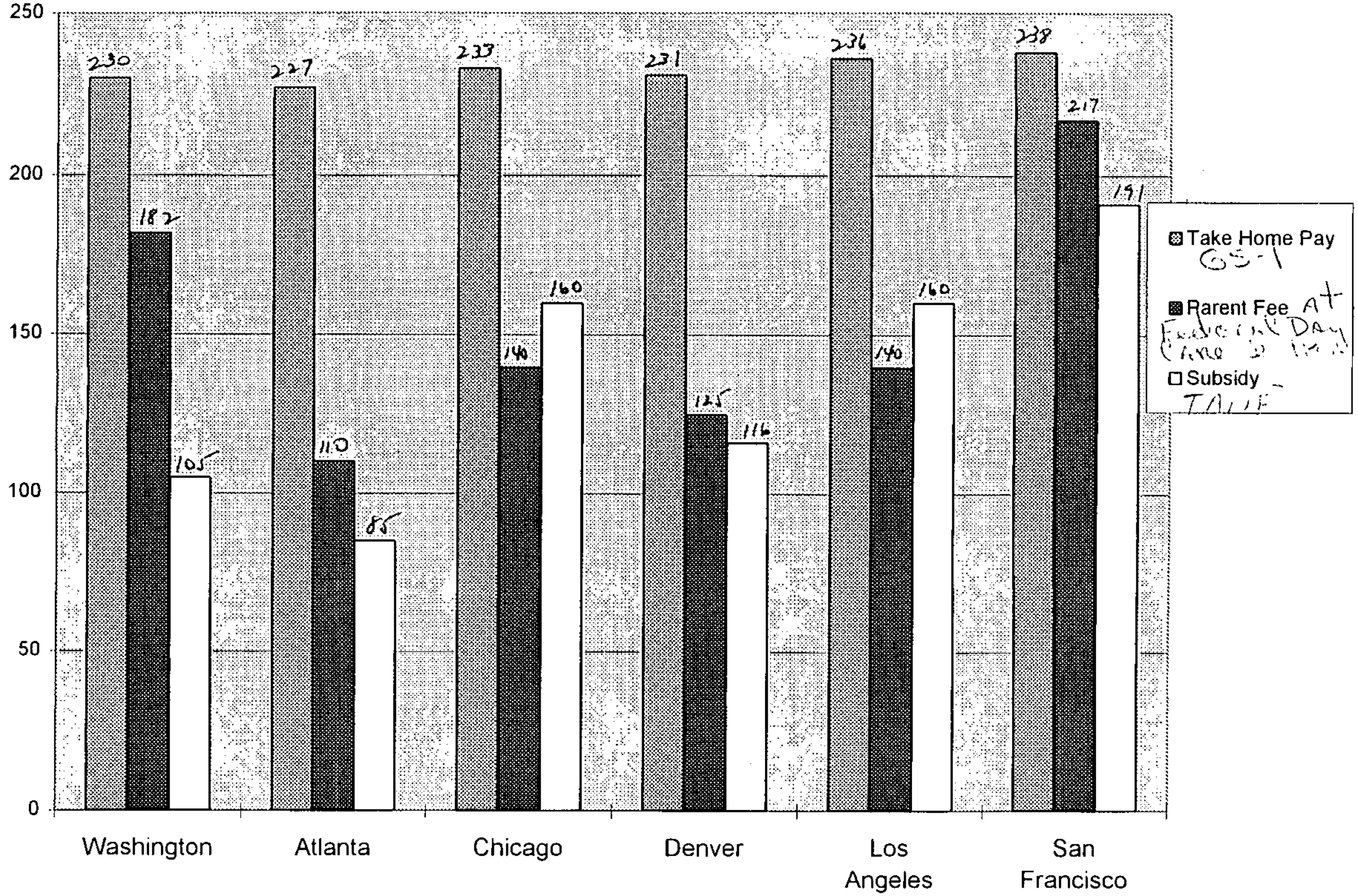
We have a major study almost complete on this issue--and the foundations for a plan of action. We want to look at every idea from helping centers reduce their operating costs by buying needed products and services more cheaply to mandated sliding fee scales.

Third, the most important thing we're going to have to do is increase the capability of our centers to become financially self-sustaining.

The answer to the child care affordability dilemma is not additional Federal subsidies, although some think that's the answer. It's to help in a big and creative way to get centers to generate more private money from more diverse sources--whether that means partnering with the private sector, applying for the Combined Federal Campaign, or making more enterprising use of existing capacity to bring in additional revenue.

GSA will make this a high priority in coming months and will work with all of you to make child care less of a barrier to the hiring and retention of employees coming off the welfare rolls.

Chart1



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Washington
Atlanta
Chicago
Denver
Los Angeles
San Francisco
Take Home Pay
GS-1
Parent Fee At Federal Day Care
Subsidy - TANF

Family - child care

Cynthia A. Rice 04/08/97 07:09:16 PM

Record Type: Record

To: Bruce N. Reed/OPD/EOP
cc: Elena Kagan/OPD/EOP
bcc:
Subject: Re: Welfare savings

I am facing serious opposition from ASPE to answering this question, to the point where they just had Melissa call me to say how having such numbers would undermine our attempts to persuade Congress we need the $3 billion fund. I of course could do these numbers myself if I had to. Question to you: what do you think they will be useful for?

Bruce N. Reed

Bruce N. Reed
04/05/97 10:16:21 AM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP
cc: Elena Kagan/OPD/EOP
Subject: Welfare savings

Here's a one-time math problem for you. When the AFDC caseload dropped by 2.755 million from Jan. 93 to Jan. 97, how much did states and the federal government save as a result? How much additional child care would that savings buy?

See if you can get HHS or CEA to do a quick and dirty study on the subject. Thanks.

File - Fam - Child Care

Bruce -

He's said it already! (This is what Melanne was talking about.)

- Elena

Cynthia A. Rice 04/06/97 07:34:09 PM

Record Type: Record

To: See the distribution list at the bottom of this message

cc:

Subject: POTUS Remarks Friday re: Child Care

Excerpt from Remarks by the President during Women's Economic Leadership Forum, April 4, 1997:

In addition to that, we have tried to improve, as Betsy said, the operation of the federal child care programs and how they interface with those at the local level. And in the welfare reform bill, one of the best things about it was we put up $4 billion more for child care. But let me say, I still believe in some ways that's the most underfunded employee support program in the United States. And I urge you to take a look at that -- about the delivery system and how it works. (Applause.)

One of the things that I think should be done intensely in every state -- and I'm going around to state legislators, along with the Vice President and the First Lady, to talk to them about education reform and welfare reform -- and one of the things that I think every state should do is to target the establishment of child care centers and the training of child care workers for moving people from welfare to work and then giving people on welfare who do become certified child care workers either free or discounted service for their own children in the child care centers where their parents work.

If you look at it, we have a window here of significant opportunity, because the states got a block grant under the welfare reform bill, targeted to how much they were getting when the welfare rolls were at their highest. The welfare rolls have now dropped by about 2.5 million, the biggest drop in history. So they have some extra money here until the next economic recession comes along.

And I believe that one of the most significant things that can be done -- and I urge all of you to ask your states to consider doing this and to lobby at the state level to do this -- is to focus very sharply on the opportunity this welfare reform bill plus this extra cash the states gives up to set up for the first time a genuinely comprehensive well trained, well staffed, properly funded chid care network in the country in a way that will move people from welfare to work and make child care available to lower wage working people who have never been on welfare in their lives, but can't afford decent child care for their kids. It's a terrific opportunity and we should be doing it. (Applause.)

Message Sent To:

Elena Kagan/OPD/EOP
Jennifer L. Klein/OPD/EOP
Pauline M. Abernathy/OPD/EOP
Nicole R. Rabner/WHO/EOP
Thomas L. Freedman/OPD/EOP
Mazur_M @ A1 @ CD @ LNGTWY

File: WR - child care

MEMORANDUM FOR BRUCE REED

FROM: LYN HOGAN AND CYNTHIA RICE

DATE: MARCH 11, 1997

SUBJECT: CHILD CARE: POSSIBLE EVENTS

Federal Government Run Centers

There are 106 GSA-run Federal child care centers and 110 non-GSA Federal child care centers. These centers already can let in children whose parents are not federal employees and many already do. The cost is generally too expensive for low-income families. We don't see much of an event here.

While infant care is currently at capacity, there is availability for older children. However, expanding availability through building new Federally sponsored center is an expensive proposition and not the most cost effective option.

GSA sites are expanding. There are six more GSA-run centers projected for FY 1997 and five for FY 1998. Generally the centers service children from 1.5 months to five years of age. In the summer months, special programs also service older children. At the beginning of FY 1997, 7,117 children were enrolled in the GSA-run centers. In 97 centers, a total of 1,712 families received some form of tuition assistance at some time during FY 1996. The centers reported that about $1,157,200 in assistance was distributed through a variety of non-governmental contributions.

Child Care in Kentucky

A better idea for an event may be a visit to a center in Kentucky which teaches women who need to leave welfare for work to become child care providers. This pilot program offers welfare recipients 30 hours of training in subjects ranging from child development to discipline before beginning internships. The goal is to have these women working in their own homes or in child care centers following the training and internship. Massachusetts and Minnesota are experimenting with programs such as Kentucky's to train welfare recipients as caregivers.

Mary Bond of Louisville, Kentucky successfully used child care as a way off welfare well before Kentucky's program was launched. Six years ago when her two daughters were toddlers, initially cared for three children, the maximum allowed without regulation. Then she became certified and doubled her caseload. Now she estimates her income at $34,000 before expenses.

WR -
File - Child care

Lyn A. Hogan
03/13/97 08:57:52 AM

Record Type: Record

To: Elena Kagan/OPD/EOP

cc:
Subject: Re: attached

Two thoughts:

--May is teen pregnancy prevention month and it is also the one year anniversary of the National Campaign to Prevent Teen Pregnancy. The Campaign's full board will be in town ealry May to celebrate (the Board is full of celebraties and politicans). Could make a good early May event.

--On the child care front, two of the three ideas we sent over aren't bad: 1) expanding the use of child care resource and referral agencies and 2) training welfare moms to become child care workers per the Kentucky program. Are these two ideas knicked out?

WR -
File: Child Care

Bruce N. Reed
03/12/97 04:40:48 PM

Record Type: Record

To: Cynthia A. Rice/OPD/EOP, Lyn A. Hogan/OPD/EOP, Elena Kagan/OPD/EOP

cc:
Subject: Child Care

Olivia Golden sent over a list of child care ideas. One looked promising: she referred to emerging congressional proposals to provide tax relief for businesses that invest in child care. What is this?

Can you also find out what a significant expansion of child care might cost, either thru refundability of the DCTC or some other means?

Keep up on -
Club Ideas - WR

Bruce - Pgb

THE PRESIDENT HAS SEEN
2-7-97

JUDY GRIESEDIECK FOR TIME

WORKFARE MEANS DA

Wisconsin, a welfare pioneer, struggles with the issue of quality care in

A TABLE OF TODDLERS gets ready to eat at Milwaukee's Carter Development Center

Y CARE

the crucial early years

By JAMES COLLINS

BY 6:30 EACH MORNING, ALBERTA Early has arrived at the Carter Development Center on Milwaukee's near North Side. Along with Shirlene Devougas, Early cares for eight infants in one of the center's day-care programs, and three of their charges show up before 7, so Early has to be ready for them. By 8:30 all the babies are present, and Early and Devougas give them breakfast. "Everybody wants to be fed at the same time," says Early with a laugh. The room is clean and bright, painted in a pleasant combination of green and white. Some infants crawl around a blue carpet, where they play with blocks, stacking toys, a plastic mirror on wheels. On one recent afternoon, Early pushed the mirror toward 11-month-old Aubrey. "See that?" she said, "That's you!" The youngest babies are placed in infant seats, unless Early or Devougas has got them in her lap. "We sit and hold them," Early says, "play with their hands and feet and talk to them."

It sounds just about perfect, and it is. In the world of day care, the kinds of programs run at the Carter Center can be considered the ideal. They provide good food, a safe setting, plenty of mental and physical stimulus, and lots of attention and affection. Equally significant, they serve the children of low-income families, kids who may be at risk for poor development. Troy Harris used to be on welfare and now works at the Carter Center, where her two children are in day-care programs. "If I didn't work here, I would still want my children here," she says. "[Otherwise] your child could sit at home all day or at the neighbor's home watching TV. That would be my worry—that my child's not learning enough."

Millions of poor mothers are soon going to be faced with the same worry. Under the new federal welfare law, even recipients with very young children are required to find work (although states may exempt a single parent caring for a child under one year old). According to the Children's Defense Fund, there are now about 9.75 million children on welfare, about 4.5 million of them under five. That translates into an enormous new demand for day care and raises concerns about the quality of that care.

In Wisconsin, which has pioneered welfare reform and is often touted as a national model, the crunch is coming sooner than in other states. That is partly because the latest phase of Wisconsin's law, which is called Wisconsin Works, or W-2, goes into effect Jan. 6 and requires mothers to get into a job program and parenting classes just 12 weeks after giving birth. But it is also because the state already has fairly high standards for day care in place. The challenge has been how to maintain those standards while accommodating thousands of new kids—and the struggle so far has been both painful and instructive.

In 1996 Wisconsin subsidized care for 17,000 children at a cost of $52 million (about $3,000 per child). Under W-2, the number of children requiring subsidized care is expected to triple, to 60,000. Yet in its original W-2 legislation, Wisconsin did not triple the state funds earmarked for child care. In fact, it planned to increase its own spending only negligibly and use federal block grants to bring the amount of money available for day care next year to $160 million (roughly $2,600 per child).

The welfare bill signed by President Clinton allots $22 billion for child-care subsidies over six years, but leaves an estimated $1.4 billion shortfall

So just as it faces a flood of younger, poorer, needier children into state-subsidized day care, Wisconsin planned to reduce the amount it spends for each child—with consequences that would be felt throughout the day-care system. For one thing, the state proposed channeling more of this money to welfare families by reducing day-care subsidies to the working poor through higher co-payments and eligibility standards. (Some low-income families would have been required to spend as much as 46% of their gross income on child care.) The state also proposed a sliding-scale co-pay structure for welfare recipients based on their income and the cost of the care they choose, and

GETTING A FULL START Early care is up-to-date in Kansas City, Missouri

STEVE LISS FOR TIME

THE STATES GRAPPLE WITH DAY CARE

MISSOURI
Kansas City's innovative Full Start program, left, targets pre-K kids, but the state lags in day-care spending

GEORGIA
Determined to offer a pre-K program to every four-year-old in the state, Georgia set aside $157 million of lottery revenues

MASSACHUSETTS
Revenues from special license plates will be earmarked for child-care training and materials

OHIO
Day-care spending rose 20% in 1996, and child-care programs are being linked to public schools

HAWAII
Despite budget cuts, the state launched a new initiative, Good Beginnings, which aims to involve businesses in child-care programs

FLORIDA
In six counties, residents voted to increase their property taxes to fund Child Service Councils, which work to improve the quality of child care

NORTH CAROLINA
A public-private partnership called Smart Start gives block grants to counties to care for children under the age of six. One county decided to subsidize new mothers to stay home

Source: Working Mother and TIME reporting

created a new category called "provisional certified care." This care, to be provided by any adult who passes a criminal background check, in any home meeting basic health and safety requirements, would be exempt from most of the regulations aimed at ensuring quality in Wisconsin's licensed day-care centers—and so presumably would be much cheaper.

CHILDREN'S ADVOCATES IN WISconsin were quick to criticize this version of W-2. Mary Babula, head of Wisconsin's Early Childhood Association, charged that it would create "a push for parents with low disposable income to choose the cheapest care they can find." Linda Bosetti, who works for the Silver Spring Neighborhood Center in Milwaukee, was worried because subsidizing provisional certified care—while it might provide some cash to the grandmother who has been baby-sitting for free—could also put children at risk by parking them with untrained strangers. Indeed, this cheaper, second-class day care might begin to drive licensed centers out of business.

Jean Rogers, who directs W-2, countered that "in the real world, families make [child-care] decisions based on a number of qualities and situations." When she talked to welfare recipients while drafting W-2, she says, "the single most common response was that they thought child care should be made more flexible so that friends and relatives would be able to receive the subsidy."

Nevertheless, the outcry prompted Governor Tommy Thompson to appoint a special panel of child-care providers, elected officials and policymakers to reconsider the co-pay provisions. Last week, on its recommendation, Wisconsin revised the plan. Day-care co-payments will be calculated primarily according to income and number of children, not the cost of care. And a family's co-payment obligation will be capped at 16% of gross income. To help close the spending gap between this formula and the earlier one, Thompson will use an extra $25 million in federal money for 1997 that the state had earned from reductions in its welfare rolls during recent years. "We're leading the country. Nobody has tried to adopt a plan of our magnitude that both eliminates welfare and makes a commitment to quality child care," he says. "We don't have all the answers. But what we've done is attempt to level the speed bumps that we have anticipated so far."

There may be more bumps ahead. Because what is at stake in the coming day-care crunch is of far more consequence than whether little Janie watches too much *Rug Rats*. Without a good solution to the day-care dilemma, welfare reform has no hope of breaking the "cycle of dependency" and may in fact exacerbate it. For starters, a study by Marcia Meyers at Columbia University's School of Social Work has shown that good, reliable child care is a key factor in whether a welfare mother can perform well on the job and stick with it.

But more fundamentally, inadequate care in the pre-K years may affect a child's later ability to learn, limiting it in ways that cannot be offset by the uplifting sight of seeing Mom march off to work. Brain-development research indicates that in the first two years of life, virtually all our vital neural connections are being formed. Other studies show the crucial role that responsive, sensitive and stimulating care plays in forming those synapses. A bad day-care situation, where a child is understimulated for long stretches of time or moved among ever changing caregivers, may cause long-term harm to a child's cognitive and emotional development.

For that reason, the day-care part of workfare is both an enormous risk and an enormous opportunity. Few of Wisconsin's poor children will get the excellent care that Alberta Early provides at the Carter Center, which charges $8,476 a year for an infant (less for an older child). In fact, some mothers may have to take their children out of the center because their co-payment will rise. What happens to the 2,700 children of the working poor who lose their subsidies altogether is one of the many imponderables as Wisconsin enters the next phase of its welfare experiment. But what child advocates continue to remind the Governor of is that while the W-2 program is susceptible to endless tinkering and adjustments, its effects on young children may be permanent. *—Reported by Wendy Cole and Erik Gunn/Milwaukee, Melissa Ludtke/Boston and Ann Simmons/Washington*

Child-care tested as a solution to welfare

File: child care

A program in Kentucky could help kill two birds with one stone in the struggle to help people get off welfare: Training women on welfare to become child-care providers

By Richard Wolf
USA TODAY

LOUISVILLE — Catherine Dawson began her transition from welfare to work last week as part of a program that could help remove two of the main roadblocks to welfare reform: finding jobs for clients and child care for their kids.

Dawson's solution: She will become a child-care provider.

In theory, it's simple. The job of Dawson and 19 other women in the state-funded training program will be to care for children in their low-income neighborhoods, most of whose parents are leaving welfare for work. In many cases, the women will be able to watch their own children at the same time.

"It's going to be wonderful," says Dawson, 46, who left her job as a nurse's assistant two years ago when she could not find child care for her 7-year-old son, the youngest of four.

The women volunteered for the program, Kentucky's first welfare-to-work initiative, and were selected by the state based on their chances of being successful. They receive 30 hours of training in subjects ranging from child development to discipline before beginning internships. The goal is to have them working in their own homes or at child-care centers by spring.

Welfare and child-care experts across Kentucky and around the USA are closely watching the social experiment and others like it to see whether they can be copied.

If they can, they will help solve a huge problem. For every adult on welfare — 4.3 million last year — there are more than two children to support, about 9.3 million. The welfare reform law that took [illegible] years and limits benefits to five years. But for many of those adults to stay in the workplace, their children will need care.

Problems involving cost, availability and quality plague the child-care system, even though families, governments and businesses spend about $40 billion a year to serve nearly 13 million children from birth to school age. That's because federal and state subsidy programs for low-income families fall short of meeting the growing demand.

▶ On average, poor families pay 18% of their income for child care; 38 states lack suffi[illegible] ment subsidies to all the families who qualify.

▶ Low-income areas often have a shortage of child care.

▶ States often don't regulate the smallest, home-based child-care settings chosen by a majority of low-income parents.

Right now, about $18 billion of the $40 billion spent each year comes from federal, state and local governments. About 75% of that amount — $13.5 billion — is aimed at lower-income families in the form of vouchers or reimbursements, contracts with providers or direct services. The remaining 25%, which is not directed to the poor, is used for tax credits, deductions for employers and arrangements that allow workers to use pretax dollars to pay for child care.

The welfare reform law offers even more money. President Clinton and Congress added $4 billion for child-care subsidies over six years while consolidating separate programs into one block grant, for a total of nearly $20 billion. That's enough to serve about 230,000 more children a year but is an estimated $1.4 billion short of the amount needed to meet growth in demand as more welfare recipients join the work force. And unlike the old system, funding will not increase annually.

By next summer, when all states must submit child-care plans to the federal government, difficult decisions must be made: How poor must families be to qualify for aid? How much of the cost should they contribute? How much should states pay providers? And can standards be eased to hold down costs without jeopardizing the children?

Wisconsin already is strug-

Many centers not regulated

Kentucky's crazy-quilt system of child care is typical of those across the country.

Up to three children can be cared for in unregulated homes; caring for four to six requires certification, which can be satisfied with six hours of training annually; more than six children requires a license.

Only eight states and the District of Columbia regulate all child-care centers; 42 states allow anywhere from one to 12 children to be served by unlicensed, home-based centers. In those cases, some health and safety standards usually are required, such as smoke alarms, fire extinguishers and child immunization records. Providers must be 18, but training can be minimal or nonexistent.

By Richard Wolf

By James Wallace, Louisville Courier-Journal

Success story: Mary Bond cares for Nick Jackson, 2, left; Dominic Rubino, 3 months; and Alicia Kalbfleisch, 2, in her home. Bond was a welfare mother six years ago; now she is certified in child care.

By Paul Schuhmann, Louisville Courier-Journal

Volunteer: Catherine Dawson completes her training in a Louisville day-care center. She left her job as a nurse's assistant two years ago when she could not find care for her 7-year-old son.

Poverty status and child care

Child care for employed women with children under age 5 differs by poverty status:

Provider	In poverty	Not in poverty
Care by relative	36%	24%
Organized child care	21%	32%
Care by non-relative	19%	22%
Care by father	16%	16%
Care by mother at work[1]	8%	6%

1 — Includes mothers who work at home

Cost of child care as portion of income

Average weekly preschooler child-care costs, and portion of family income spent on that care, by poverty status:

	In poverty	Not in poverty
Average weekly cost	$49.56	$76.03
Percentage of income	18%	7%

Note: Poverty threshold is $14,350 annual income for family of four.

Source: U.S. House Ways and Means Committee

gling with those questions. Lawmakers there plan to triple spending on child care over two years, from $60 million to $180 million. They also will scale back eligibility, require poor families for the first time to pay up to 16% of their income for child care and ease standards for smaller, home-based child care.

Those changes are needed, state officials say, to meet the growing needs of low-income working families as well as those leaving welfare. Today, Wisconsin provides subsidies to 17,000 families; ultimately, the state plans to serve 60,000.

Other states combating child-care concerns:

▶ Virginia is reviewing a plan to eliminate minimum educational requirements for caregivers and raise the child-staff ratio in centers from 10 or 12 children per staff member to 15-1.

▶ Iowa is giving priority for subsidies to the poorest welfare families in which an adult works at least 30 hours a week.

▶ Many states, notably Massachusetts and Minnesota, are experimenting with programs such as Kentucky's to train welfare recipients as caregivers.

"It's a perfect solution" to the twin problems of finding work and child care for welfare recipients, says Mary Bond of Louisville, who went on welfare briefly six years ago when her two daughters were toddlers and her marriage was breaking up.

First she cared for three children, the maximum allowed without regulation. Then she became certified and doubled her caseload.

Now Bond is a welfare-to-work success story. She estimates her earnings at $34,000 a year before expenses.

"You're not going to make enough money at this unless you work hard," she says.

Kentucky officials hope the women now being trained will have similar success. Faced with 13,000 families on child-care waiting lists, officials are training 10 women to work from their homes and 10 to work in child-care centers. If the two experiments work out, the program will be expanded to other parts of the state.

For that reason, Dawson and her colleagues are being watched as they move from two weeks of classroom studies to three-month internships in child-care providers' homes, then to their own businesses.

Stephanie Smith, 38, has been on and off welfare for 22 years. Nearly every time she tried to combine work and college, she says, the problem was the same: finding child care, particularly at odd hours.

Now, with her eldest of three children approaching the 18-year-old cutoff for aid, child care no longer is a problem. But she hopes to work nights and weekends to help others with young children move off welfare while pursuing a college degree.

Tanita Bush, 30, plans to add a group of preschool kids to her own brood, ages 8, 5 and 3. She hopes to get certified as a small family-care provider, then meet tougher state regulations to get a license to care for more children: "I've got it all planned out."

Family - Child care

Dear Lord be good to me the sea is so wide and my boat is so small

Children's Defense Fund

Possible State Initiatives to Address the Child Care and Early Education of Very Young Children

Support a good quality child care and early childhood system for children of all ages, and strengthen or develop components addressing infants and toddlers.

- Create a financing mechanism to support good quality child care for all children, with a focus on the needs of 0-3.
- Explore the feasibility of creating and funding new delivery systems for infant and toddler care. These systems must ensure that providers have the resources to provide infants and toddlers with the attention they need and must support parents.
- Offer a higher child care tax credit for infant care.
- Fund state early Head Start programs for infants and toddlers.
- Ensure that the state's child care subsidy system includes policies that help parents choose good quality infant and toddler care and make it financially feasible for providers to offer infant care (such as enriched rates for providers serving infants and reasonable co-payments for families). Also devise policies to ensure the safety and development of children in informal care settings.
- Provide enriched contracts for child care programs serving infants.
- Ensure that child care licensing standards and monitoring practices promote good quality infant care in areas such as ratios, health practices, caregiver training, and so forth.
- Support outreach to family child care providers serving low-income families to increase their participation in the Child and Adult Care Food Program.
- Create a commission to explore paid parental leave which would help moderate and low-income families be able to use leave.
- Ensure that good child care assistance is available to families receiving TANF, families leaving TANF, and low-income working families.
- Ensure that mothers with children under age one are exempt from meeting TANF work requirements.

Develop approaches that support the quality and supply of providers that serve infants and toddlers.

- Support family child care networks and support systems for family child care providers serving infants and toddlers.

OVER

25 E Street, NW
Washington, DC 20001
Telephone 202 628 8787
Fax 202 662 3510

- Fund specialized training for caregivers of infants and toddlers.
- Support training initiatives for informal caregivers.
- Provide support to resource and referral programs to recruit, train, and retain infant care providers.
- Create a funding pool that offers equipment, supplies, etc. for caregivers serving infants and toddlers.
- Establish a scholarship fund for training for infant and toddler caregivers.
- Target home visiting programs on informal caregivers and family child care providers serving infants and toddlers.
- Analyze the supply of affordable and high quality infant care in each county and identify options to address gaps.

Devise other creative ways of meeting the needs of families with very young children.

- Support health screenings and treatment for infants and toddlers in child care settings.
- Promote child care information sharing in health care settings.
- Use state funds to link low-income children in child care settings to comprehensive services.

March 10, 1997
Children's Defense Fund

Family - child care

CCAC

CHILD CARE ACTION CAMPAIGN • 330 7th Ave., 17th fl., New York, NY 10001 • (212) 239-0138 • Fax (212) 268-6515 • hn 5746 @ handsnet org

March 1, 1997

Elena -
Per our conversation.
- Pauline

First Lady Hillary Rodham Clinton
The White House
1600 Pennsylvania Avenue
Washington, D.C. 20050-2000

Dear Hillary:

Thank you for the recognition you gave to all working mothers by hosting that wonderful luncheon for the "influential mothers" on February 12. It's a challenging time for children's advocates, and affirming moments are few and far between. Lunch with you was certainly one of them! More important, perhaps, my daughter is still glowing from the experience.

As you and I discussed, the research on brain development, the President's renewed focus on education, and states' efforts to meet the child care needs of low income working families in the context of welfare reform, make this an opportune moment to introduce some realistic proposals for improving the quality of child care and helping working families pay for it. The Child Care Action Campaign has begun to talk about a Family Investment Package with other children's advocates, women's organizations, some key business leaders and the bipartisan leadership of the Congressional Women's Caucus. I would be delighted to discuss it further with you, and perhaps to raise it at the Summit on Brain Development that you are planning.

The key elements of the Package are:

- *Expansion of the Dependent Care Tax Credit*: Make the credit refundable, increase the maximum allowable expenditure and change the percentage formula so that low and moderate income working families get a greater benefit. Every state with an income tax can also provide a tax credit. Follow Arkansas's lead by providing a supplemental tax credit for families who choose licensed or accredited care. (Representative Cynthia McKinney introduced a bill containing most of these provisions during the 104th Congress.)

- *Establish a scholarship fund for early childhood teachers*, modeled after the Eisenhower teacher training grants for teachers of science and math. Improving the training and compensation of child care teachers is the surest way to improving the quality of child care.

- ***Create a community reinvestment fund*** to rebuild or create community centers that include child care, family resource programs, and Head Start. This could be tied to Empowerment Zones, and to the President's $5 billion school rebuilding fund, which could include monies for school age child care.

- ***Expand Parental Leave*** to allow parents time to attend school meetings, look for child care, spend time volunteering in school (as the President has proposed), and expand coverage of the Act to include employers of 25 or more workers.

- ***Expand the Child Care and Development Block Grant*** to increase child care subsidies for the working poor and to ensure adequate investment in resource and referral services, training and compensation for child care providers, and monitoring of the health and safety of child care facilities. (Senator Dodd has introduced S.19 which would double the Child and Dependent Care Block Grant.)

- ***Establish a tax credit for employers that provide child care benefits to their employees.*** Senator Kohl has introduced S.82 that would create a business-related tax credit for employer-provided child care benefits. Because expenditures eligible for the credit would be capped at $150,000, this credit would be particularly attractive to smaller employers.

At Renaissance Weekend, Elinor Guggenheimer circulated a proposal for a child care initiative that generated a great deal of enthusiasm. She and I would welcome the opportunity to meet with you to discuss these ideas more fully. Elly will be receiving the Natalie Heineman Award for Outstanding Volunteer Service at the Child Welfare League of America's annual dinner on March 13. Is there any chance that you are available on the 13th or 14th for a fifteen minute meeting? We can, of course, come to Washington at your convenience, or meet with you when you are next in New York City.

I look forward to hearing from you.

Thank you again for hosting the lunch, and for your commitment to children and families.

Sincerely,

Barbara Reisman

Barbara Reisman

The Family Investment Package: A Modest Proposal

Twelve million pre-school children and 17 million school age children need child care for all or part of their day. They need good quality child care so they can succeed in school. Their parents need good quality care so they can work to support their children, confident that their children are safe and well-cared for. Yet, good quality care costs more than most working families can afford to pay. Good quality care costs between $6,300 and $8,500 per year per child. Parents pay, on average, $3,700 per year. When employers and government invest to help parents bridge the gap between what they can afford to pay and what good quality costs, everyone benefits: children are more likely to enter school ready to learn, parents experience less stress on the job and at home, neighborhoods are safer and more welcoming, the nation's economy is stronger.

It is time to consider investing in families by supporting their child care needs.

Therefore, we are proposing that Congress and state governments consider a family investment package.

The key elements of the Package are:

- ***Expansion of the Dependent Care Tax Credit***: Make the credit refundable, increase the maximum allowable expenditure and change the percentage formula so that low and moderate income working families get a greater benefit. Every state with an income tax can also provide a tax credit. Follow Arkansas's lead by providing a supplemental tax credit for families who choose licensed or accredited care. (Representative Cynthia McKinney introduced a bill containing most of these provisions during the 104th Congress.)

- ***Establish a scholarship fund for early childhood teachers,*** modeled after the Eisenhower teacher training grants for teachers of science and math. Improving the training and compensation of child care teachers is the surest way to improving the quality of child care.

- ***Create a community reinvestment fund*** to rebuild or create community centers that include child care, family resource programs, and Head Start. This could be tied to Empowerment Zones, and to the President's $5 billion school rebuilding fund, which could include monies for school age child care.

- ***Expand Parental Leave*** to allow parents time to attend school meetings, look for child care, spend time volunteering in school (as the President has proposed), and expand coverage of the Family and Medical Leave Act to include employers of 25 or more workers.

- ***Double the Child Care and Development Block Grant*** to increase child care subsidies for the working poor and to ensure adequate investment in resource and referral services, training and compensation for child care providers, and monitoring of the health and safety of child care facilities. (Senator Dodd has introduced S.19 which would authorize this element of the Package.)

- ***Establish a tax credit for employers that provide child care benefits to their employees.*** Senator Kohl has introduced S.82 that would create a business-related tax credit for employer-provided child care benefits. Because expenditures eligible for the credit would be capped at $150,000, this credit would be particularly attractive to smaller employers.

Child Care Action Campaign
March 3, 1997

Family-child care

Cynthia A. Rice 04/03/97 01:18:36 PM

Record Type: Record

To: See the distribution list at the bottom of this message
cc:
bcc:
Subject: Answers to two child care questions

Child care regulations and standards

The proposed welfare reform child care regulations will do two things regarding standards:

1) Health and safety standards will apply to more federally funded child care. As in current law, all child care supported by federal Child Care and Development Block grant funds will have to meet state-set standards in three areas (controlling infectious diseases, building safety, and training). What's new is that welfare to work child care now must operate under the CCDBG rules, meaning these health and safety standards now apply. The welfare law made the change, and the regulations reflect that change. The National Governor's Association opposes this requirement.

2) The regulations will interpret "controlling infectious diseases" as meaning that states must ensure that children whose care is subsidized with these federal funds have been immunized.

GSA Child Care Centers

Currently, 60% of GSA centers are accredited by the National Association for the Education of Young Children. GSA has a goal of achieving 100% accreditation.

Message Sent To:

Pauline M. Abernathy/OPD/EOP
Nicole R. Rabner/WHO/EOP
Jennifer L. Klein/OPD/EOP
Elena Kagan/OPD/EOP
Mazur_M @ A1 @ CD @ LNGTWY

Family Child care

Child Care Bulletin

Child Care Bureau | November/December 1995 • Issue 6

Public/Private Partnerships Work for Families

More than 250 representatives from 44 states and the District of Columbia gathered to attend the fourth annual National State Child Care Administrators' Conference "Child Care for the 21st Century," sponsored by the Child Care Bureau, in Washington D.C., September 27-28, 1995. This planning conference focused on developing strategies for enhancing the delivery of comprehensive child care services, and included opportunities to share state initiatives, to discuss emerging issues, and to hear about the latest child care research.

Several key presenters spoke of the struggles families face in balancing work and family, and the pivotal role that child care plays in helping families maintain economic self-sufficiency. A special plenary session was devoted to public/private partnerships as an essential aspect of building quality child care for the next century that is both accessible and affordable. Presenters Dana Friedman, Co-President of the Families and Work Institute, and Melinda Green, Director of Child Care Connection, Inc., and President of the National Association of Child Care Resource and Referral Agencies (NACCRRA), noted that the future development of the field of employer supports for working parents depends upon the formation of innovative and creative partnerships between the public, private, and voluntary sectors. According to Friedman, "There is clearly some overlay between the states' vision of comprehensive services for families in need and the corporate sector's recognition of the value of helping employees to balance their family and work roles. The key to fulfilling these goals lies in creative partnering, involving business representatives in the planning stages, and designing mechanisms that allow for local communities to determine how best to meet their needs."

Over the past few years, there have been numerous studies and reports which recognize that family-friendly policies support the needs of the changing workforce, promote healthier and more productive lives, and contribute important investments in the future. Interest in public/private partnerships appears to be growing across the country. During the State Administrators' Conference, Joan Lombardi, Associate Commissioner of the Child Care Bureau, stated, "We need to encourage and promote such innovations, particularly those focused on improving the overall quality of care for children in a community, and those initiatives that will improve and expand services to children of low-income working families."

It is clear that partnership activities are expanding throughout the country. Community innovations have made great progress in expanding services and improving quality care for children.

This issue of the *Child Care Bulletin* highlights some examples of working partnerships in which families, businesses, and the public sector are finding successful strategies to strengthen and support families in the balance between their work and family life.

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Child Care Bureau

Corporate Commitment to Child Care Pays Off

Sarah Fishman

During the 1970's, American corporations began to offer child care assistance to employees. The experience of business leaders has shown that providing employees with child care assistance can reduce worker turnover, decrease absenteeism, shorten periods of maternity leave, lift morale, and improve productivity. Employee surveys often rank family-friendly benefits as second only to salaries as reasons for remaining with a particular company.

Corporate commitment to child care can take many forms, as illustrated by the following examples.

NationsBank, Charlotte, North Carolina, has invested $25 million to provide child care benefits to 65,000 employees. Child Care Plus, a subsidy program, is one of the benefits offered. Qualifying employees must work at least 60 consecutive days, 20 hours or more per week, and earn below a given salary level.

The company also offers an incentive for families to choose higher quality care by reimbursing care expenses for a licensed facility at a higher rate than for legally operated licensed-exempt care.

NationsBank has seen positive results with the subsidy program. The turnover rate among employees using the program is less than half of that for others in the same job categories. In a survey conducted by Work/Family Directions, Inc., 62% of the respondents said that the program affected their decision to remain at the bank.

Neuville Industries, a hosiery manufacturer located in Hildebran, North Carolina, has a workforce of more than 600 employees. The company has an on-site center serving 79 children, ages six weeks to five years. To ensure hiqh quality care, the center operates below its licensed capacity of 108 children and maintains lower staff/child ratios than the state requires. As needed, the center opens on Saturdays for employees on weekend shifts.

Parents pay about 60% of the cost of care, and Neuville Industries subsidizes the remaining cost. Employees receive 21-26 days of free child care per year, based on seniority. The company also subsidizes near-site care for employees working evening shifts.

Providing for child care is one of the reasons that Neuville Industries maintains a notably low employee turnover rate of about 34%, compared with the industry average of 80-100%.

Marriott Corporation, the hospitality and lodging corporation with headquarters in Bethesda, Maryland, employs more than 175,000 people worldwide. Two of its hotels have formed a partnership with the Omni Hotel at CNN Center and the Hyatt Regency in Atlanta. They have established a non-profit organization and broken ground for a 24-hour child care center. This center will meet the needs of 1,000 hourly wage shift workers. In addition, other businesses, the city of Atlanta, along with Fulton County, and community organizations, joined in the effort. Project support comes from Child Care and Development Block Grant funds, through the Georgia Child Care Council.

Marriott also operates a 24-hour telephone referral service to assist employees with a variety of work and family issues. Since more than 26 different languages are spoken throughout the corporation, social workers speak the predominate languages of workers in a given area.

For more information about the three corporations highlighted in this article, contact the following persons:

- NationsBank: Kim Hains, (704) 386-5175
- Neuville Industries: Chris Gates, (704) 397-5566
- Marriott Corporation: Donna Klein, (301) 380-8850.

Sarah Fishman, formerly a Program Specialist with ACF Region I, is active in the Boston area child care community.

Spotlight on...

DuPont Corporation: A survey of 18,000 employees at DuPont Corporation documents the correlation between employee commitment and the company's efforts to support employees in balancing work and family responsibilities. This information, combined with two previous DuPont studies, provides a decade of work/life data. "The results of the study clearly indicate that work/life programs are a powerful tool to motivate people and encourage commitment to achieving business objectives," said John A. Krol, Dupont President and CEO-designate. Listed below are some of the findings:

- Employees using work/life programs are more committed, and not likely to feel overwhelmed or burned out.
- Employee programs have reduced the number of workers who report problems finding affordable care, care for sick children or care during business travel or overtime.

For more information about the DuPont study, contact Heidi Rowann at: (302) 774-0863.

Honor Roll Companies Take the Lead

Lauren Asher

The Women's Bureau of the U.S. Department of Labor has launched the *Working Women Count Honor Roll*, a nationwide initiative to improve the lives of working families. The *Honor Roll* encourages employers, organizations, and individuals to implement policies and programs in three areas: improving pay and benefits, building a family friendly workplace, and valuing women's work through training and advancement. A quarter of a million women identified these priority areas in the 1994 Women's Bureau *Working Women Count* survey. "By treating women with dignity, helping people to balance work and family responsibilities, and improving pay and benefits, *Honor Roll* members will make life better for all families," said Labor Secretary Robert B. Reich.

Karen Nussbaum, director of the Women's Bureau, summarized the potential impact of this initiative, "We want the *Honor Roll* to build momentum for practical, concrete change. We predict that over the next year, more than a million working Americans will be able to see the effects: a new child care center, time off for family responsibilities, and professional development training."

The Women's Bureau plans to collect 1,000 *Honor Roll* pledges by next spring. The Bureau has already gathered more than 400 pledges from businesses, community organizations, state and local governments, and labor unions. These pledges include a variety of initiatives, such as flexible work schedules, personal leave time, on-site child care and training for higher paying jobs. The *Honor Roll* pledges come from various sources, ranging from the relatively small McAlvain Construction company in Boise, Idaho, to the international corporation, Bausch and Lomb; from an apprenticeship program in Anchorage, Alaska, to a pledge from the city of Kansas City, Missouri.

A few examples of *Honor Roll* pledges that emphasize child care initiatives are listed below.

❖ **The Little Hoop Community College**, Fort Totten, North Dakota, discovered an unmet need for child care through their participation in the *Working Women Count* survey. As a result, a child care center was created and the college is working in partnership with local businesses to raise money for a major community child care center.

❖ **GTE Corporation** in Needham, Massachusetts offers emergency care on snow days and school holidays, allows employees to bring their children to work, and has private nursing rooms for new mothers.

❖ **Hotel Employees and Restaurant Employees Union Local 2** in San Francisco, California is establishing a child and elder care fund for hotel employees, one of the largest ever negotiated by a union. Employers will contribute five cents for every hour worked by members.

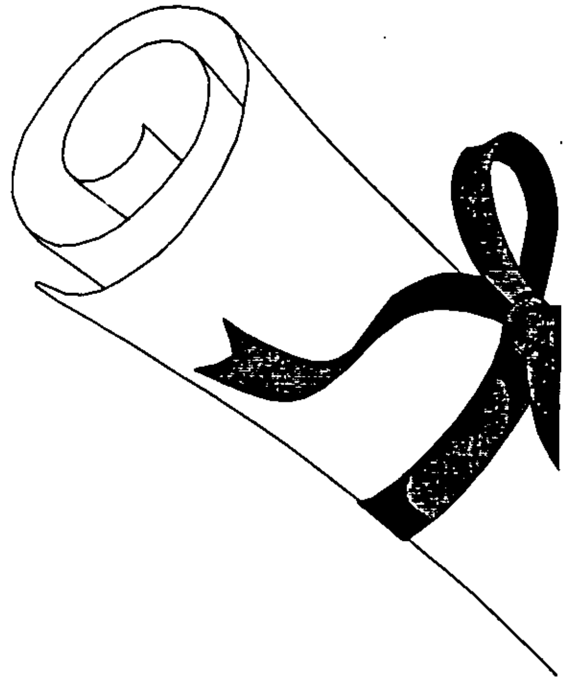
❖ **Oregon Community Foundation's Oregon Child Development Fund** in Portland has pledged to raise $900,000 over three years to fund job training for hundreds of infant/toddler child care providers. The goal is to increase the supply and quality of child care for infants and toddlers throughout the state.

❖ **The American Home Products Corporation**, Madison, New Jersey, has pledged to establish an on-site child care center and provide tuition assistance for employees with annual family incomes under $70,000. This new facility offers care for infants and preschoolers as well as a full-day kindergarten, care for mildly ill children through age 6, and back-up care for children through age 12.

❖ **Quadrangle Child Care Center** in Cleveland, Ohio has pledged to design and implement an intergenerational program in conjunction with Lupica Towers (a senior citizens residence) to enhance the quality of services for children and the elderly.

Anyone interested in joining the *Working Women Count Honor Roll* can request materials by contacting the Women's Bureau at 1-800-827-5335. Programs entered into the *Honor Roll* receive a certificate from the Secretary of Labor and information about the program will be made available to the public.

Lauren Asher is Communications Director for the Women's Bureau, U.S. Department of Labor. For additional information about Honor Roll pledges in a specific city or state, contact Lauren at: (202) 219-6652, ext. 107, or Grier Mendel at ext. 133.



Partnering to Support School-Age Care

After-school programs are excellent opportunities to form partnerships and community strategies that promote positive outcomes for "at-risk" youth. Whether the initial impetus came from a private foundation, a government initiative, or a corporate president and CEO, the following programs are community initiatives that support youth.

MOST (Making the Most of Out-of-School Time), is a five-year, $6.5 million initiative of the DeWitt Wallace-Reader's Digest Fund to improve school-age child care, especially for low income families. The project was designed in partnership with the School-Age Child Care Project (SACCProject) at the Wellesley College Center for Research on Women (see "MOST Initiative," in the *Child Care Bulletin*, March/April 1995).

Chicago, Seattle, and Boston were selected to receive a three-year grant of $1.2 million to respond to the needs of thousands of school-age children. For each of the three cities, this implementation grant is a result of a year of collaborative planning with a variety of public and private partners with an interest in the supply and quality of school-age programs, and an interest in community development, education, and support for child care.

For more information, contact Lillian Coltin, SACCProject, Wellesley Center for Research on Women, (617) 283-2539.

Support Our Students (SOS), North Carolina's statewide initiative for providing quality, community based after-school services for at-risk students, focuses on children in their middle school years. In 1994, Governor Jim Hunt proposed SOS as a public-private partnership in which some state funding is used to leverage local and private support from schools, businesses, churches, and other community resources. In one year, SOS exceeded its three-year goal of serving 6,000 youth. SOS is now progressing well with a new goal to serve 20,000 youth and raise $5 million in private in-kind contributions in three years.

Selected county programs are funded through the state's Department of Human Resources' SOS Office which provides technical assistance and promotes coordination among the programs. Additional assistance is provided through the state's Cooperative Extension Service and the Office of the Governor.

Participating organizations include Arts Councils, Boys and Girls Clubs, Junior League, United Way, Cities-In-Schools, YMCA, and various other community focused agencies. Examples of private and community support offered to SOS programs include an awards day sponsored by Cal-Tone Paints; college scholarships through Arby's; a computer tutor from Motorola; payroll and accounting services by Leith Auto; Clark-Hurth Company employee volunteers; an after-school basketball program with the Charlotte Police; and assistance for students in setting up their own small business through Smithfield's Chamber of Commerce.

For more information, contact Joe Canty, SOS Program Director, (919) 571-4848.

The 4-H After School Program is a partnership that was founded in Los Angeles, California in 1988. The program focuses on youth, ages 7 to 13, living in public housing communities. The program's resources are from a blend of U.S. Departments of Housing and Urban Development (HUD) and Agriculture, corporations and local businesses, local housing authorities, land grant universities, Cooperative Extension System 4-H, National 4-H Council, local schools, city and county governments, and other public and private funding or in-kind support. Although the success of the program is due to the combined commitment of each partner, many indicate that the leadership of Roger Beach, Chair and CEO of Unocal Corporation and the innovative "Vision Team" approach were the real keys that brought the collaboration into being and heightend private sector awareness.

This 4-H program involves communities in improving the quality of life for themselves and others residing in public housing units. As a positive alternative to youth spending time alone after school, 4-H offers opportunities to work on academic studies, 4-H "learn by doing" projects, community service, nutrition and fitness education.

Operating every day, 50 weeks a year, and serving more than 1,200 youth, the success of the program in Los Angeles has prompted HUD to commit funds to expand that program from 23 to 51 sites, and to begin a similar program in Kansas City, Oakland, and Philadelphia. Each community has organized a Vision Team, consisting of representatives from the business, education, government, and community sectors.

For more information, contact Don MacNeil, Metro-Coordinator, National 4-H Council at: (805) 498-3937, or Nancy Valentine, USDA at: (202) 720-5578, or Beverly Hardy, HUD at: (202) 708-4214.

Working Mother Spotlights Family Friendly Companies

Karen Mazzotta

Dedicated to helping women balance roles at home and at work, *Working Mother* magazine researches and addresses critical issues that impact families. The magazine is a source of information for parents on various topics, from finding good child care to pay equity, from child development and parent education to managing priorities and pressures at work.

Each year *Working Mother* publishes two reports highlighting child care activities. "How Does Your State Rate?" (in the March 1995 issue) examines states' commitment to child care, and "100 Best Companies for Working Mothers," (in the October 1995 issue) lists America's most innovative companies in support of working families.

How Does Your State Rate?

In the *Working Mother* third annual report evaluating child care in each state, California, Colorado, Connecticut, Hawaii, Maryland, Massachusetts, Minnesota, Vermont, Washington, and Wisconsin rated the highest. Criteria for the 10 Best States include quality, availability, and safety of child care, as well as commitment of state, business, and community leaders to improving care. In addition to the ten best, North Carolina earned the distinction of "Most Exciting State" for its \$47 million commitment to Smart Start, which aims to make affordable quality early education available to every child.

100 Best Companies for Working Mothers

This year marks the tenth anniversary of the list now known as the WORKING MOTHER 100, a roster that features the most innovative and advanced firms for working parents. Firms that make the list are considered role models for business, creating workplaces that offer employees both the opportunity to advance in their careers and to have a good family life. Companies are evaluated on four criteria: pay, advancement opportunities for women, support for child care (financial assistance, referrals and/or actual care), and family-friendly benefits.

Companies from the WORKING MOTHER 100 that scored the highest rating possible in the area of child care:

Barnett Banks, Inc.	Lincoln National Corporation
Corning Incorporated	Merck & Co., Inc.
Fel-Pro Incorporated	NationsBank Corporation
Glaxo Wellcome Inc.	Quad/Graphics, Inc.
IBM Corporation	SAS Institute Inc.
Johnson & Johnson	Schering-Plough Corporation
SC Johnson Wax	Xerox Corporation
Lancaster Laboratories, Inc.	

In the area of child care, of the 100 firms on this year's list, 76 offer child care on-site or at a nearby site. Eleven new centers were opened in the past year by these companies: Allstate, Barnett Banks, CIGNA, Corning, Glaxo Wellcome, Lincoln National, Marriott, NationsBank, Quad/Graphics, and SAS Institute.

Some benefits that companies never considered providing a decade ago, are now fairly standard among those on the list. These include such benefits as before and after-school care, holiday care, back-up care, summer programs, and sick child care. There are many exciting child care initiatives, including IBM's commitment of \$50 million to support child and elder care programs; Johnson & Johnson's new Family Child Care System of specially screened and trained providers, and their toll-free service for professional advice on child-rearing problems, from getting a baby to sleep to communicating with a sullen teenager; and Xerox Corporation's expansion of child care programs to provide infant and toddler slots and assistance for more than 3,000 employees in paying for child care. At Fel-Pro, babies are welcomed with a \$1,000 savings bond, and various benefits that support the child and family continue through the college years.

When *Working Mother* debuted the list in 1986, it recognized only 30 firms for their family-friendly practices. Today, hundreds of employers compete to be on the list, and there is an increasing number of innovative and creative initiatives. "Our goal in creating this roster ten years ago was to call attention to corporate role models so that others would follow in their footsteps," says Judsen Culbreth, *Working Mother* editor-in-chief. "There's been such an outpouring of support for and interest in this project that the WORKING MOTHER 100 has taken on greater meaning: This list tracks our country's work/family revolution."

Karen Mazzotta is the publicist for Working Mother *magazine. For more information, contact (516) 549-1580.*

Child Care Options for Employers

OPTION	DESCRIPTION
Sponsor near or on-site child care center(s)	A center can be owned or operated by the company, owned by the company and managed by a third party, or owned and operated by a subcontractor or grantee. The center is primarily for the employees of the sponsoring company.
Support a local child care center	Through a grant or contract, a local child care center can accept funds from a company or a group of companies (as in a consortium arrangement) in exchange for priority enrollment/reduced fees for employees of the contributing company.
Create or support a family child care network	Provide funds to a body representing a group of family child care homes who will provide slots to employees' children. This is particularly helpful to firms whose employees work evenings or weekends, or who have infants.
Create or support after-school care	An employer can help start a program in the community or schools to serve the needs of 6 - 13 year olds before and after-school.
Create or support a vacation/holiday program	Make a program available that serves children when school is out, including summer vacations.
Create or support back-up or emergency care	Make a program available that serves children when their regular care arrangements have fallen through or when there is an emergency.
Create or support a sick child care program	Make a program available for mildly-ill children, either as part of an existing child care center, a hospital, a free-standing program near work or in the community, or as an in-home program where qualified people are sent into the child's home.
Offer resource and referral services	Educate employees about their child care choices in the community and provide referrals to programs with openings.
Parenting seminars	Organize informational meetings on parenting issues and child care concerns.
Caregiver fairs	Arrange for local service providers to distribute information about their programs.
Vouchers	The employer pays for a portion of child care expenses.
Discounts	The employer arranges for employees to be charged a reduced rate at programs of the employer's choosing.
Dependent Care Assistance Plans (DCAPs)	A mechanism that allows for employees to pay for their child care with pre-tax dollars. There is a savings to the employer, although the subsidy is actually paid for by the government.
Corporate Funds	A corporate set-aside for making grants to local organizations that agree to provide access to employees. These are not philanthropic dollars.
Corporate Contributions	Grants to local organizations to generally improve the supply or quality of child care at the local, state, or national level.
In-kind contributions	With the donation of equipment, supplies, or expertise from the company, local child care services can receive much-needed support.
Public education	The use of corporate clout can help bring attention to important child care issues. Employer representatives can serve on community-wide task forces, testify at hearings, and publicize child care issues at professional meetings.

Developed by the Families and Work Institute, 330 Seventh Avenue, 14th Floor, New York, NY 10001, (212) 465-2044.

American Business Collaboration Leads Corporate Support

Randall Wong

The American Business Collaboration for Quality Dependent Care (ABC) is a national effort which was launched three years ago by major corporations to increase the supply and enhance the quality of child and elder care programs across the country.

During the first phase of this effort, 156 businesses, governmental entities, and not-for-profit organizations invested more than $27 million in 45 communities throughout 25 states and the District of Columbia. They have supported 355 dependent care projects which have been utilized by more than 277,000 individuals, including the dependents of employees and community residents.

The second phase of this effort began in September, 1995. In a powerful declaration of support for their employees, 21 major corporations have announced their joint commitment to a $100 million initiative to develop and strengthen school-age, child care, and elder care projects in communities throughout the country. This initiative is believed to be the largest investment ever in dependent care by the private sector.

The companies are expected to take the lead in funding more than 1,000 projects over the next six years in a major collaborative effort that includes support for research and development for national pilot programs. The focus will be on investing in programs that are innovative and replicable.

Ellen Galinsky, Co-president of the non-profit Families and Work Institute, said the scope of the additional funding will have a "dramatic impact on the dependent care community, and called the initiative "a sound investment" for the participating companies. "Our studies clearly demonstrate that for every dollar companies spend on work-life programs, they get back a return in terms of retention, reduced stress, and greater loyalty," she said. Chief executive officers of the ABC lead companies have stated that their support for dependent care was based on bottom line business factors.

Mary Kay Leonard, vice president for Work/Family Directions, the Boston-based consulting firm which facilitates the collaborative process, said that in the next phase of this effort there will be a greater emphasis on quality improvement, increased focus on developing services that meet the specific needs of working parents such as extended hours for child care programs, and a sharp increase in projects that are specifically designed for school-age children.

At a White House ceremony on October 31, First Lady Hillary Rodham Clinton and Labor Secretary Robert Reich met with senior executives from 20 lead companies of the American Business Collaboration, as well as families of their employees, along with other business leaders from across the nation to urge employers, organizations, and individuals to join the *Working Women Count Honor Roll* (see related article). Encouraging every employer in the country to adopt policies that help workers balance their family and work responsibilities, the First Lady and Reich discussed employer commitment and support with families who benefit from family-friendly policies.

Among the families who met with officials at the White House was Susan O'Neil, administrative assistant at Deloitte & Touche, in Boston, along with three-year-old daughter, Stephanie. Speaking of her employer, Ms. O'Neil stated, "They give me the chance to make my balancing act a reality. Although I still work eight hours per day, I have the flexibility to do it in a time span that meets my family's needs." Her employer has a resource and referral service and a Dependent Care Flexible Spending Plan that lets her put aside part of her pay before taxes to spend on child care. "We ask you the government, and you the employer, to help us, the working people, to make it work. We can't do it alone. The bottom line is we need to put stock in families, we need to invest in families to help make this country a great, safe and healthy place to live and work."

To learn more about ABC, contact Randy Wong, Work/Family Directions, Inc. 1-800-767-9863.

"We believe that supporting the diverse dependent care needs of our employees is critical to our success as it enables our companies to attract and retain a productive, competitive, committed and motivated workforce. The availability of quality dependent care programs...enables our employees to do their best at work by helping them manage their work and personal responsibilities."

(In a statement signed by the CEOs of: Aetna Life & Casualty, Allstate Insurance, American Express, Amoco, AT&T, Bank of America, Chevron, Citibank, Deloitte & Touche LLP, Eastman Kodak, Exxon, GE Capital Services, Hewlett-Packard, IBM, Johnson & Johnson, Mobil, NYNEX, Price Waterhouse LLP, Texaco, Texas Instruments, and Xerox.)

Child Care Partnerships Emerge Across the Country

Colorado

Colorado Governor Roy Romer has created a Business Commission on Child Care Financing to study ways to finance quality child care. Chaired by the president of the First Bank in Denver, the Commission is to present recommendations to the governor, state lawmakers, and the business community by January 1.

The Commission includes representatives from AT&T, Channel 9, Colorado AFL-CIO, Coors Brewing Co., Copper Mountain, the Denver Business Journal, Hyatt Regency, Time Warner Cable, United Airlines, Lockheed, and others. Their expertise will be used to assess funding sources, develop multi-sector financing approaches, and motivate the business community to look into child care financing reform from a business and economic standpoint.

To learn more, call Sam Williams, Coordinator, Colorado Business Commission on Child Care Financing, at: (303) 866-5860.

Grand Ronde Tribe

Located in Oregon, the Grand Ronde Tribe is implementing a benefits package for all tribal employees that includes a 50% match for child care assistance. Relying mostly on family child care providers, the tribe partners with the statewide resource and referral network and the Child Care Resource Center to assist providers with licensing and training.

Tribal members are considering new ventures, such as a center-based program for infants, and creating a youth center facility to house partnering agencies. This would include CCDBG supported community preschool, before and after-school programs, YCAP which operates the county Head Start program, Johnson O'Malley cultural education programs and several others.

To learn more, contact Shawn Hostler or Wendy Spencer at the Grand Ronde Indian Reservation, at: (503) 879-5211.

Indiana

In November, a Symposium on Child Care Financing was convened by the Indiana Family and Social Services Administration along with the Child Care Action Campaign, to bring together public and private leaders from across the state to collaborate on innovative funding strategies. Co-chaired by Indiana First Lady Susan Bayh and Mrs. Charlene Lugar, the Symposium included presentations by funding experts from an employer consortium, a single employer fund, a multi-partner fund, and a community development loan fund. Nearly 300 participants attended from 17 county teams comprised of an elected official, major employer, a community foundation, a financing institution, chamber of commerce, private industry council, public health and education agencies, a child care provider, resource and referral agency, and parents.

Corporate sponsors are providing financial support and company mentors to assist the 17 counties in implementing their proposed strategy to expand and enhance child care in their communities. At this time, the corporate sponsors include: CB Commercial, American Cablevision, Conseco, Cummins Engine, Eli Lilly & Co., Golden Rule Insurance, Ice Miller Donadio & Ryan, IPALCO Enterprises, Lincoln National Corporation, Marsh Supermarkets, Inc., the Junior League of Indianapolis, McDonald's Corporation, Northern Indiana Public Service Company (NIPSCO), NBD Bank, PSI Energy, Society National Bank of Indiana, Weiss Communications/Indianapolis Woman, Wishard Memorial Hospital, St. Vincent-Community Health Network, and WISH/TV.

To learn more, contact Carole Stein, Indiana Family and Social Services Administration, at: (317) 232-1148.

Iowa

ChildNet is an employee assistance benefit program that connects families to quality child care. A comprehensive resource and referral service, ChildNet is available to employees of subscribing companies through a public-private partnership with the Iowa Child Care Resource and Referral System.

ChildNet provides direct child care assistance services to employees and a certification program for child care providers. In addition, ChildNet provides work site informational seminars on topics such as choosing infant care, single parenting, summer-care options. Additionally, they produce informational materials such as work and family articles for company newsletters and parent education materials.

To learn more, contact Karen King, Director, ChildNet/CCR&R of Central Iowa Lead Agency, at: (515) 286-2004.

Jamestown S'Klallam Tribe

Located in Washington state, the Jamestown S'Klallam Tribe and its Seven Cedars Casino are working with a private partner, New Horizon Kids Quest™ to develop child care services. These services will include an hourly child care center for children of casino guests and a child care center serving casino and tribal employees as well as members of the surrounding community.

For more information, contact Ron Allen, Tribal Chairman, Jamestown S'Klallam Tribe, (360) 681-4621 or Pete Guidera, Vice President of Development, New Horizon Kids Quest (612) 577-9201.

South Dakota

The South Dakota Department of Social Services Office of Child Care Services and the Governor's Office have joined with the Industry and Commerce Association to address child care needs. The result is a cooperative initiative called "Kids 1st with South Dakota Businesses."

The program aims to help businesses to deal with issues involved in developing a child care plan.

Publications produced by the partnership include *The Employer's Guide to Private and Public Child Care Solutions* and the *Business Profile Handbook*. The *Guide* highlights available child care options for employers, outlining the benefits and the challenges of various choices. It includes sections on exploring organizational needs, flexible human resource policies, child care support services, and establishing on-site and near-site child care. The *Handbook* includes brief descriptions of businesses in South Dakota that have instituted some form of policy change in support of child care.

To learn more, contact Bobbi Brown, Administrator, Office of Child Care Services, South Dakota Department of Social Services, (605) 773-4766.

Washington

The state's policies provide for a child care partnership committee and an employer liaison to help increase employer assistance and involvement in child care. Child Care Advantages (CCA) forms the state-level connection between the Office of Child Care Policy and the Office of Business Assistance.

Supported by Washington's Departments of Social and Health Services and Community, Trade and Economic Development, CCA is designed to help employers develop effective and efficient family-friendly policies. It facilitates employee assistance in work-family issues including child and elder care, and helps generate public/private partnerships in communities.

Specifically, CCA provides businesses with financial and technical assistance in developing on-site and near-site child care facilities. Qualified businesses can receive direct loans, loan guarantees, or grants to start or expand child care facilities through a Child Care Facility Fund. The partnerships involved have created over 1,000 child care slots and leveraged close to $5 million dollars. Many of the corporate supported centers are located in rural, underserved areas.

CCA also conducts an annual conference to provide information and resources for employers who wish to implement family friendly practices, and to recognize public and private employers who make great strides in creating a family-friendly workplace.

For more information, contact Larry Macmillan, program manager for Child Care Advantages, (360) 586-3023.

Employer Council on Lower-Wage Workers and Families

The Families and Work Institute (FWI) is partnering with Marriott International to create the Employer Council on Lower-Wage Workers and Their Families with start-up support through the Carnegie Corporation of New York. Most research, including the FWI's *National Study of the Changing Workforce*, has shown that work-family assistance is considerably more available for highly educated and highly compensated employees than for their lower wage counterparts. At the same time, the growth in this segment of the national workforce is outpacing all other groups. Even workers who can earn competitive wages find themselves challenged to make ends meet. Finding child care and other family services needed to maintain self-sufficiency is particularly difficult.

This Council will explore and challenge the way that major corporations and policymakers address the family needs of their lower-income employees, identifying key work-family issues for these workers, and innovative strategies for addressing their needs. This Council is the next step on the evolution of the work-family field -- to create champions for the needs of the low-wage workers. A group of approximately 25 major corporations, including Levi-Strauss, McDonald's, Burger King, Sears, Pepsico, ConAgra, Perdue, Wegman's, JP Morgan Delaware, Prudential Insurance, Barnett Banks, and Hyatt, as well as the U.S. General Services Administration, will meet three times during the next 18 months for discussion, debate, and brainstorming about policies and programs. The Families and Work Institute will prepare the background information and lead the discussions; academics and policy makers will brief the group on such issues as child care and welfare-to-work programs. The process will culminate in a series of recommendations that will be published by the FWI and presented to business leaders and policy makers.

Healthy Child Care Update: North Texas

Elaine Klos

An important component of quality care is the link between the health care and the child care communities. The First Texas Council of Camp Fire in Fort Worth is leading an effort in an 18-county region of North Texas in which a collaboration of public and private entities have joined together to achieve the goal of safe and healthy child care settings.

This Healthy Child Care Coalition includes members of the child and health care communities, elected officials, and Corporate Champions, 13 major employers that support and fund high quality child care.

The Coalition is compiling a list of the programs and projects that are currently available in the public and private sectors. Using the Healthy Child Care America Blueprint (see "Healthy Child Care America Campaign Launched," in the *Child Care Bulletin*, July/August 1995), the Coalition will seek to answer the questions: Are services easily accessible and sufficient in number? Where are the gaps in service? Where will the funding come from to improve and develop services?

The Coalition plans to develop support mechanisms and to serve as an "information connector" for child care providers and the health care community. It will include information in a monthly newsletter to more than 4,500 child care providers.

Elaine Klos is the Advocacy Director of the First Texas Council of Camp Fire. To learn more, contact Elaine at: (817) 831-2111.

Small Business Makes Big Impact

Chuck Adams

Just over two years ago, an old hatchery building at Sanderson Farms in Collins, Mississippi was a graveyard of retired poultry processing equipment. With a lot of commitment and a little imagination, Joe Sanderson's corporate initiative transformed the facility into a modern, licensed child care center. The goal was to provide quality child care and education for the children, resulting in a less stressful environment for the parents employed by the Collins Processing and Production Division of Sanderson Farms.

Community partners and creative planning were integral to accomplishing this goal. For example, the crafting of storage shelves was a class project in carpentry for students at Collins High School Vocational Center. Also, the state Office for Children and Youth provides major funding for the center's teaching materials, supplies, equipment, and some operating expenses.

The center serves as many as 329 children over two shifts. The services offered include infant and toddler care, care for preschool children, school-age care, summer programs, and four specially designed playgrounds, including one for infants. The program provides flexibility for employees' families, opening before 4:30 a.m., and extending hours when work shifts run long. It also opens on Saturdays and holidays, whenever the plant operates.

Chuck Adams is the Director of Administration for Sanderson Farms, Inc. For more information, contact Chuck at: (601) 649-4030.

Private Capital Works to Enrich Care

Every child care provider, at some point, must assess the need to improve or expand their facility. Usually, they find that the resources are unavailable. Many centers receive barely enough in parent fees and state child care subsidies to meet costs, leaving little or no fund for capital improvements.

Recognizing this problem, the United Way of Massachusetts Bay and the Hyams Foundation decided to start a private loan fund to improve child care in the Boston area. The result of that collaboration, the Child Care Capital Investment Fund (CCCIF), has loaned 23 centers up to $120,000 for renovations, construction, and refinancing.

Since the CCCIF began, not one center has defaulted on a loan. This success has led to a new program called "Mini Loans" to serve smaller centers. These are loans for up to $5,000 for five years, at a 5% interest rate, to be used for emergency repairs, replacing old furnishings, or purchasing new equipment.

The CCCIF uses a comprehensive approach to capital improvements. Prior to a center receiving funds, CCCIF staff make site visits to help the program director prioritize needs, identify funding sources, estimate costs and calculate the center's ability to repay the loan. In addition, CCCIF gives interest free loans for planning costs.

After a loan is made, the center receives technical help to implement the improvements. This assistance can range from finding an architect that specializes in developmentally appropriate designs, to programming computers and teaching center staff to budget for debt.

For more information, contact the CCCIF, 294 Washington Street, Suite 330, Boston, MA 02108-4608, or call: (617) 728-3028.

Within each issue, the Child Care Bulletin highlights resources available to the child care community. We encourage providers, parents, administrators, and other readers to share your knowledge of what is available so that we may pass it on to the field.

Publications

➢ *Child Care Options: A Workplace Initiative for the 21st Century*
Margery Leveen Sher and Madeline Fried

This book examines how and why businesses can create family friendly policies for employees. It discusses child care options for businesses, facility design, licensing and resources available to employers and employees. (Available for $27.50 plus shipping from Oryx Press, 4041 N. Central Ave., Suite 700, Phoenix, AZ 85012, or call: (800) 279-6799).

➢ *The Work and Family Kit*
Office of Personnel Management

The Kit is a compendium of family friendly practices, policies, resources and references available to help employees balance work and family needs. Targeted at federal agency personnel, the Kit is a valuable resource for organizations instituting child care, alternative work schedules, job-sharing, telecommuting and other employee benefits. (For availability, contact OPM's Work and Family Program Center at: (202) 606-5520.

Publications below are available from the Families and Work Institute, 330 Seventh Ave., 14th Floor, New York, NY 10001, Attn: Publications, or call (212) 465-2044.

➢ *Corporate Reference Guide to Work-Family Programs*
Ellen Galinsky, Dana Friedman and Carol Hernandez

An extensive reference on work-family issues, the book addresses the questions most frequently posed by companies. Crossing 30 industries, it provides a comparative analysis of family-supportive policies in Fortune 500 companies. It contains case studies, model initiatives, and the stages of development of corporate work-family programs ($50).

➢ *Education Before School: Investing in Quality Child Care*
Ellen Galinsky and Dana Friedman

A guide to the supply, cost, and quality of child care in the U.S. The book includes numerous case studies of corporate initiatives to improve the quality of child care and education and includes a vision of an early childhood system for the 21st century ($15).

National Child Care Research Consortium Formed

The Child Care Bureau has announced three cooperative agreements for child care research. The partnerships will study critical child care issues, including demand, supply, and the outcomes for low-income families. The recipients will join with others in the child care field to form a National Child Care Research Consortium to create a data archive for researchers studying interrelationships among child care, welfare and work.

The recipients of the $100,000 grants were: (1) the Florida Children's Forum, in partnership with Florida, Massachusetts, Alabama and state, local, and national organizations; (2) Regional Research Institute for Human Services at Portland State University, with other Oregon partners, AT&T, and the Families and Work Institute; and (3) the National Center for Children in Poverty in the School of Public Health, in partnership with Illinois, Maryland, and specifically, Maryland Committee for Children, Illinois Child Care Resource and Referral Association, and other state and local agencies. The National Association of Child Care Resource and Referral Agencies (NACCRRA) also participates in each partnership.

To learn more, contact Pia Divine, Coordinator of the National Child Care Research Consortium, Child Care Bureau, at: (202) 690-6705, or internet [pdivine@acf.dhhs.gov]

Child Care

"People helping people help themselves"

Frank O'Bannon, Governor
State of Indiana

Indiana Family and Social Services Administration
402 W. WASHINGTON STREET, P.O. BOX 7083
INDIANAPOLIS, IN 46207-7083

Kathenne L. Davis, Secretary

NEWS RELEASE

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EMBARGOED FOR RELEASE after 6 p.m. Friday, February 7, 1997

INDIANA CHILD CARE FINANCING SYMPOSIUM WINS NATIONAL AWARD

The Indiana Family and Social Services Administration (FSSA) today accepted an Innovative Excellence award in San Diego in a national competition for work-and-family programs. The award recognized FSSA's leadership in convening its second Indiana Symposium on Child Care Financing in Indianapolis on Oct. 9, 1996.

Carole Stein of the Family and Social Services Administration accepted the award on behalf of FSSA from the Alliance of Work/Life Professionals. The Alliance is a nonprofit organization established last year that combined the two leading membership organizations in the work-life field: the National Work Family Alliance and the Association of Work/Life Professionals. The Alliance presented just three Innovative Excellence Awards at its annual conference.

The award honors the Family and Social Services Administration for organizing the Indiana Symposium on Child Care Financing. The Symposium was the product of a collaborative effort between FSSA and the Child Care Action Campaign, a national nonprofit child care advocacy organization.

The Symposium was the focal event of a successful program designed to show private sector employers how family-friendly operations benefit them and their communities. The 1995 Symposium led to demonstration projects in 17 Indiana counties. Their reports at the 1996 Symposium showed what can be done. As a result, more than two-thirds of Indiana's 92 counties have initiated projects for child care financing.

Business, community, and government leaders from at least 60 counties shared experiences and expertise at the 1996 Symposium. Honorary co-chairs are Susan Bayh, who was

Indiana's First Lady at the time of the Symposium, and Charlene Lugar, wife of Sen. Richard G. Lugar, R-Ind. Their participation sent a clear signal of bipartisan commitment to affordable, available, quality child care for Indiana.

A few examples of the accomplishments:

-- A Michigan City bank established a $50,000 revolving fund to help licensed child care providers in two counties make improvements.

-- A chief executive officer said his Miami County company established child care for employees because a survey showed him the bottom line savings in doing so.

-- A Michigan City synagogue rented space for care of 25 pre-schoolers, regardless of religion, at the urging of a child care coalition established by one of the congregation's mothers.

"The Family and Social Services Administration is proud of this award and proud of the many corporate sponsors who helped make the Indiana Symposium on Child Care Financing a success," said Katherine L. Davis, Secretary of FSSA. "As a leader in welfare reform, Indiana recognizes the link between quality child care, working parents and the workforce of the future."

Corporate sponsors of the Symposium were American Cablevision, American States Financial Corporation; Brightpointe, Inc.; Conseco; Cummins Engine Co.; Eli Lilly and Company; Golden Rule Insurance; Ice, Miller, Donadio & Ryan; IPALCO Enterprises Inc.; The Junior League of Indianapolis; Lincoln National Corporation; Marsh Supermarkets Inc.; Maytag; Melvin Simon and Associates Inc.; Northern Indiana Public Service Company; PSI Energy; Resort Condominiums International; Weiss Communications Inc. -- Indianapolis Woman; Work/Family Directions; Wishard Memorial Hospital and WISH-TV.

For more information:
Rich Allen, Director, External Affairs, 317-233-4453

Alliance of WORK/LIFE Professionals

For Release
Thursday, Feb. 6

Contact: Barry Wanger
or Kate Nixon
Wanger Associates
617-965-6469

Child Care Center, Helicopter Manufacturer, State Agency Win 'Innovative Excellence" Awards for Work-Life Programs

SAN DIEGO (Feb. 7) -- A Connecticut company which builds helicopters, an Indiana state agency, and a California child care center today were named winners in a national competition for innovative work and family programs.

Sikorsky Aircraft Corp., Stratford, Conn., Indiana Family and Social Services Administration, and Palcare, Burlingame, Calif., were selected for Innovative Excellence Awards by the Association of Work/Life Professionals.

The Association is a non-profit organization established last year that combined the two leading membership organizations in the work-life field: the National Work Family Alliance and the Association of Work/Life Professionals.

The awards were presented at the Association's annual conference at the Hotel Del Coronado in San Diego, Calif.

Palcare, a child care center at San Francisco International Airport with an unusually flexible program for the children of parents working on rotating schedules, and the Indiana Family and Social Services Administration were co-winners of the Community Innovative Excellence Award.

Sikorsky was honored with the Corporate Innovative Excellence Award for developing and implementing what the judges called an "unusually successful" company-wide training program designed to encourage employees to take advantage of flexible workplace programs.

more-more-more

Awards 2-2

In the first year under the new program, there was a 150 per cent increase in the number of part-time Sikorsky employees utilizing flexible work arrangements and a 104 per cent jump in the number of employees on approved work at home arrangements.

The Managing Flexibility for Productivity program included mandatory training for all supervisors and a series of tools designed to help employees write a proposal for a flexible work arrangement and the supervisor to evaluate the proposal.

The Indiana Family and Social Services Administration was honored for its effort in organizing the Indiana Symposium on Child Care Financing in collaboration with the Child Care Action Campaign, a national non-profit childcare advocacy organization.

The Symposium was the focal event of a successful program designed to increase the role of private sector employers in investing in expanding the quantity and improving the quality of child care for working families in 17 counties across the state.

Palcare opened three years ago through a partnership involving labor, businesses, county and local government, and community nonprofit organizations who were concerned about the lack of flexible, affordable child care available for employees with non-traditional and rotating work schedules.

The center provides flexible, night and day care, seven days a week and is open between 18 and 20 hours a day, thus meeting the needs of parents working swing shifts. The center also provides care for school-aged children at night and on weekends.

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A Giant Step for Child Care

How the CCAC-Indiana Symposium on Child Care Financing Launched Business-Community Initiatives

CCAC

A report of

Child Care Action Campaign

330 Seventh Avenue

New York, New York 10001

File – Child care

A Giant Step for Child Care

How the CCAC-Indiana Symposium on Child Care Financing Launched Business-Community Initiatives

By Gail Richardson
with Minerva Novero

CCAC
A report of
Child Care Action Campaign
330 Seventh Avenue
New York, New York 10001

Child Care Action Campaign

The Child Care Action Campaign's mission is to stimulate and support the development of policies and programs that will increase the availability of quality, affordable child care for the benefit of children, their families, and the economic well-being of the nation.

To accomplish this, CCAC provides information and original research to parents, the general public, and to government and corporate policy makers about the needs of families and children. CCAC emphasizes the connection between these needs and the nation's prosperity, and advocates for additional investment in child care by employers, by labor, and by federal, state, and local governments.

Printed by Indiana Family and Social Services Administration.

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Acknowledgements

Child Care Action Campaign gratefully acknowledges the many individuals, organizations, companies, and public agencies, predominantly in Indiana, who have contributed to the success of the Indiana Child Care Financing Symposium and the projects it has launched.

Mrs. Susan Bayh, First Lady of Indiana, and Mrs. Charlene Lugar, wife of U.S. Senator Richard Lugar, endowed the Symposium with vision and leadership. As co-chairs of the Symposium they affirmed the significance of good quality child care to the people of Indiana and provided invaluable support.

Cheryl Sullivan, Secretary, Indiana Family and Social Services Administration (FSSA), wisely guided the project's evolution and ensured its broad impact.

Thanks to Jerry Musich, Executive Director, Indiana Donors Alliance, the Indiana Child Care Fund, created during the Symposium project to provide private sector support to child care initiatives, has found a permanent home.

Carole Stein, Senior Policy Analyst, Office of Planning, Innovations, and Government Relations, FSSA, has inspired, organized, and assisted all project participants in Indiana and has made a whole out of many parts. Without her skills and dedication, the Symposium would not have happened.

Barbara Anderson, consultant, helped build corporate support for the Symposium. Erin Deemer of the Yale Bush Center in Child Development and Social Policy, brought expertise in business management and child care to the development of the Symposium agenda and the CCAC slide show presentation.

The many individuals and companies who contributed to the project as advisers, sponsors, mentors, Symposium presenters, and coordinators of county teams have put the ideas of the Symposium into action. They are listed on pages 20-21.

The David and Lucile Packard Foundation provided critical support to CCAC for organizing the Indiana Symposium.

Overview

One morning last winter, in the heartland of Indiana, Rita Fearnow pinned a bright orange tag on her lapel before setting out to work as Operations Consultant for McDonald's Corporation in Indiana. Bearing the message, "Orange you glad I have child care?" Fearnow was one of hundreds of working parents in Howard County who observed "Orange Day" to show how many employees depend on child care and why firms have a bottom-line interest in the issue.

In neighboring Miami County, private sector leadership and contributions by a local utility, a hospital, four small firms and the *Peru Daily Tribune* have enabled one center to open and a second to be planned. (See Box on page 2.) In Bartholomew County, in the southern part of the state, Cummins Engine has helped to launch the Community Child Care Fund that is close to reaching its first year goal of $25,000 to invest in training for child care providers and other improvements in local child care programs. (See Box on page 3.) In LaPorte County, which borders Lake Michigan, First Citizens Bank of Michigan City has created a below-market-rate loan fund of $50,000 to help family child care providers spruce up their residences to better accommodate and protect young children. (See Box on page 5.)

Business-community partnerships are on the agenda and on the rise in the 17 counties that are participating in the multi-year project whose focal event was the Indiana Symposium on Child Care Financing, held on November 15, 1995. (See Map on page 21.) The Symposium was spearheaded by Child Care Action Campaign (CCAC) of New York City and jointly organized by CCAC and Indiana Family and Social Services Administration (FSSA). Its goal was to increase the role of private sector employers as leaders on child care issues and investors in building the capacity and improving the quality of child care for working families.

Miami County Opens One Center— and Begins Work on Another

The Symposium helped us so much. . . It taught us not to focus on what we want but on what business needs and can give, to put ourselves in their shoes.

— Tyra Walker,
Step Ahead Coordinator

A child care center for 50 infants, toddlers and preschoolers—with a room for sick-child care—is about to open its doors on the premises of Peru Grace Brethren Church in Miami County. This project got a big boost from the Symposium team, whose effective media strategies helped to attract business support..

Affordability for parents and quality care for children, not just more "slots," are the challenging goals of the new center. The church is providing space, utilities, and maintenance. NIPSCO, a private utility, along with two small businesses—Bryan Steam Corporation and Kuepper Favor Company—and the Step Ahead Child Care Grant Program have made contributions to build an attractive, safe playground. Duke Memorial Hospital is supplying cribs, in-service training, and health training and equipment. Other local employers supporting the project include Heraeus Electro-Nite and Woodcrest Manufacturing.

Inspired by this success, the publisher of the *Peru Daily Tribune* has decided to follow suit. He hopes to convert print shop space into an on-site child care facility for his eight employees and, space permitting, for the children of employees in a local bank.

To achieve this goal, the Symposium organizers first invited county-based teams of public and private sector leaders to define child care projects for their communities. Once these plans were formulated, teams were offered access—before, during, and after the Symposium—to national and state experts, state officials, and philanthropic and corporate mentors from whom they gained assistance in carrying out their local initiatives.

Energized and guided by the Symposium, county teams have produced record results in one year's time. Their achievements and works in progress include several new or refurbished child care centers; two employer-supported funds to invest in training and other measures to improve child care quality; a loan fund for family child care providers; and a mentoring program for infant-care providers. Employee surveys, "tool kits" of child care information for employers, press and television coverage, and events like Orange Day in Howard County are other notable accomplishments of county teams. (See *County-by-County Results of the Symposium Project*, page 20.)

Project momentum has spread to all corners of Indiana. In fall 1996, another 43 counties will join the Symposium project, which is changing the way Indiana does business and supports its families.

Growing evidence of grass roots successes has triggered initiatives at the state level. These include the production of a half-hour public awareness video by FSSA and Ball State Teleplex, an intergenerational program to attract retired seniors as volunteers in child care centers, mentoring by retired corporate executives to local child care projects, and the consideration of child care as an economic planning issue by the Indiana Economic Development Council.

Most significantly, the Indiana Donors Alliance, representing 70 community foundations, has agreed to become the home of the Indiana Child Care Fund. Originally set up by CCAC and FSSA to provide seed funding to Symposium teams, the fund will now continue on a permanent basis to raise corporate, foundation, and individual contributions to improve child care throughout the state.

These results, revealed during interviews with Indiana project participants in summer 1996, confirm the effectiveness of

Lessons Learned in Bartholomew County

The Symposium helped us to define our goal and opened options for addressing the [child care] issue."
—Barbara Piper
Step Ahead Coordinator

Enlightened leadership on work and family issues by Cummins Engine Company, the Heritage Fund (a community foundation), the Columbus Area Chamber of Commerce, and the Bartholomew County Step Ahead Council paved the way for the Symposium team to create a Community Child Care Fund. The fund will make investments in training, accreditation, facilities, and technical assistance to improve child care quality.

The original action plan called for raising donations from 53 local businesses, but the plan proved too ambitious. By mid-1996, the county team had raised donations from nine businesses and other sources and expected to raise $25,000 by the year's end. Quickly and objectively, the team tallied successes and areas for improvement, as follows:

Successes
- Confirmation of project validity
- A quick launch
- Chamber of Commerce support
- A matching grant from Cummins Engine Foundation
- Good newspaper and radio publicity
- Progress on needs assessment

Improvements Needed
- Clearer definition of priorities
- Revised strategy for fundraising
- Accurate assessment of the competition
- A bigger role for city and county governments
- Ground rules for group decisionmaking

CCAC's strategy of teaming up with strong state partners to develop and assist local child care initiatives. In addition to the Indiana event, CCAC has organized similar action-oriented conferences in Florida, Michigan, and New York. CCAC invites leaders in other states to consider working with CCAC on a state symposium to build constituencies and mobilize resources to expand child care capacity and improve child care quality.

Business-Community Partnerships on the Front Lines: CCAC's Child Care Financing Symposia

Since its founding in 1983, CCAC has studied and published reports on creative strategies for public and private financing of child care. This focus reflects the fact that market forces—which shape the vast majority of child care decisions in America—cannot ensure care that meets children's developmental needs and enables families to fulfill their job responsibilities.

On the demand side, the large majority of working families cannot afford the cost of good quality child care. Families who pay for child care pay, on average, about $3,800 per year for one or more preschool children, according to the U.S. Census Bureau.[1] By contrast, national experts peg the cost of providing good quality care at $6,400 to $8,300 *per child* per year.[2]

On the supply, side providers struggle, too often unsuccessfully, to survive on fees that parents can afford, and their high rates of staff turnover disrupt the continuity of care on which children depend.[2] Nor, on typical fees, can providers offer children the labor-intensive programs—with trained staff, small group sizes, and low child-to-adult ratios—that encourage frequent, responsive adult interactions with each child, which are at the heart of "quality."

The tight budgets of parents and the shoestring economics of providers go a long way toward explaining what research abundantly documents: that most child care in America is mediocre to poor, and some is downright dangerous.[3] Poor quality child care adversely affects the growth and development of children and jeopardizes their prospects for future success in school and work.

Poor quality child care also affects the bottom line of business. Employees with undependable child care worry on the job, lose concentration, and have higher rates of tardiness and absenteeism than co-workers, according to national and local surveys. Even so, employers often do not take steps to support dependable child care for employees. Their reasons range from a traditional view of the divided spheres of work and family to a lack of evidence of the problem and limited familiarity with solutions. Many employers, for example, still believe that support for child care means building on-site centers, whereas many other lower-cost options exist in every community.

Certainly, employers need better data showing the impact of child care on productivity and identifying options for action where problems exist. Yet persuasive data do not always clinch the case for business investment in an arena that most employers find hard to decipher. Unlike school systems, child care has no unified structure, no district budget or boards. Family child

LaPorte County Establishes a Loan Fund for Family Child Care Providers

The Symposium has been enlightening...It gave us impetus to do more. Now we are pulling together our business plan and our pitch to business is: 'You've told us child care is important. Well, this is what we've done, this is what we will do next, and this is what we need from you.'

—Dr. Janice Katz
Clinical Psychologist
Michigan City

Positively influenced by the Symposium team in LaPorte County, First Citizens Bank of Michigan City has announced its intention to create an installment loan product to assist in-home child care providers refurbish their residences.

Under its new program, Care Providers, First Citizens Bank will lend up to $50,000 to family child care providers, at a five percent interest rate. Applicants must first receive a referral from LaPorte County Step Ahead. The maximum a provider can borrow is $5,000 for a period of 60 months. Repayments will revert to the loan fund for re-lending.

"This is a wonderful opportunity for licensed in-home child care providers, and First Citizens Bank is a great corporate citizen," says Adrienne Gottlieb, LaPorte County Step Ahead Coordinator.

Several team members in the Symposium project had formerly helped to found the Michigan City Child Care Consortium in 1992 by raising $64,000 in start-up funding for a child care center, primarily from five local employers. The team now seeks both to expand this center and to encourage employers to consider other types of investment in child care.

care homes, churches, centers, neighbors, preschools, Head Start programs, relatives, play groups, and vacation camps are among the dozens of sources of care and education that constitute "child care" for working parents.

Because of child care's diverse forms, employers seeking to realize benefits from child care investments are often well-advised to team up with partners who know the child care terrain, can define attractive investment opportunities, and can assist in organizing or managing these investments. Such partners may include public agencies, foundations, nonprofit organizations, child care resource and referral agencies, and the full array of local child care providers.

To increase the visibility, number, and impact of business-community partnerships is the goal of CCAC's state symposia on child care financing. These partnerships are on the front lines of endeavors to solve the child care crisis in America because child care solutions are always local (although a strong state role and a strong federal role are essential) and because no one sector will finance the good quality care that all children deserve.

A CCAC-state financing symposium helps state partners work with communities to define child care priorities, bring business partners to the table, and launch collaborative activities to expand child care supply and improve quality. Once local pub-

Step Ahead Improves Child Care in Indiana

Indiana understands the critical role quality child care plays in helping children reach their full potential, according to Cheryl Sullivan, Secretary of Indiana Family and Social Services Administration. Under Secretary Sullivan's leadership Governor Evan Bayh's Step Ahead Initiative has been implemented in all 92 Indiana counties.

The Step Ahead process permits local counties to combine various funding streams to deliver services that communities have identified as priorities. By simplifying bureaucracy and implementing creative approaches, Step Ahead has attracted over $24 million in additional federal funding to expand educational programs, enhance early intervention services, and increase the number of licensed child care providers.

"When Indiana's Step Ahead Councils conducted their own needs assessments, 85 counties identified child care as their priority service need," recounts Secretary Sullivan. "Those needs differ from community to community and from family to family. Indiana has moved aggressively to expand not only the capacity for child care but the quality of child care as well, in all counties."

lic-private sector teams are on the move, higher-level decision makers in corporate, philanthropic, and policy arenas can target their resources and investments in ways directly responsive to local child care priorities. Thus can grass roots and state-level initiatives push each other forward to create broad-scale changes that benefit children and families, as is clearly illustrated by the Indiana project.

Step Ahead and the Origins of the Indiana Symposium

"Before the Symposium, we had this pie-in-the-sky outlook. Now we have a good handle on things. The Symposium started the ball rolling."

The speaker is Teri Carr, until recently Step Ahead Coordinator of Fulton County. Under Carr's leadership, a community team from "the middle of nowhere" wrote a proposal to participate in the 1995 Indiana Symposium on Child Care Financing by spelling out its goal: the construction of a new child care center to meet acute local need. In Fulton County, where 67.3 percent of mothers with children under five work outside the home, only 185 licensed child care spaces are available to meet a demand estimated at 1500 of the county's youngest children.

The shortage of child care in Fulton County resembles conditions in the 17 counties whose Step Ahead Councils joined the Symposium project. Indiana Step Ahead Councils, one in each of the state's 92 counties, were created by legislation in 1991, under the leadership of Governor Evan Bayh, to simplify state bureaucracy and increase public sector responsiveness to local needs. (See Box on page 6.) Step Ahead Councils set priorities for public programs serving families and children, administer child care subsidies, expand early intervention programs, and play a leadership role in launching local projects.

Periodic needs assessments by Step Ahead Councils show that child care is a top priority nearly everywhere in the state. In the Symposium counties, between 57 and 67 percent of women with children five or younger work outside the home. Infant care is in critically short supply. Care for sick children and care during increasingly common extended hours and weekend shifts are unavailable in many locations. Care for special needs children is spotty: in rural Benton and Newton Counties, on the Illinois border, the nearest child care program for children with special needs is located a county away—too harsh a trek for three- and four-year-olds.

As largely volunteer bodies, Step Ahead Councils grapple with the disparity between their vision of a world of good and plentiful child care and their bare-bones staff and budgets. Moreover, federal and state welfare reform requirements will cause an influx of children needing care into a system already inadequate to meet existing demand for good quality care. By 1995, many Step Ahead Councils were looking for ways to bring new partners and resources to the table to expand child care supply and improve child care quality.

"The Symposium offered Step Ahead Councils a great opportunity," says Carole Stein who, as senior policy analyst at FSSA, invited CCAC to bring a financing symposium to Indiana, and took the lead in rallying state partners and directing the project in Indiana. CCAC's exploratory trip in fall 1994 confirmed the strong interest of state agency officials, child care providers, and Step Ahead Councils in pursuing a collaborative project. From that point on, recalls Stein, "This project has just kept growing."

A Three-tier Framework for Action

The Indiana Symposium evolved in three tiers as a powerful national-state-local framework for action. (See Table: *Indiana Symposium on Child Care Financing: A Framework for Action* on page 22.) CCAC contributed its expertise, strategic capability, links to resources and innovators across the country, and media skills. At the state level, FSSA brought high-level political support, organizational capability, state and local networks, and access to information and resources. Locally, Step Ahead teams brought grass roots savvy, action goals, practical strategies, and implementation capacity.

First CCAC and FSSA worked out their collaboration. Then Step Ahead partners were brought to the table through a proposal process. In order to participate, a Step Ahead Council had to recruit a team that included an elected official and representatives of a local business, a financial institution, a philanthropic foundation, the regional private industry council, the Chamber of Commerce, parents, and agencies or programs in health, education, and child care. Teams were required to submit a plan to expand child care capacity and/or improve quality by means of strategies designed to attract private sector investment.

Once counties submitted proposals, CCAC and FSSA pursued corporate sources of seed funding to help counties implement their plans. To demonstrate high-level support for this effort, Mrs. Susan Bayh, First Lady of Indiana, and Mrs. Charlene Lugar, wife of U.S. Senator Richard Lugar, hosted a lunch for top officials from two dozen companies, at which CCAC president Richard B. Stolley was the featured speaker. Nearly all of the companies represented at the lunch made donations to a seed-grant fund for Symposium counties which later became the Indiana Child Care Fund.

The Indiana Symposium

At the Symposium, co-chaired by Mrs. Bayh and Mrs. Lugar in the Indiana Statehouse, county teams learned about creative child care financing strategies in use by national, state, and local innovators. These strategies included community-focused investments in child care quality by AT&T, an employer-supported child care consortium managed by Allen County Child Care of Fort Wayne, community organization techniques and child care programs of Eastside Community Investments of Indianapolis, and family child care recruitment and training programs of the Oregon Child Development Fund of the Oregon Community Foundation. Afternoon workshops en-

Two Routes to Child Care Support in a Company

Typically, employers can invest in child care projects through one or both of two different departments: Community Relations and Human Resources (or their equivalents). Each department pursues different company goals; therefore each must be approached in a different way. The following table summarizes key features of these departments that affect the fate of a proposal for corporate support. This table was prepared by Candice Lange, Manager, Human Resources, Work and Family, Eli Lilly & Company.

	Community Relations	**Human Resources**
Source of Funds	Corporate foundation	Operating budget
Business Goals	Corporate social responsibility	Employee productivity, retention
What's the Competition?	Other worthy causes in the community	Other human resources programs and expenses
Employer Interest and Involvement	Somewhat limited	Specfic outcomes expected
How Employees Benefit	As part of the community	Preferentially

abled teams to refine their original proposals and specify action goals for the following year.

Also featured at the Symposium was the CCAC presentation, "Child Care on a Shoestring," a slide show that employed budget data about Indiana child care centers and family child care homes to demonstrate why poor quality child care has economic origins beyond the capacity of parents and providers alone to alter, and why business has a bottom-line interest in investing in child care. A video, "A History of Child Care in Indiana," prepared by FSSA and the Ball State University Teleplex Center, encapsulated the evolution of child care programs in Indiana and ended with powerful testimony for family-friendly policies by CEOs of prominent Indiana companies.

Following the Symposium, county teams received overhead transparencies of "Child Care on a Shoestring" along with the FSSA-Ball State video for use in public awareness activities. In subsequent months, FSSA provided continuous technical assistance to teams in the form of periodic meetings for team coordinators, referrals to sources of expertise, circulation of materials, and workshops on special subjects in which CCAC participated. In addition, corporate supporters of the symposium offered managerial staff as mentors to assist county teams in designing and carrying out effective approaches to prospective private sector partners. (See Boxes on pages 10 and 11.) This targeted technical assistance was critically important in helping county teams to keep up their morale and their momentum. In addition, seed grants were disbursed in May 1996 to county teams from the Indiana Child Care Fund.

Bringing Local Employers to the Table: Lessons Learned by Symposium Teams

Returning home after the Symposium, county teams quickly discovered, if they did not already know, that effective business-community partnerships do not spring into being overnight. Success requires multiple approaches, several strategies, and dialogue and action over the long term. The activities in use by counties to build partnerships, and the lessons learned, are summarized below.

Build Awareness. Building awareness is the first step to finding and engaging employers as partners in community child care projects, report county teams. "We in business have no idea," says Guy Spencer, owner of a print shop in Gary who joined the Lake County Step Ahead Team to learn what could be done to overcome this barrier to change. (See Box on page 12.)

How to Use Your 15 Minutes With a CEO

Nine Steps to Success in Winning Corporate Friends for Child Care

1. Focus on the effect of child care on the bottom line.
2. Do your homework. Be sure you know the background of the company you are approaching and their policies regarding family-related issues.
3. Have a presentation prepared so you do not waste the CEO's time.
4. Use simple, everyday language and use statistics.
5. Show the CEO what you can do for that company. Be prepared to present a detailed description of your program, if asked. Then listen carefully to the response.
6. Explain what role the company can play and how it will benefit.
7. Find a competitor that is doing the same thing, because business leaders do not want to be perceived as lagging behind the competition.
8. Don't go in with your hand out. Stress that you are interested in the company's support, which can take various forms. Listen to the CEO's suggestions.
9. Don't say "nobody cares." The person who comes through is the one who has a positive attitude.

Based on interview with Pat Riecks
Human Resources Coordinator, PSI Energy

Not Too Small to Care: Small Business Champions of Child Care

Two of the most vocal business advocates for child care in the Symposium project run small businesses. They know first hand that employees' child care woes sap productivity, and they are working with Symposium teams to expand local child care capacity.

Greg Robinson runs a McDonald's franchise with a staff of 60 in Rochester, Indiana. He reports that he often receives calls from employees saying they can't come to work because "their baby sitter didn't show up, or quit. So I am left hanging," Robinson laments. "My business is left hanging. I have to find somebody to work that shift. Child care is a matter of big interest to me." Robinson is working with the Fulton County Step Ahead team to round up the resources needed to create a child care center.

Gary Spencer owns a small print shop in Lake County. When they can't make other arrangements, parents who work for him are allowed to bring children to work. As a parent himself, he understands their worries.

As a member of the Lake County Step Ahead team, Spencer believes that lack of awareness is the primary obstacle to an expanded child care role for business. To help overcome this barrier, the team plans to conduct a survey of working parents to demonstrate to employers what types of child care investments would be likely to boost business productivity.

Topping the list of "awareness" activities by county teams, in terms of frequency, are presentations of CCAC's "Child Care on a Shoestring" to Rotary, Kiwanis, Lions, sororities, Chambers of Commerce, and other civic and community groups. By offering this presentation, county teams find it easy to get on the agenda of local organizations. In rural areas the "grapevine" supplements organized presentations; casual encounters and ad hoc conversations expand the circle of those who are informed about community child care initiatives.

Information brochures and resource guides, or "tool kits," are in production in six counties to supply data to business on the benefits of investing in community-based child care resources. (See, for example, the Marion County plan described in the Box on page 13.) Press attention to child care has been achieved through innovative events like Orange Day in Howard County and a candlelight vigil in Miami County. Step Ahead Coordinators in Bartholomew, Elkhart, and LaPorte Counties have succeeded in getting letters or columns printed in local papers. A CCAC workshop and materials provided important technical assistance to help county teams develop effective media strategies.

Make the Case and Set Priorities. As local employers learn about child care issues, they may nonetheless distance themselves from solutions, report the county teams. "Leaders of many local businesses are 'traditional' in their belief that the workplace should have nothing to do with home life. Other companies may feel they cannot afford 'extra' benefits," observes Michelle Janin of the Cummins Engine Foundation.

To overcome resistance, "use statistics to prove that child care affects the bottom line," urges Wendell Gooch, who owns the Orange County Publishing Company. Business people are busy, cautions Ron Humphrey, president of Kentland Bank in Newton County, so child care teams need to be "very specific."

Seeking local data to make the case to employers, Delaware, Elkhart, and Lake Counties are conducting surveys of local employees' child care needs and are benefiting from the technical assistance of a corporate mentor provided by Lincoln National Corporation as part of the Symposium project. In Orange County, a county-wide survey and luncheon meetings for employers will help the local team learn more about which businesses might be open to contact and collaborative endeavor. Identifying the right decision maker in each company is

Marion County Attracts Philanthropic Support

The Symposium started the ball rolling, and we must make sure the ball keeps on rolling.

—Gayle Spicer
Step Ahead Coordinator

The Symposium project developed by the Marion County team seeks to link business-community partnerships in child care with other efforts to support families who are required by state and federal law to leave welfare for jobs. Project components include

- tool kits and a speakers bureau to inform employers about the economic impact of child care;

- a Grow Child Care Fund to increase private sector investments in child care quality improvements including training;

- consumer education materials to help parents receiving child care subsidies to select care arrangements that meet both children's developmental needs and parents' work goals; and

- community advocacy to build the capacity of parents to influence state policy makers to respond effectively to the child care needs of low-income families.

Thanks to technical assistance by Child Care Action Campaign, the Marion County team has received support from the Moriah Fund of Washington, D.C. for this project. The Indianapolis-based Opportunities Industrialization Centers is coordinating the work of the Marion County Step Ahead team and its corporate mentors to carry out this initiative.

A Mentor Helps Fulton County

Our mentor has been very helpful in providing business perspectives. She gives us moral support and direction.

—Teri Carr
Step Ahead Coordinator

Fulton County did not expect to participate in the Symposium project because, according to Teri Carr, the county is "in the middle of nowhere, the country mouse. We didn't feel we had anything to showcase or feel important about."

Yet at the Symposium the county team "embraced the concept of an employer consortium." Now the team is seeking employer backing for a new child care center. A McDonald's franchise and an elder care facility would like to help out in some way. Land has already been donated.

A key ingredient in this progress is Anna Rust, assistant vice president of Conseco, a large financial services company headquartered in Indianapolis. As corporate mentor to Fulton County, Rust has offered advice by phone on many occasions.

"I have tried to explain how to get to the right person, the decision maker, says Rust. "I find that often we spend an inordinate amount of time talking to the wrong person."

This input made all the difference to Carr, who wishes that Rust could have been available before the Symposium. Rust, for her part, is amazed that a few phone calls mattered. But, indeed, they did.

critical, advises the corporate mentor to Fulton County. (See Box on page 14.)

An effective case for business support also requires that clear priorities be set within the child care community, as the Bartholomew County team learned. After launching a bold plan for a business-supported Community Child Care Fund, the team realized that they needed to do more work to establish community consensus about which investments would bring the highest returns to employers, families, children and the community.

Win Champions and Extend the Vision. One objective of persuading local employers that child care merits their concern is to encourage them to step forward as champions—advocates for child care whose public status attracts significant attention and support from new quarters. "People must first be able to share the vision, then financial and other kinds of support will follow," explains Jay Brinkman, a chiropractor and president of South Newton School Board, in describing the strategy of the team working in Newton and Benton Counties. (See Box on page 15.)

Several county teams are spreading their child care vision by linking their projects with economic development experts and organizations. The joint project of Clark, Floyd, Harrison, and Scott Counties is headed by Jerry Wheat, a professor of business at Indiana University Southeast, who contributes a valuable outside perspective to this four-county collaboration. In Randolph County, a local economic development agency has taken the lead on the Symposium project. In Lake County, the Step Ahead team has expanded to include members of the local welfare-to-work planning team.

In Newton and Benton Counties, the multi-county Kankakee Valley Workforce Development Council is proving a strong regional partner. The council's economic development mission, strong ties to elected officials and business leaders, and communication resources are helping to build local support for the multi-purpose center that will house a child care program for special needs children—and perhaps one of the council's programs as well.

Friendly Persuasion in Newton and Benton Counties

The Symposium really helped me. We took a group of people from Benton and Newton Counties and we sat down together and listened to one another [on the subject of child care] for the first time. We realized we have a lot of common needs. That's when all this took off.

—Dr. Jay Brinkman
President
South Newton School Board

"Happenstance" is how Dr. Jay Brinkman describes the origin of the Symposium project in Newton and Benton Counties: One day, at a local mall, he ran into Pam Hasser, the Newton County Step Ahead Coordinator. She told him about special needs children whose parents had no child care center in the county. He told her his dream of converting a house on school property into a preschool. The two quickly joined forces.

Pulling together a team and attending the Symposium jump-started the Newton-Benton plan. Now, rolling it out in the community takes place primarily in neighbor-to-neighbor talk.

Using strategies picked up at the Symposium, Brinkman reports, "We have approached business and told them, 'we have something for you.' We have offered them a solution to their high rate of absenteeism among employees. We have offered them a solution to their problem of people leaving to find other jobs. We know they spend a lot of money hiring and training people, so we have said, 'Why don't we work together?' The response has been overwhelming."

Buoyed by growing community interest in the center, the Newton-Benton team has already convinced an architect to donate renovation designs, persuaded contractors to give a 44 percent discount on construction, identified a fiscal agent, and discovered a project partner in the Kankakee Valley Workforce, which may use center space for welfare-to-work training for adults.

Offer Options for Action. County teams emphasize that significantly greater financial resources must be found in order to build an adequate supply of good quality child care for working families. Yet many of them acknowledge that they must be flexible—and patient—about the requests they make to employers. A menu or list of investment options, with affordable choices for employers of all sizes, is in the works in LaPorte County. Here, two child care consortia have been created with employer support in the past few years. Now, stimulated by the Symposium, the county seeks to expand the base of employer involvement by drawing attention to a broad range of investment options including Dependent Care Assistance Plans (DCAPs), which benefit both employers and working families by permitting employees to put a portion of pre-tax earnings into an account to help pay for child care.

Employers involved with the local teams encourage broad thinking. "Funds are tight this year," reports Greg Robinson, a McDonald's franchise owner and a supporter of the Fulton County team. "But we can still get involved by lining up providers, finding the building, being flexible with work hours."

In-Kind Donations in Howard County

The fact that we have worked together and developed rapport, that people were brought together made a tremendous impact on the community. The Symposium project has connected us all and built this foundation. I can say whatever happens we would probably go on working together.

—Jeannie Landseadel
Child Care Center Director
Kokomo

A drive for in-kind donations from business to "sustain and upgrade" existing child care centers, is the Symposium plan in Howard County. The team's preliminary list contains the following items, identified as lacking in many child care sites.

Contributions of these items would improve the learning environments, increase management efficiency, and add flexibility to providers' budgets to better support staff and training.

Fax machines
Computers & software
Copy machines
Printer
Office chairs
File cabinets
Paper
Envelopes
Pencils
Pens
File folders
Art materials

Landscaping products
Mulch
Trash cans
Storage crates

Coat racks
Partitions
Shelving
Art easels

Child-size chairs
Child-size tables
Commercial sweepers
Baby cribs
High chairs
Cots

Play kitchens
Baby bibs & washcloths
Paper products (tissues, etc.)

In-kind donations by employers a ... ncial support, at least in the short term ... e is a history of obtaining such in-kind ... s. In one case, the gas company contributed labor to move a gas line affected by construction work at a child care center, a service valued at $2,500. Free architectural advice and a below market quote from a construction contractor are bringing the Newton-Benton center closer to realization. The Howard County team has compiled a wish list ranging from computers to toys in the hope that local employers will donate these badly needed items to local child care centers. (See Box on page 16.)

Financial contributions by employers have boosted projects in three counties. The recipients are a center for infants, toddlers, and sick-child care in Miami County; the Community Child Care Fund in Bartholomew County; and a loan fund for refurbishing family child care residences in LaPorte County.

The Indiana Child Care Fund and the Snowball Effect

The achievements of county teams—well supported and given visibility by FSSA staff—have ignited state-level initiatives in public awareness, senior citizen participation in child care, corporate mentoring, and state economic planning. Representing the biggest success to date is the recent decision by the Indiana Donors Alliance (IDA) to provide a permanent home for the Indiana Child Care Fund.

Under IDA's direction the fund will raise corporate, foundation, and other private contributions to invest in strengthening the state's child care infrastructure (e.g., training and mentoring for child care providers), developing child care expertise across the state, and increasing public awareness of child care issues. IDA's new commitment to child care reflects the growing interest of its member foundations in supporting efforts that improve the quality of life for children, according to executive director Jerry Musich. In addition to creating the state fund, IDA will educate its members about opportunities to establish "field of interest" child care investment funds—to attract donor dollars into community-based child care projects like those undertaken by Symposium teams.

As Symposium-linked activities enter their third year, fully two-thirds of all counties in Indiana will be involved in creating or continuing business-community child care partnerships. The snowball effect shows no sign of slowing. This rapid evolution demonstrates how quickly communities can move to improve child care when offered appropriately-designed opportunities, incentives, and technical assistance. However, the Indiana project also reveals that grass roots initiatives need higher level support—for example, from regional agencies, state government, state and national philanthropies, large companies, and/or federal agencies. Otherwise they can wither quickly, wasting precious opportunities to realize the commitment to children and families that Americans profess.

The Symposium model of change is well-suited for success in the current political climate that favors smaller government and local control. Moreover, as the Symposium project draws broader numbers of Indiana institutions into the circle of its impact, state leaders are increasingly raising big questions toward which recent accomplishments point: What *is* the appropriate role for government, business and philanthropy in helping working parents meet their child care needs? What would it take to solve the child care problem for all families in the state?

Answers must be found, not only in Indiana, but in every state. If amplified by appropriate leadership and communications, the resolutions that states develop—or their steps toward such resolutions—can help lay the foundations of a national consensus that is urgently needed in order to combine private and public resources to finance good quality child care for all families that need it.

Notes

[1] U. S. Bureau of the Census (1995). *What Does It Cost to Mind Our Preschoolers?* (pp. 50-52).

[2] B. Willer (1990). "Estimating the Full Cost of Quality," in B. Willer, Ed., *Reaching the Full Cost of Quality in Early Childhood Programs.* Washington, D.C. National Association for the Education of Young Children.

[3] Center-based child care providers earn, on average, $6.70 per hour. For a typical work year of fifty 35-hour weeks, the average salary is $11,725. Source: Whitebook, M., et al. (1993). *National Child Care Staffing Study Revisited: Four Years in the Life of Center-based Child Care.* Washington, D.C.: National Center for the Early Childhood Work Force.

[4] According to a recent in-depth study of 401 randomly sampled child care centers in four states, only one in seven centers (14%) offered developmentally appropriate care; one in eight (12%) offered "less than minimal" care; and the vast majority offered mediocre care. Source: Helburn, S., et al. (1995). *Cost, Quality and Child Outcomes in Child Care Centers.* University of Colorado at Denver. According to another recent study, researchers in three states, who oversampled low-income and minority areas, reported that, "Only 9 percent of the homes in this study are rated as good quality (meaning growth-enhancing), while 56 percent are rated as adequate/custodial (neither growth-enhancing nor growth-harming), and 35 percent are rated as inadequate (growth-harming)." Source: Galinsky, E., et al. (1995). *The Study of Children in Family Child Care and Relative Care: Highlights of Findings.* New York, NY: Families and Work Institute.

County-by-County Results of the Symposium Project

In the year since the November 1995 Indiana Symposium on Child Care Financing, Step Ahead teams in the 17 participating counties have achieved the following results in their efforts to build business-community child care partnerships.

Bartholomew County. The Community Child Care Fund has been created to solicit corporate and philanthropic donations to improve training, facilities, and other aspects of child care quality and supply. The Fund expects to raise $25,000 in 1996.

Clark, Floyd, Harrison, and **Scott Counties.** A "tool kit" of informational materials is being distributed to promote business leaders' understanding that good quality child care contributes to business productivity.

Delaware County. Ivy Tech Community College is creating a mentoring program for family child care providers, especially those caring for infants. A survey of local employees will be used to target child care improvement priorities.

Elkhart County. A survey instrument is being developed to assess employees' child care needs. The county has attracted local press coverage of child care issues and editorial support.

Fulton County. Land has been donated to build a child care center for which the support of a consortium of employers is sought.

Howard County. "Orange Day" was organized to demonstrate working parents' reliance on child care. In-kind donations from employers to child care centers will be sought. United Way and public schools are paying more attention to child care.

LaPorte County. First Citizens Bank of Michigan City has created a $50,000 loan fund to help family child care providers refurbish their premises; the county Step Ahead Council will help administer the fund.

Lake County. A survey of employees' child care needs will be conducted and is expected to show acute infant and toddler care shortages.The county team broadened its community base by including local welfare-to-work planning council members.

Marion County. The Symposium project has attracted support from the Moriah Fund to conduct outreach to business leaders, create a Grow Child Care Fund, distribute parent education brochures, and conduct local advocacy for better quality, affordable child care for low-income families.

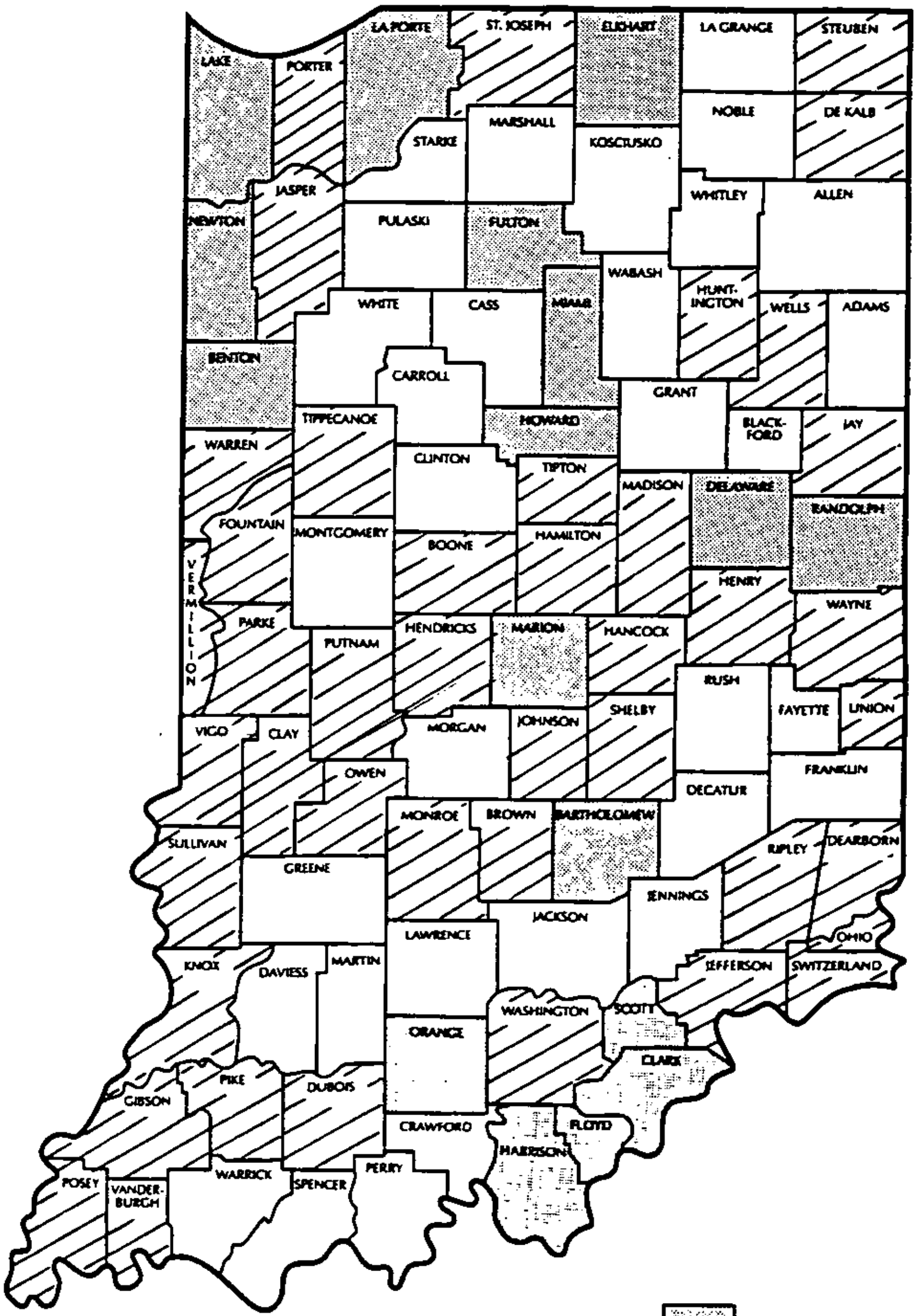
Miami County. A new child care center has opened, thanks to extensive local press coverage of child care issues and support from a major utility, a hospital, and several local businessses. The publisher of the local newspaper is seeking help to start an on-site child care center to serve his employees and those of a neighboring bank.

Newton and **Benton Counties.** Broad local support has been developed to convert a building on school property into a preschool center for children with special needs; in-kind donations from various businesses will reduce construction costs.

Orange County. A local child care center seeks to expand by identifying new business partners. An employee survey and employer lunches to increase corporate support are under way.

Randolph County. Several strategies are planned to attract the attention and support of business to respond to the well-documented surge in child care needs anticipated as welfare reform activities proceed.

Counties Participating in the Symposium Project



1995 Participating Counties

1996 Participating Counties

Indiana Symposium on Child Care Financing: A Framework for Action

The Indiana Symposium brought business-community teams together with national and state experts to plan local projects to attract private sector resources to improve child care and boost business productivity. The Symposium launched child care initiatives in 17 counties, a state child care fund, new state policies, and an expanding network of child care advocates. The following table depicts the steps taken by Child Care Action Campaign, Indiana Family and Social Services Administration (FSSA), and other partners to plan and carry out the Symposium event and the year of implementation activities that followed.

	FALL WINTER 1994	SPRING 1995	SUMMER FALL 1995	NOVEMBER 15, 1995	WINTER 1995-96	SPRING SUMMER 1996	FALL 1996
CHILD CARE ACTION CAMPAIGN	Invitation to bring Symposium model to Indiana accepted.	Intensive assistance given to FSSA.	Keynote given at corporate lunch; assistance given to county teams.	**SYMPOSIUM**	Action resources created for counties.	Media training offered to counties.	National visibility enhanced for Indiana model.
	FSSA AND PUBLIC-PRIVATE SECTOR PLANNING COMMITTEE		Symposium planned; requests for proposals (RFPs) sent to counties; assistance given to counties.		Assistance given to county teams.	State initiatives launched to expand support for communities.	Video produced; county achievements documented.
		COUNTY STEP AHEAD COUNCILS	Local projects defined through RFP process; public-private sector teams recruited.		Projects refined and launched.	Projects implemented.	Results and lessons assessed.
		CORPORATE ADVISERS, DONORS & MENTORS	Attended corporate lunch at Governor's residence.		Strategic assistance, donations to Indiana Child Care Fund, and mentors provided.	Assistance to county teams and additional donations given.	Continued participation in Indiana Child Care Fund.
					INDIANA DONORS ALLIANCE	Permanent home provided for Indiana Child Care Fund.	

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Dr. Barbara Batchelor, Day Nursery
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Symposium Presenters

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Byron Jensen, Goodwill Industries, Indianapolis
Kathleen Likeness, Child Care of Allen County, Fort Wayne
Mrs. Charlene Lugar
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Floyd County: **Angela Robinson**
Fulton County: **Teri Carr** and **Lorena Kanouse**
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THE PRESIDENT HAS SEEN
2-18-97

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Subject: Inaugural and State of the Union Addresses

From: Tom Patterson

I have two suggestions for the President. The first is thematic, and the second is an issue of policy.

1. Presidencies have traditionally gained reputation and strength from concepts that define their focus: the New Freedom, New Deal, Fair Deal, New Federalism, etc. Such a concept could be particularly important for the Clinton presidency, whose legacy is likely to rest on the sum of its accomplishments rather than one or two programs. An appropriate and powerful concept would help the public and the press--and ultimately, the historians--to better understand the President's vision and policy record.

The concept must convey promise and challenge, yet be suited to the times and consistent with the President's policies and philosophy. A concept that meets these criteria is THE NEW PARTNERSHIP. It captures the essence of the changing relationship between the national government and the states, localities, firms, not-for-profits, and citizens. It coincides with many of the President's first-term achievements and second-term goals. It also resonates with America's entrepreneurial spirit and tradition of progress through joint effort and purpose.

2. Day care could be a defining issue of the Clinton presidency. Like family and medical leave, it is an issue that people readily understand and care deeply about. And it is an issue that, when properly framed, cuts across racial, economic, ideological, and partisan lines.

Day care is linked to two of the leading problems of our day: welfare reform and education. The welfare-to-work program is likely to falter without affordable high-quality day care for working parents (witness Governor Thompson's recent decision to spend an additional $25 million on day care services). Day care is also a component of early childhood education. Many of America's poor children are already "lost" to society by the time they reach kindergarten. An improved day care system could give many of these children a fast start on life and also help to reduce long-term problems of education, health, crime, and poverty.

The day care problem is one of cost and supply: the demand for high-quality affordable day care far outstrips the supply. Fortunately, there are many potential suppliers, including firms, schools, and not-for-profits. One challenge is to create supply-side incentives (tax breaks, grants, etc.) that will increase availability. The other challenge is to bring day care within the financial reach of all who require it.

The President need not propose a day care plan. In fact, it would be preferable for the President to focus his remarks on the substantial short- and long-term benefits of an adequate day care system, and then ask Congress, the states, localities, schools, and others to work with him in creating such a system. It would be an historic legacy that, in my view, would rank in importance with policies such as the interstate highway system and Medicare.

FYI: child care